Universitat Autònoma de Barcelona

Dipòsit digital de documents de la UAB

This is the **accepted version** of the journal article:

León, Margarita; Pavolini, Emmanuele. «Social Investment or back to Familialism? The impact of the economic crisis on family policies in Southern Europe». South European Society and Politics, Vol. 19 Núm. 3 (2014), p. 353-369. DOI 10.1080/13608746.2014.948603

This version is available at https://ddd.uab.cat/record/264809

under the terms of the IN COPYRIGHT license

‘Social Investment’ or Back to Familism’: The Impact of the EconomicCrisis on Family and Care Policies in Italy and Spain

Margarita León & Emmanuele Pavolini
Accepted: Jan 2014.

Family policies have traditionally been weak in Southern Europe. In the last two decades, however, and following a ‘catching up’ course, Spain has created new family programmes and expanded existing ones. Meanwhile, the picture for Italy during the years preceding the crisis is more of a ‘frozen landscape’. However, the diverging paths of the two countries in terms of policy reform in the years preceding the crisis do not place them in substantially different positions. The economic crisis and the austerity measures that followed have aggravated the weaknesses of family and care policies in both countries.

Keywords: Family Policies; Elderly Care; Childcare; Italy; Spain; Economic Crisis

Welfare state dynamics of transformation are, as argued by Bonoli and Natali (2012), multifaceted and multidimensional. In an attempt to characterise change in family and care policies before and after the financial crisis, we refer to the concept of retrenchment and recalibration. ‘Retrenchment’ usually indicates a situation of substantial cuts to specific policies. Pierson (1998) defines retrenchment as a situationwhere, firstly, there is a significant increase in the reliance on means-testing; secondly, there are major transfers of responsibility to the private sector; and, thirdly, there are dramatic changes in benefit and eligibility rules that signal a qualitative reform of a particular programme. Along with the possibility of retrenchment, the concept of ‘recalibration’ has been introduced in the literature since the turn of the century. Ferrera, Hemerijck & Rhodes (2000) define recalibration as an extensive form of welfare state remodelling along four key dimensions: functional, distributive, normative and institutional recalibration. Recalibration can be seen as a potential adaptive response to changes in the socio-economic context taking place in recent decades and it is linked to the question of how to improve policy performance under conditions of structural environmental change.

The issue of recalibration is closely connected to the more recent debate on social investment (Morel, Palier & Palme 2012). In this approach, human capital building, the fight against the intergenerational reproduction of inequalities, and gender equality are essential social policy objectives. Under this perspective, family policies become powerful tools to enhance the achievement of such goals.

The present paper aims to frame the evolution of family and care policies in Italy and Spain over the last two decades, taking into consideration the retrenchment/recalibration debate, as well as empirical studies on the stage of development of a social investment approach. Have these countries followed a common trajectory or can alternative routes be identified? What has been the impact of the economic crisis in these policy fields?

Understanding Policy Change in the Italian and Spanish Welfare States

Spain and Italy have traditionally shared a similar overall structure of their welfare systems. That is, an institutional design organised around, first, a Bismarckian model in pensions, unemployment and labour market policies; second, a Universalistic model in education and health; and, third, a rather limited intervention model in social assistance, social care and family support. Therefore, from the outset, a defining feature of these countries' welfare models has been a mixture of different institutional principles. This combination of principles together with other unique features made Ferrera (1996) propose in his seminal article that countries of Southern Europe deserved a welfare regime type of their own. With many different variants, several scholars have identified these 'via media' (Moreno 2001) traits as a strong driver towards the clustering of these countries of the south together. Other authors have instead argued that welfare states in countries of Southern Europe are no more than a variant of the conservative-corporatist regime type (Esping-Andersen 1999) and that some of the attributed features may have been underspecified (Guillén & León 2011; Guillén 2010). In any case, there does not seem to be any fundamental controversy when it comes to the familistic character of social policies in the four Mediterranean countries and the pervasiveness of the male-breadwinner model, acting as strong barriers for the expansion of social care and family policies. In this respect, several scholars have emphasised the importance of cultural traditions and social norms embedded in Catholicism with regards to family values and gender roles in the shaping of welfare states of the South (Pfau-Effinger 1998). While conservative-corporatist welfare states such as Germany and Austria have also deserved the familistic label, the key difference between the countries of Central and Southern Europe is that in the former the male-breadwinner model has been maintained through family and fiscal policies that facilitated, if not encouraged, the role of women as carers in the private domain, whereas in the latter familism has largely been 'unsupported' (Keck & Saraceno 2010), meaning a strange kind of subsidiarity principle whereby such familistic culture is in fact the justification for the residual character of this policy domain (León 2002; Flaquer 2000; Valiente 1996).

However, the presence of familism as a defining category of Southern European welfare states more generally is often taken for granted in comparative analysis of welfare systems, neglecting both intra-country variation and change over time (León & Migliavacca 2013; Guillén & León 2011). And yet, and as the following section will show, Spain and Italy have seldom gone through recalibration/retrenchment phases over recent years with regard to this traditionally marginal policy field. Although the performance of the two countries was to a certain extent different in the decade preceding the economic crisis, the austerity measures introduced, especially since 2010, have hit both countries equally hard.

Family and Care Policies before the Outbreak of the Crisis in Spain and Italy:A Fertile Land and a Quasi-Frozen Landscape

Since the 1990s limited new social rights relating to family and care issues have been established in Italy. Moreover, no relevant national plans to strengthen higher coverage rates have been put forward. Although some important legislative initiatives were produced, these usually fell short. Quite often, reforms lacked adequate financial resources in order to be implemented and to have a potential useful impact in the coverage of needs (Da Roit & Sabatinelli 2013; Kazepov 2010; Maino & Neri 2011). In particular, in the late 1990s to early 2000s four relevant acts were passed, but all of them showed shortcomings.

In 1997 a law on children's welfare (law 285) promoted, among other interventions, care services, but only limited financial resources were provided for its implementation. The result has been the development of a variety of initiatives although neither their stability over time was ensured nor their capacity to deeply tackle care needs (Da Roit & Sabatinelli 2013). In 1999 a special family allowance for low income families with at least three underage children was established. However, the low level of benefits and the high threshold adopted were only able to address poverty intensity rather than reducing poverty (Da Roit & Sabatinelli 2013). In 2000 a law on parental leave was passed, introducing relevant innovation (the possibility to fraction flexibly the leave period, and the incentive for uptake by fathers). However, in this case there were also limitations in terms of relevance and coverage of care needs which this new piece of legislation offered (in particular in relation to duration and replacement rates) (Naldini & Saraceno 2008).

The most promising reform passed in those years was Law 328 in 2000. This legislation was relatively good in terms of principles and general aims. In particular, it stated the idea of national 'basic levels of social intervention' (LEAs) to be guaranteed everywhere in different policy areas and for several types of intervention. However, these LEAs had two major shortcomings: they were vaguely defined, ending up not having any practical impact, and not enough resources were dedicated to implement them (in particular, no new mechanism was created in order to guarantee adequate funding for providing less residual social care and services). Moreover, the

Constitutional reform in 2001 transferred more power to Regions and local authorities (but not more autonomous funding tools), leaving the state with more limited tasks.

The 2000s witnessed even less legislative production and also the development of a limited political debate about how to reform family policies. A centre-right government ruled for most of the decade (a centre-left government was in charge only for around one year and a half between 2006 and 2008). During its first five years of government (2001–06) the Berlusconi government intervened in family policies only in two ways in 2002–03. On the one hand, it lowered the threshold for entering kindergarten with bill no. 53. This legislation introduced the possibility for children aged two years and a half to enter kindergarten (instead of three years of age, as the previous legislation prescribed). The idea was to offer more statutory coverage in the 0–3 age range, without investing in early childcare facilities but lowering the entry age into pre-school. On the other hand, the National Budget Planning Law for 2003 introduced the possibility of financing firms' crèches and similar childcare services.

The centre-left government during its short term in government sought, instead, to develop more traditional childcare facilities, investing around e800 million (with a partial co-financing by regional authorities) for a National Extraordinary Crèches Plan with the aim of improving coverage by four per cent of children under the age of three (Sabatinelli 2010).

The last centre-right government in the first years of the crisis before austerity plans were introduced (2008 – 09) announced some innovations (the financing of tele-work, more support for parental leave and small family-style care services) but it did not carry them out.

If in the last two decades there was limited innovation (and new financing) in the field of family policies in the realm of childcare, even less took place in elderly care. In the mid-1990s a national commission for the reform of the whole Italian welfare system (the Commissione Onofri) proposed an in-depth review of the disability support scheme and to introduce a new long-term care (LTC) scheme. The idea was to go beyond an LTC system based mainly on cash benefits (the 'Companion's Allowance') and to develop a more integrated approach mixing services and economic transfers. The proposal was never taken seriously into consideration in the following years and remained largely ignored.

The only real long-term care policy that Italian governments were able to foster was indirect support of the care labour market through a mix between recognition of the role of migrant work in this field (in terms of regularisation of illegal foreign care workers, in 2002 and 2009, and of the setting of yearly quotas for migrant flows for care work) and the substantial acceptance of irregular work done by migrants in many households (the controls on the regularity of working contracts when families hire migrant carers have been quite limited over time) (Costa 2012). The result was that until the crisis Italy still presented a relatively low level of needs coverage in the main social care fields, namely childcare and elderly care (Ascoli & Pavolini 2012).

If nothing took place at a national level, other stakeholders and levels of government were slightly more dynamic with regard to family policies and their attempt to ‘modernise from below’. In particular, a set of interested parties has been trying to innovate: local governments; companies and trade unions; families and the third sector.

Firstly, thanks to the decentralisation process that was developed in recent decades in Italy, local authorities and Regions have developed more and more new ways to tackle family policy issues (Andreotti, Mingione & Polizzi 2012). The result has been an increase in local childcare and elderly care coverage also thanks to partnerships with the third sector and other private providers. Frequently, this increase in coverage rate has taken place due to funds coming directly from local authorities and not the national state: in 2010 around 63 per cent of the local authorities’ social expenditure came directly from their own sources (direct taxation) and this incidence has increased over the last decade (Istat 2013). Secondly, enterprises and trade unions were other important stakeholders in this attempt to modernise Italian family policies from below. Occupational welfare, as defined by Titmuss, is becoming increasingly relevant in the Italian welfare system and is playing a new role in family policies (Pavolini, Ascoli & Mirabile 2013). In comparison with the 1990s there has been a strong increase in recent years in industry- and company-level family policies, often discussed between firms, trade unions and local authorities: the request of flexibility required by companies is matched more and more by the needs of many employees to better conciliate work with personal and family issues. Company-owned or company-funded kindergartens or crèches, other forms of professional help for childcare or for care for workers’ elderly parents, extra-statutory parental leave, and extra-statutory sickness leave when children or other close relatives are sick or have disabilities are all becoming more often associated with collective bargaining at company level or industrial sector level.

Thirdly, the final party that has tried to cope with the ‘national frozen landscape’ are the families directly in need of help for care. In the absence of any real support from the State, households have discovered the market. In childcare a significant part of the increase in coverage since the 1990s can be attributed to private providers not connected to local public provision. European Union Statistics on Income and Living Conditions (EU-SILC) data for 2010 estimate for Italy a coverage rate of around 25 per cent of children under three years old going to formal childcare (see Table 2). Istat for the same year calculates 14 per cent of public coverage. The difference between these two values provides an estimate of the relevance of private provision (around ten per cent) of total coverage. If the private market covers a significant part of the demand in childcare, the situation is even more pronounced in elderly and long-term care. In the latter case migrant care work has become a central feature since the second part of the 1990s. Recent studies estimate the presence of at least 700,000 foreign care workers in Italy. This figure equals 81.5 per cent of the overall labour force in the field (Costa 2012).

The narrative is partially different in the case of Spain in that since the early 1990s there has been a strong ‘catching up’ impulse that led centre-right (Aznar 1996 – 2004) and centre-left (Zapatero 2004 – 11) governments to introduce policies addressing new social risks and to remove elements of social protection linked to the prescriptions of the male-breadwinner model. The scope for the introduction of new family and care policies was large determined by, on the one hand, the general inaction of previous governments in this policy field since the beginning of democracy and, on the other hand, the cross-political party consensus on the need to promote egalitarian legislation and institutional adaptation to move away from the image of women as 'angels of the home' (Valiente 2013; León 2011). However, the assessment of actual outcomes of new pieces of legislation and programmes in care and family policies shows limited impact in terms of scope and capacity for redistribution. As will be shown, some of the recently created instruments have a rather symbolic value and, in any case, the budgetary cuts that have been introduced since 2010 have strongly affected these policies of more recent creation.

Let us look first at childcare, where great improvement in terms of coverage and also in terms of the quality of the provision came with the National Organic Law of Education of 1990, which introduced pre-school as three non-compulsory years but fully universal and subject to the same regulations and conditions as elementary schooling. This was clearly a catching up process with countries such as France and Italy. The latter established state responsibility for the three years of pre-school back in 1968 (law 1444) (Ranci & Sabatinelli, 2014). Interestingly enough, Italy and Spain name these pre-school years in the same way (*scuole dell'infanzia* in Italy and *educación infantil* in Spain, which literally translated means 'infant schools'). In Spain, as had already been the case in Italy, the universalisation of pre-school enabled its consolidation in terms of enrolment (virtually 100 per cent of children start full-time education in the year of their third birthday), public funding and quality standards (pre-school 3 – 6 professionals have the same requirements as elementary school teachers). As a result, Spain and Italy perform above European averages in Early Years Education provision for children aged three (or two-and-a-half) and older.

Childcare provision for children under three has, however, had a totally different fate. Institutional support and public funding have been considerably weaker and as a result coverage is much lower, the degree of territorial fragmentation higher and the role of private (for profit) provision much stronger. During the years of rapid economic growth and massive entrance of women into the labour market (from the mid-1990s until the outbreak of the financial crisis and the bursting of the housing bubble), enrolment rates increased. Both conservative and socialist central governments as well as regional governments increased funding. However, this expansion was not substantially matched by an improvement in quality standards, nor did it prevent the private sector from increasing its presence; quite the opposite in fact. Over the past decade, some regions have externalised their provision (i.e. municipal nurseries privately managed) to a large extent and this has had negative consequences for the working conditions of staff, for whom the main direct or indirect reference for salary setting is the minimum wage, which often functions as a real wage floor, and, thus, as happens in low-paid and weakly unionised sectors, their situation is strongly shaped by a dualised and fragmented labour market (Ibáñez & León 2014b).

As regards family policies oriented towards the reconciliation of work and family life, important pieces of legislation have been introduced since the end of the 1990s. In 1999, Aznar's government approved the first national law on work/life balance, which improved maternity and paternity leave and regulated time off work to care for dependent relatives and small children. In 2003, the conservative government also introduced the National Plan for Family Support. Two of the most important measures implemented were financial support for working mothers with children under the age of three (e1,200 per year per child) and a subsidy to firms that employed women (León & Salido 2012). The proof of success of these new measures introduced by the Partido Popular (PP) government is their continuity under the succeeding centre-left government of Zapatero, which added a third one-off payment of e2,500 for the birth or adoption of a child. Both gender equality legislation and family policies were firmly promoted in the years immediately preceding the economic crisis under the two socialist governments (2004 – 08 and 2008 – 11). As a first gesture towards feminism, Prime Minister Zapatero formed the first gender parity government in Spanish history in April 2004. Gender equality institutional bodies were given the highest ranks within the central administration (Bustelo & Ortbals 2007). During this period the government passed a number of important pro-gender-equality laws such as Law 13/2005 on same-sex marriage (which included the right to adoption and paternity for same-sex couples). Other important gender equality measures introduced in the first mandate of Zapatero's government were, firstly, the 2004 Law on Gender Violence and, secondly, the 2007 law for the promotion of effective equality between women and men. This gender equality law had a wide scope of action. In relation to family policies the most significant aspect of the law was an improvement in parental and maternity leave, especially for the most vulnerable groups. The new norm granted statutory maternity leave for women under 21 years of age, the equality law had a wide scop and those with no right to contributory benefit. It also increased the length of fathers' leave to 13 days at 100 per cent of salary. The law stipulated that this 'daddy' quota would progressively increase to reach four months of remunerated leave in 2013. However, as we will later see, these provisions were stopped in the first austerity package introduced in 2010 and have been on hold until now.

The pre-crisis decade also witnessed the creation of a national law for long-term care. The *Ley de Dependencia* was introduced in 2006 (Act 39/2006) by the Partido Socialista Obrero Español (PSOE) government. This new norm established for the first time a universal right to long-term care for individuals with reduced autonomy. Within the framework of the Spanish welfare state, the Dependency law is indeed a clear departure from an institutional tradition where invalidity and retirement pensions were almost the only form of public protection for the elderly and where social services usually had a means-tested (non-universal) character. However, the actual implementation of the new system has been riddled with difficulties. Insufficient and unclear financing, tensions between different levels of government and a lack of realistic assessment of available resources have resulted in weak implementation (León 2011). Although the *Ley de Dependencia* had a 'social-democratic' spirit in that it aimed to provide universal long-term care services, in reality it has been widely used as a conditional cash-for-care programme (by February 2011, 65 per cent of public expenditure on long-term care went to cash allowances [SAAD/IMSERSO 2011]). According to recent research, more than half of these cash allowances are used either totally or partially to employ a care worker in the home, often one of migrant origin (CASER 2009). Thus, despite a progressive piece of legislation, and a considerable increase in public spending, long-term care continues to be provided by families with a substantial contribution from private markets and migrant work. In fact, the role of migrant care work has been tolerated if not encouraged at an institutional level in several ways. In the regularisation process of 2005, 83 per cent of applicants were granted work permits (over half a million people), of whom one-third applied through the domestic sector. This boosted the number of migrant workers registered under the special social security regime of registered household employees (León 2011). As in Italy, then, long term care policies, labour market regulations and migration policies have intertwined to shape in specific and 'southern' ways the development of this care market (Ranci & Sabatinelli, 2014; Ibáñez & León 2014a).

Trends on expenditure bear witness to these changes over time for the two countries. As Table 1 shows, Spain started in 2000 from a relatively low level of per-capita expenditure in family/children policies (38.2 per cent of the European Union [EU]-15 average). In 2007 the situation had strongly improved (the per-capita expenditure was 54.8 per cent of the Western European average). However, with the onset of the crisis this process of narrowing the distance with Western Europe has reversed, as the data relating to 2011 show (51.3 per cent of the EU-15 average). As for Italy, this country spent around 45 per cent of the Western European average in 2000 and it reduced its distance from the EU-15 countries at a slower pace than Spain. Both countries in 2007 had reached a similar distance from the rest of Western Europe.

With the onset of the crisis, Spain started to cut expenditure in real terms (20.3 per cent on a yearly average between 2007 and 2011), whereas Italy substantially froze expenditure growth (þ0.6 per cent).

These data help us also to frame under a clearer light the trends in Spain and Italy. Both countries were lagging behind the rest of Western Europe, with Spain even further away than Italy: in terms of expenditure what we have witnessed in the last decade is a shortening of distances not only between Spain and the EU-15 countries, but also between the former and Italy.

Table 1 Family and Children Expenditure in Spain, Italy and Western Europe over Time (2000–11)

	Euro per inhabitant (at constant 2005 prices)					Purchasing Power Standard per inhabitant EU-15 ¼ 100		
	2000	2007	2011	yearly variation percentage 2000–07	yearly variation percentage 2007–11	2000	2007	2011
EU-15	536.7	583.8	613.4	þ1.3	þ1.3	100.0	100.0	100.0
Spain	178.4	273.1	270.0	þ7.6	20.3	38.2	54.8	51.3
Italy	245.0	310.5	317.7	þ3.8	0.6	44.8	54.3	55.8

Source: Eurostat European System of Integrated Social Protection Statistics (ESSPROSS) database (2014).

Table 2 Changes in Care Coverage over Time: Italy and Spain in a Comparative Perspective

	Expenditure on elderly care as a percentage of GDP[a]		Childcare coverage[b] (percentage on , 3 year old population)	
	1994	2008	2005	2012
Spain	0.17	0.45	39	36
Italy	0.12	0.14	25	20

Source: Eurostat.
Notes: [a]ESSPROSS database (2014); [b]EU-SILC database.

Also, the data in Table 2 seem to support the idea that there has been a different dynamic of investment in elderly care and childcare in the two countries.

The following section looks at factors that may have the capacity to explain the scope for policy recalibration and/or retrenchment in the domain of family and care policies in the two countries. As will be shown, these factors have had different weight in the two countries in either facilitating or hindering policy change. The section follows to some degree Da Roit and Sabatinelli's (2013) article on recent developments on childcare and eldercare policies in Italy.

Some Potential Explanations for the Diverging Paths before the Crisis

To begin with, and as already argued, Spain's more pronounced dynamics of innovation in the last two decades can be interpreted as a catching up process in comparison with Italy. But we need broader explanations to interpret, firstly, the scope of the changes in terms of policy inputs in the two countries and, secondly, the 'resilience' of some of these innovative social policies with the outbreak of the crisis. Table 3 offers a comparison between Italy and Spain on a series of dimensions. The upper part of the table focuses more on cultural and structural facets of the two countries during the decade preceding the economic crisis of 2008. In particular, Spain and Italy are compared in terms of cultural values and value changes in relation to family issues over the recent decades. Then financial constraints are taken into consideration, as well as welfare policy legacies (both in relation to the main pillar of 'old risks' protection, the pensions system and family care policies). The structure of the labour market and in particular the institutional regulation of low-skilled occupations in the service sector has also been examined.

An element that distinguishes Spain from Italy is how cultural and social values have changed in recent years. The Spanish more proactive path of reform towards the institutional delegitimation of the traditional male-breadwinner model compared with Italy seems in line with a clearer departure from ideas regarding the traditional division of paid and unpaid labour and more conservative attitudes regarding gender roles. In this respect, the shift towards the dual worker model seems to have been significant in Spain. From similar (low) levels at the beginning of the 1990s

Table 3 Italy and Spain: A Comparative View of Differences and Similarities of Potential Factors Affecting Policy Change

Factors affecting policy change	Italy	Spain
Cultural values and value changes in relation to family issues over the last two decades:	Slow modernisation and still strong traditional familistic values	Modernisation and partial overcoming of traditional familistic values; strong secularisation
Financial constraints		
Average debt/GDP ratio (1997–2007)	121.5%	59.7%
Average yearly deficit (as percentage of GDP) (1997–2007)	2.9%	0.5%
Policy legacy		
Relevance of old age pensions expenditure; average yearly incidence on:	The ‘Pension State’	Not a ‘Pension State’ (in line with other EU-15 countries)
GDP (1997–2007)	12.4%	7.0%
total government expenditure (1997–2007)	26.0%	17.9%
total social protection expenditure (1997–2007)	50.0%	34.8%
Strength of previous welfare programmes in the 1990s in the following family policy fields		
Childcare	Limited Diffusion	Limited Diffusion
Long-term care	Relevant cash programme (CA)	Limited (social assistance)
Functioning of the labour market and its institutional regulation:	Acceptance of ‘grey’ markets in the low-skilled service sector. Dual labour market	Acceptance of ‘grey’ markets in the low-skilled service sector Dual labour market

(around 20 percentage points lower than other European countries), the evolution of female activity in the labour market in Spain from the mid-1990s and until the end of economic expansion in 2008 contributed to narrowing the gap in relation to EU average figures, especially for the younger generations (León & Migliavacca 2013). With regard to ideals about motherhood and parenthood, according to the most recent waves of the European Value Studies, while in Italy the view that a mother's work is potentially harmful to child development is the predominant opinion across all cohorts, in Spain the percentage of respondents in agreement is much lower with a very significant generation gap (60 per cent of the 25 – 49 cohort are in disagreement with the statement). Similarly, agreement with the capacity of fathers to look after children is higher among Spaniards, especially the young, than among Italians (Naldini & Jurado 2013). These changes in attitudes also correlate with diverging patterns in family dynamics. The higher incidence of cohabitation, non-marital births and divorce over the last two decades signals a weaker incidence of the Catholic Church in shaping family-related issues in Spain than in Italy (Moreno & Marı´-Klose 2014).

At a first level of analysis one could deduct that in the Spanish case the changes in attitudes and behaviours accelerated the need for a less traditional and more egalitarian approach to family policies, while in the Italian case the pressure has been less evident.

A second relevant factor affecting the divergence in reform paths has to do with financial constraints. If we look at the decade before the crisis (1997 – 2007), the average ratio between public debt and gross domestic product (GDP) was around 120 per cent, whereas in the same years it was approximately 60 per cent in the EU as a whole and in Spain in particular. Moreover, Italy was a country with one of the highest mean annual deficits in the same years (around three per cent of GDP). Such a situation has strongly limited the space for innovation and for expanding policy fields such as family policies. In Spain, by contrast, the average yearly deficit in the same decade was approximately 0.5 per cent.

A third important element has to do with potential path dependence and policy legacy mechanisms (Pierson 1998). Italy and Spain differ strongly in relation to the centrality of the most traditional pillar of social protection: old age pensions. Italy, even after the reforms of the 1990s, has remained a 'Pensions State' (Fargion 2009; Hinricks & Jessoula 2012): old age pensions represented more than 12 per cent of GDP, 26 per cent of total government expenditure and accounted for half of total social protection expenditure in the decade 1997 – 2007. These features made Italy an almost unique case in Western Europe in terms of the centrality of the pensions system in the Welfare State. Spain, instead looks less like an outlier in European context with a less pronounced role played by pensions in social protection and, more generally, in government expenditure. Considering pensions is important because this has been one of the main fields where social and political stakeholders have confronted each other in recent decades. A social policy arena focused on pension reforms, where pensions are the main pillar of the welfare state (Italy), could develop dynamics of change quite different from another policy arena where pensions are not as central (Spain) (Bonoli & Natali 2012).

If we look at policy legacy in family policies until the mid-1990s, we see fewer differences in the two countries in terms of diffusion of services. Both countries have had the capacity to innovate and expand high quality services with the integration of the pre-school years as the first non-compulsory stage of elementary education. For both Italy and Spain the development of 'infant schools' under the auspices of education instead of welfare services constitutes the only robust evidence of social investment. However, childcare for children under the age of three has had weaker institutional support and the scope for expansion has remained small. Long-term care in Italy was based on a national universalistic programme (the Companion Allowance), providing only cash allowances of a limited per-capita amount, but still offered to about five to seven per cent of the elderly population. In Spain, instead, prior to the Dependency Law there were only local assistance schemes, covering the frail elderly most in need. In Italian long-term care there has therefore been a programme, with a constituency and a moderate coverage level, that has to be taken into consideration when we look at reforms, because it represented both a first answer (insufficient but relevant) to long-term care needs and it created a constituency, scared that reforms could harm its rights to access care.

If we look at how the Italian and Spanish labour market have been working, there has been a partial acceptance of 'grey', irregular markets, especially in those occupations connected to domestic work (Bettio et al. 2012). Furthermore, a strong tendency towards the dualisation of the labour market has been present in both countries. This strong segmentation affects both the need for family policies for the more vulnerable groups as well as the redistributive capacity of family policies. Spain is an extreme case in the European context in the incidence of temporary work that has a clear precarious character (Polavieja 2006). Labour market reforms over the last three decades have, whether purposely or not, resulted in a deepening of the two-tier system of protected versus unprotected workers. The poor working conditions of 'outsiders' in the Italian and Spanish markets turn into poor social protection with a high risk of unemployment, which is especially acute in Spain. The lack of minimum income schemes and/or comprehensive unemployment assistance means that many workers in and out of employment are forced to rely on family or social assistance support (Malo 2011; Marx & Picot 2014). Family policies do not seem to offer any alternative route of social protection to those who fall outside unemployment schemes in any of the two countries.

The Effects of the Crisis on Family Policies in Italy and Spain

Despite laudable pre-crisis attempts in the Spanish case to depart from its familistic imprint, the sequence of events post-2008 indicates that Spain has not been able to live up to expectations. The abrupt 'end of the illusion' that came after 2008 with the outbreak of the global financial crisis and the bursting of the housing bubble brought high unemployment, social unrest and massive social expenditure cuts. The conservative government elected in 2011 is also implementing changes of a more ideological nature that undermine much of the progressive character of legislation introduced by previous governments. Although a longer time span will be needed to truly assess the effects of the economic crisis on the welfare systems of Italy and Spain, initial evaluations indicate that the financial crisis and the austerity programmes that followed served in a way to level the playing field between the two (Pavolini et al. 2014).

The effect that the financial crisis has had and is having on the economies, institutions and societies of the countries of Southern Europe has already attracted considerable academic attention. Especially since 2010, the degree of international 'intrusiveness' - meaning strong pressure exercised by the European Commission, the International Monetary Fund and the European Central Bank on national governments with a high deficit problem – has led to strong across-the-board cuts in public spending. Universalistic and residual welfare programmes have become a rapid saving formula even if the consequences of the crisis, especially for unemployment, will require an increase, not the opposite, in these policy domains.

In Italy, the recent budget-planning laws (especially those in 2010 – 12) deliberated quite draconian expenditure cuts. For example, since 2008 the national government has cut expenditure on a series of funds. The main social fund used to finance local authorities for social care services was reduced by 92 per cent in the years 2007 – 12 (Basile 2011).

A broader change in social care and social assistance in terms of retrenchment could come from the laws approved by the Berlusconi government between July and September 2011, whereby it was decided to cut expenditure in the following years. Among the types of provision at risk of elimination or reduction are deductions for the costs of care for dependent people, and care allowances. Already more recent national data have started to confirm this trend: between 2009 and 2012 social care and social assistance expenditure dropped by 3.5 per cent (Istat 2013).

The last few years, when the crisis and austerity have set in, have witnessed a continuation to what has happened previously with only one main change. The institutional inertia at a national level has turned into retrenchment and it has been matched by a weakening of the 'modernisation from below' process. Such cuts have put even more pressure on local stakeholders at a time when the weaknesses of the financial basis of their action had become clearly apparent. Facing a central government that was cutting down transfers and with a crisis in their own revenues, many local authorities have had to reduce or to reconsider their capacity to deliver care services. Often the answer has not been to cut services but to raise co-payments and fees. At the same time many households are facing a deep labour market crisis, with rising unemployment rates, which make it difficult even for many middle class families to have enough private resources to access the private care market. Enterprises are also more often in dire straits and offering care services is becoming for many a luxury they cannot afford.

In Spain, the outbreak of the crisis in 2008 has to a large extent limited the reach of the new measures introduced during the period of economic growth, with path dependency dynamics becoming more obvious. From 2010 onwards (absolute majority of PP since November 2011) gender equality policies and family policies have been subject to drastic cuts. Institutions and government bodies created to promote gender equality have either been dismantled or downgraded. As for actual policies, the economic crisis and the austerity measures implemented as a unique exit formula have hindered their continuity. This is the case with the paternity benefit that the 2007 Equality Act provided for; its implementation has not yet taken place. The most recent labour market reform (Law 3/2012, 6 July) also curtailed rights to time off work for work/family balance reasons. It also introduced the possibility of extra hours for part-time employment (this was not allowed before), in reality increasing the availability of part-time workers to employer demand.

Cuts have also been severe in childcare and long-term care. In the 2012 budget, financial investment in the Educa3 programme (childcare for children under the age of three) and the long-term care system has been discontinued. The implementation of the Dependency law has also been jeopardised by budgetary cuts that in 2011 amounted to 5.2 per cent, which is even more problematic considering that the Law was born without a tax earmarked to secure its proper financing. The budgets of the regions have also been drastically cut for the sake of stability, which is forcing them to also make cuts in minimum income and social exclusion programmes. In both cases, childcare and care of dependent elderly, the pendulum has swung back to assistentialism. It is interesting to note that a partial reaction to the freeze and cuts of the national governments has been a sort of modernisation from below, as took place in Italy in the previous decade. To the quasi-institutional paralysis at a time when social demand is at its highest levels (due to very high unemployment and an upsurge in poverty levels especially among households with small children) non-state parties are taking action and claiming space in the public arena. From organised social movements to community action, we see a myriad of interventions taking place primarily outside the scope of state action. In many senses, some of these interventions are renovating and reconfiguring old familistic practices. This process which also correlates with the eruption of new forces in the political arena will surely become an interesting focus for further research.

Conclusions

Centring our analysis on family and care policies, we have argued in this paper that the policy trajectories of Italy and Spain differed during the 1990s and the 2000s mainly at a nominal level, given a strong catching up impulse towards greater European convergence in the Spanish case which led to unprecedented legislation and policy. In Italy, since the turn of the century, reforms have borne mainly a retrenchment impact on the overall functioning of the welfare state, while in Spain the scope for innovation has been leading towards a more sustained recalibration process. Importantly, though, this alleged path departure in the case of Spain decreases when the focus is on the long-term prospects of this trajectory and its effects on some of the more pressing social problems. Whilst higher fiscal constraints, a more traditional familistic culture and the greater path dependency of the 'pension state' have hindered the capacity for policy change in Italy to a greater extent than in Spain, in both countries a highly dualised labour market, the absence of minimum protection schemes, and the marginal role that family and care policies play in the overall design of the welfare states are factors that continue to influence the capacity of both countries to respond to persistent social problems. For both Italy and Spain, the only clear example of a policy domain framed under the social investment logic is the organisation of three years of pre-school within the education system although this was something that was introduced some time ago (1968 in Italy and 1990 in Spain).

The economic crisis (with both external and internal dynamics) has placed both countries in a phase of 'permanent strain', dominated by social expenditure cuts and other austerity programmes. In more recent years, social innovation from below rather than social investment from the top has come to the fore as new form of organised collective action worth noting.

References

Andreotti, A., Mingione, E. & Polizzi, E. (2012) 'Local welfare systems: a challenge for social cohesion', *Urban Studies*, vol. 49, no. 9, pp. 1925–1940.

Ascoli, U. & Pavolini, E. (2012) 'Ombre rosse. il sistema di welfare italiano dopo venti anni di riforme', *Stato e Mercato*, vol. 96, pp. 429–464.

Basile, R. (2011) 'Tagli al welfare. C'e` un futuro per le politiche sociali?', *Rivista delle Politiche Sociali*, vol. 3, pp. 543–558.

Bettio, F., Corsi, M., D'Ippoliti, F., Lyberaki, A., Samek Lodovici, M. & Verashchagina, A. (2012) *The Impact of the Economic Crisis on the Situation of Women and Men and on Gender Equality Policies*, European Commission, Brussels.

Bonoli, G. & Natali, D. (eds) (2012) *The Politics of the New Welfare State*, Oxford University Press, Oxford.

Bustelo, M. & Ortbals, C. (2007) 'The evolution of Spanish state feminism. A fragmented landscape', in *Changing State Feminism*, eds J. Outshoorn & J. Kantola, Basingstoke, Palgrave, pp. 201–223.

CASER (Fundación para la Dependencia). (2009) 'Ayudas a la dependencia en España. Situación actual', available on line at: http://www.fundacioncaser.es

Costa, G. (2012) 'Long-term care Italian policies: a case of inertial institutional change', in *Long-term Policy Reforms in Europe*, eds C. Ranci & E. Pavolini, Springer, New York, pp. 103–124.

Da Roit, B. & Sabatinelli, S. (2013) 'Nothing on the move or just going private? Understanding the freeze on child- and eldercare policies and the development of care markets in Italy', *Social Politics: International Studies in Gender, State & Society*, vol. 20, no. 3, pp. 430–453.

Esping-Andersen, G. (1999) *Social Foundations of Postindustrial Economies*, Oxford University Press, Oxford.

Fargion, V. (2009) 'Italy: still a pension state?', in *International Social Policy*, eds P. Alcock & G. Craig, Basingstoke, Palgrave, pp. 171–194.

Ferrera, M. (1996) 'The Southern model of welfare in Social Europe', *Journal of European Social Policy*, vol. 6, no. 1, pp. 17–37.

Ferrera, M., Hemerijck, A. & Rhodes, M. (2000) *The Future of Social Europe: Recasting Work and Welfare in the New Economy*, Celta Editora, Oeiras.

Flaquer, L. (2000) *Las Políticas Familares en una Perspectiva Comparada* Colección Estudios Sociales Núm. 3, Fundación La Caixa, available online at: http://bit.ly/1qjuBWH

Guillén, A. M. & León, M. (eds) (2011) *The Spanish Welfare State in European Context*, Ashgate, Farnham.

Guillén, A. M. (2010) 'Defrosting the Spanish welfare state: The weight of conservative components', in *A Long Good– Bye to Bismarck: The Politics of Welfare Reforms in Continental Welfare States*, ed. B. Palier, Amsterdam University Press, Amsterdam, pp. 183–206.

Hinrichs, K. & Jessoula, M. (eds) (2012) *Labour Market Flexibility and Pension Reforms. Flexible Today, Secure Tomorrow?* Palgrave, Basingstoke.

Ibáñez, Z. & León, M. (2014a) 'Resisting crisis at what cost? Migrant care workers in private households', in *Care and Migrant Labour: Theory, Policy and Politics*, eds B. Anderson & I. Shutes, Palgrave, Basingstoke (*forthcoming*).

Ibáñez, Z. & d León, M. (2014b) 'Early childhood education and care provision in Spain', in *The Transformation of Care in European Societies*, ed. M. León, Palgrave, Basingstoke (*forthcoming*).

Istat (2013) *La spesa sociale dei Comuni. Anno 2011*, Istat, Rome.

Kazepov, Y. (ed) (2010) *Rescaling Social Policies Toward Multilevel Governance in Europe*, Ashgate, Farnham.

Keck, W. & Saraceno, C. (2010) 'Can we identify intergenerational policy regimes in Europe?', *European Societies*, vol. 12, no. 5, pp. 675–696.

León, M. (2002) 'Towards the individualization of social rights: hidden familialistic practices in Spanish social policy', *South European Society and Politics*, vol. 7, no. 3, pp. 53–80.

León, M. (2011) 'The quest for gender equality', in *The Spanish Welfare State in the European Context*, eds A. Guillén & M. León, Ashgate, Farnham, pp. 59–74.

León, M. & Migliavacca, M. (2013) 'Italy and Spain: still the case of familistic welfare models?', *Population Review*, vol. 25, no. 1, pp. 25–42.

León, M. & Salido, O. (2012) 'Políticas de conciliación entre la vida familiar y la laboral', in *Transformaciones del Estado de Bienestar en perspectiva comparada*, eds E. Del Pino & J. Rubio, Editorial Tecnos, Madrid, pp. 291–309.

Maino, F. & Neri, S. (2011) 'Explaining welfare reforms in Italy between economy and politics: external constraints and endogenous dynamics', *Social Policy & Administration*, vol. 45, no. 4, pp. 445–464.

Malo, M. Á. (2011) *Labour Market Policies in Spain under the Current Recession*, International Labour Organisation, Geneva, available online at: http://bit.ly/1ly76D5

Marx, P. & Picot, G. (2014) 'Labour market policies and party preferences of fixed-term workers', in *How Welfare States Shape the Democratic Public: Policy Feedback, Participation, Voting, and Attitudes*, eds S. Kumlin & I. Stadelmann-Steffen, Edward Elgar, Cheltenham, pp. 112–130.

Morel, N., Palier, B. & Palme, J. (eds) (2012) *Towards a Social Investment Welfare State? Ideas, Policies and Challenges*, Policy Press, Bristol.

Moreno, L. (2001) *La vía media española del modelo de bienestar mediterráneo*, CSIC, Madrid.

Moreno, L. & Mar´ı-Klose, P. (2014) 'Youth, family change and welfare arrangements', *Is the South so different?, European Societies*, vol. 15, no. 4, pp. 493–513.

Naldini, M. & Jurado, T. (2013) 'Family and welfare wtate reorientation in Spain and inertia in Italy from a European Perspective', *Population Review*, vol. 52, no. 1, pp. 343–353.

Naldini, M. & Saraceno, C. (2008) 'Social and family policies in Italy: not totally frozen but far from structural reforms', *Social Policy & Administration*, vol. 42, no. 7, pp. 733–748.

Pavolini, E., Ascoli, U. & Mirabile, M. L. (2013) *Tempi moderni. Il welfare nelle imprese in Italia*, Il Mulino, Bologna.

Pavolini, E., León, M., Guillén, A. M. & d Ascoli, U. (2014) 'From austerity to permanent strain? The EU and welfare state reform in Italy and Spain', *Comparative European Politics* (*forthcoming*).

Pfau-Effinger, B. (1998) 'Gender cultures and the gender arrangement – a theoretical framework for cross-national comparisons on gender', *The European Journal of Social Sciences*, vol. 11, no. 2, pp. 147–166.

Pierson, P. (1998) 'Irresistible forces, immovable objects: post-industrial welfare states confront permanent austerity', *Journal of European Public Policy*, vol. 5, no. 4, pp. 539–560.

Polavieja, J. G. (2006) 'The incidence of temporary employment in advanced economies: why is Spain different?', *European Sociological Review*, vol. 22, no. 1, pp. 61–78.

Ranci, C. & Sabatinelli, S. (2014) 'Long term and child care policies in Italy between familism and privatisation', in *The Transformation of Care in European Societies*, ed. M. León, Palgrave, Basingstoke (*forthcoming*).

SAAD/IMSERSO (Sistema para la Autonomía y Atención a la Dependencia/Instituto de Mayores y Servicios Sociales). (2011) 'Estadísticas del sistema para la autonomía y la atención a la dependencia. Situación a 1 de Febrero 2011', available online at: http://www.imsersomayores.csic.es

Sabatinelli, S. (ed) (2010) *Le politiche per i bambini in età prescolare in Italia e in Europa*, QUID IRS, Milano.

Valiente, C. (1996) 'Family obligations in Spain', in *Family Obligations in Europe*, eds J. Millar & A. Warman, Family Policy Studies Centre, London, pp. 325–358.

Valiente, C. (2013) 'Gender equality policymaking in Spain (2008–11): losing momentum', in *Politics and Society in Contemporary Spain: From Zapatero to Rajoy*, eds B. N. Field & A. Botti, Basingstoke, Palgrave, pp. 179–195.

Margarita León is a Senior Research Fellow at the Institute of Government and Public Policies (IGOP) of the Universitat Autònoma Barcelona. She has co-edited with A.M. Guillén *The Spanish Welfare State in European Context* (2011, Ashgate) and is the editor of the forthcoming book *The Transformation of Care in European Societies* (2014, Palgrave).

Emmanuele Pavolini is an Associate Professor in Economic Sociology and Social Policy at the University of Macerata, Italy. His research interests include comparative welfare state research with a specific focus on social care and healthcare policies. Among his recent publications: (with C. Ranci) *Reforms in Long-Term Care Policies in Europe* (2012, Springer); (with A.M. Guillén) *Health Care Systems in Europe under Austerity* (2013, Palgrave).