

DYNAMICS OF THE WELFARE MIX IN SOUTH EUROPE

Pressures, challenges and opportunities amidst deepening European integration

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ABSTRACT

This paper examines the changes in the public-private welfare mix in South Europe in the context of European integration. In the expanding literature on Mediterranean welfare over the last decade, many of the shared characteristics of social protection in Italy, Spain, Portugal and Greece are extensively emphasised, as for instance the “delayed” development of welfare state arrangements in these countries, compared to North-West Europe, the key-role of the family/household as a clearing institution for the redistribution of resources, a transfer-heavy social budget with a strong pension bias, an excessive burden placed on women for service provision, and a fragmented and emergency-driven social assistance leaving many of the needy groups unprotected. Moreover, all four countries faced serious fiscal constraints in their attempt to meet the EMU criteria. This considerably stalled the welfare state expansion trends of the eighties and called for comprehensive social reforms across the board.

The main questions raised in this paper are: (a) How far have Europeanization trends, in parallel with endogenous (national, subnational) pressures, stimulated significant social reforms in these countries since the early 1990s? (b) Even though total social expenditure considerably increased over the 1990s (e.g. social expenditure per head –in PPS- more than doubled in Portugal, and increased by about 40 per cent in Italy and Spain) has there been a substantial rearrangement in the boundaries between the public and private (non-profit and for-profit) sector? (c) What changes in regulation, institutional design, planning and delivery of social welfare have ensued and how are these changes linked to decentralization and regionalization processes that are highly prevalent particularly in Spain and Italy?

In the light of these questions, we briefly review major reform challenges, discourses, and interventions in South Europe since the early nineties in the first part of the paper. We focus primarily on Spain and Greece and to the extent possible provide comparative background information on Italy and Portugal. In the second and third part of the paper we present and examine in a comparative way any significant changes in financing, regulation and delivery of social welfare introduced by major institutional/legal reforms over the last decade or so about. In each of these two parts our analysis embraces four major social policy areas: social security, employment policy, health and social care.

More specifically, in the second part, on the basis of available quantitative data, we trace any significant changes in private social expenditure (e.g. on health care & pensions), in relationship to tax expenditures (for private welfare provision) and examine the role and funding of private employment services. Furthermore, we illuminate new market-like arrangements (e.g. quasi-markets, the shift from benefits to

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vouchers for purchasing care services from a plurality of providers etc.) that affect welfare funding, consumer choice and competition. In the third part we focus on the issues of regulation and delivery and attempt to comparatively assess the extent to which there is a transfer of responsibility for service delivery from central government to more autonomous (national, regional/local) organizations within a publicly regulated setting. Of significant importance are questions such as how far a new culture of managerialism and new types of regulation (systematic reporting and evaluation often undertaken by arm's length overseers) is developing in South European countries and what is the effect of Europeanization on this (both at the level of discourse and practice)? The paper concludes on the multiple variations between (as well as within) South European countries as to the pacing and scope of new policy arrangements affecting the public-private boundaries and social policy governance.