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**Democratisation and Social Policy in Southern Europe:  
From expansion to “recalibration”**

Maurizio Ferrera

Department of Labour and Welfare Studies

University of Milan

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UNRISD, Palais des Nations  
1211 Geneva 10, Switzerland

Tel: (41 22) 9173020  
Fax: (41 22) 9170650  
E-mail: [info@unrisd.org](mailto:info@unrisd.org)  
Web: <http://www.unrisd.org>

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## **Introduction**

The prime meaning of the expression “Southern Europe” is geographical. In its broad sense, this notion denotes the lands stretching from the Iberian Peninsula to the Bosphorus, including the largest islands of the Mediterranean Sea, from the Balearics to Cyprus. In a narrower sense, however, the expression is mainly used to designate the four biggest countries located within this broad area: Portugal, Spain, Italy and Greece. In the social science debate of the last three or four decades, these countries have tended to be treated as a distinct “region” or cluster, sharing not only geographical, but also other, substantive traits. In this debate, the notion of Southern Europe has a richer, politico-economic connotation, which invites and facilitates intra-regional comparisons (Gunther, Diamandouros and Puhle, 1995).

Looked at from a long-term perspective, each of the four countries included in the narrow notion of Southern Europe witnessed, at different times, periods of power and splendor in European history. All of them entered however the epoch of modernity in a state of socio-economic and political decline (Malefakis, 1995; Sapelli, 1995). Throughout the XIX century, their economies remained characterized by backward agricultures and marked underdevelopment, especially in certain areas (the “Souths of the South”). In social relations, patron-client networks survived for a much longer time than in other, early modernizing European countries (Eisenstadt and Roninger, 1984). Industrial take offs were delayed and had to overcome severe structural disadvantages (e.g. the paucity of natural resources and difficult communications). When economic modernization caught momentum, at the turn between the XIX and the XX century, its “compressed” timing and its internal variegation (sectoral and territorial) exacerbated social conflict, promoting working class radicalization and “maximalist” militancy both within industrial workers and the peasantry. Especially in Italy and Spain, the period 1980-1920 witnessed very turbulent labour relations, which left a legacy of ideological polarization and offered fertile grounds for the rooting of communist movements and doctrines. The factious and polarized nature of civil society remained a rather typical trait of Southern Europe well into the 1970s.

Political modernization was also far from smooth and easy. During the XIX century the road to liberalism, first, and mass democracy later was rough and constantly challenged from both the right and the radical left. The XX century brought about long authoritarian spells: two decades of Fascism in Italy, four decades of Francoism in Spain, half a century of dictatorship in Portugal under Salazar and Caetano and recurring periods of autocratic rule in Greece. The same period also

witnessed moments of acute social and political conflict, culminating in civil wars (in Spain and Greece)<sup>1</sup> or “revolutions” (in Portugal). The long authoritarian spells and the episodes of war-like internal conflict left a deep mark in the politics of Southern European countries.

After World War II, Portugal, Spain, Italy and Greece found themselves at their socio-economic and political nadir: deep economic problems (with the partial exception of Portugal), marked social impoverishment, overt political polarization in Italy and Greece and severe political repression in Spain and Portugal. In the subsequent quarter century, however, a process of rapid and – again – highly compressed change took place, which led to the emergence of a “new” Southern Europe by the end of the 1970s (Morlino, 1998; Pridham, 1984). This change affected the economic, the social, the cultural and the political dimensions at the same time and allowed the four countries to rapidly catch up with the rest of Western Europe. Italy was the first country to leap forward, with an early consolidation of the new democratic regime and an economic “miracle” that more than doubled average per capita income between the 1950s and the 1970s, transforming this country into one of the biggest and most prosperous economies of the world. In the other three countries economic development proceeded at a lower pace, disturbed by military concerns (in Portugal and Greece) and persisting protectionism. But change did take place: during the 1960s and early 1970s both the Iberian countries and Greece became increasingly richer, more open and modern – also in the wake of the spread of compulsory education, growing urbanization and the intensification of external contacts through tourism and the mass media. With the demise of the authoritarian regimes in the mid-1970s and the return of democracy, Southern Europe became “new” from its Atlantic shores to the Aegean Sea.

The 1980s and 1990s witnessed an acceleration of modernization dynamics, partly promoted and supported by EC membership (Ferrera and Gualmini, 2004; Guillen, Alvarez and Adao Silva, 2001; Sotiropoulos, 2004). The economy continued to grow and its internal structure rapidly changed, substantially attenuating historical dualisms and backwardness. Social relations have gradually “civilized” and levels of political legitimacy and systemic loyalty have “normalized” (Morlino and Montero, 1995; Morlino, 1998). Portugal, Spain, Italy and Greece are now fully part of the group of rich and stable democracies. At the beginning of the new millennium Southern Europe has lost much of its “peripheral” character: indeed, some areas and some aspects of South European

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<sup>1</sup> To some extent, Italy also experienced a quasi-civil war during 1943-1945: according to some historians, the *Resistenza* was at the same time a war of liberation (against the Nazis), a civil war (fascists vs. anti-fascists) and a class war (proletarians vs the bourgeoisie): cf. Pavone (1994).

societies can today offer “models” and “benchmarks” to other societies – in Europe as well as in other regions of the world.

On top of a common floor of substantive and “developmental” traits, there are of course big differences between the four countries: Southern Europe is not a “region” or a “family of nations” in the same sense as the Nordic area, for example. We agree however with Gunther, Diamandouros and Puhle (1995) in suggesting that there is sufficient evidence of similarities and shared experiences at the socio-economic and political levels for undertaking fruitful comparative analyses across the four countries.

Resting on this methodological assumption, this paper will offer a comparative discussion of welfare state developments in Portugal, Spain Italy and Greece since the end of World War II. The idea that Southern Europe forms a distinct cluster not only in general socio-economic, cultural and political terms, but also as regards the welfare state in particular started to be an object of debate in the early 1990s (Castles, 1993; Leibfried, 1992; Ferrera, 1996; Petmesidou, 1996a). But this idea could not be pursued based on the literature of the 1970s and 1980s. On the one hand, in fact, past research on the political economy of Southern Europe had largely neglected the social dimension; on the other hand, the mainstream comparative welfare state literature had not traditionally included Southern Europe (with the partial exception of Italy) within its samples of observation. Starting from the early 1990s, the social protection systems of the new Southern Europe have become however an increasingly investigated object of research, largely confirming the presence of common characteristics (e.g. Rhodes, 1997). Building on this literature, this paper will try to pinpoint the main features and trajectories of development of the welfare state in the four countries, to identify the contextual factors which can be called into question for explaining such traits and trajectories and to discuss the present problems and future prospects of social policy in this area of Europe.

The paper is organized in four sections. Section I will offer a historical reconstruction of welfare state developments from the early origins up to the late 1980s, highlighting some of the problematic features emerged from the interplay between the developmental sequence of social policies and its socio-economic context. Section II will discuss the politics of welfare state expansion and the role played by social policy in consolidating and legitimizing the new democratic regimes. Section III will illustrate the adjustment process of the 1990s, aimed both at responding to inherited problems

and at modernizing social protection, also in the wake of European integration. Section IV will draw some comparative conclusions.

## **I. Welfare state formation in Southern Europe: an overview**

In the three decades after World War II, the various OECD countries accomplished (or at least pursued) three grand achievements, which greatly enhanced the security and welfare of their citizens, i.e.:

- 1) full employment with “good jobs” for all (men) who were expected to work for a living;
- 2) social insurance of workers against the risk of sickness, invalidity, unemployment and old age, coupled with generous family benefits;
- 3) social assistance to prevent the poverty of those without other sources of support<sup>2</sup>.

On each of these three crucial fronts, Southern Europe has indeed striven to move along the direction followed by the other, more advanced countries. As we shall see, by the end of the 1970s all four countries had put in place a wide array of labour and social policies. But the effort of forming a fordist labour market and a fully-fledged welfare state encountered greater obstacles than in other areas of Europe and the policy solutions that were adopted in the 1960s and 1970s have occasionally worked to exacerbate, rather than overcome, these very obstacles. Let us examine the three objectives in turn, starting with a brief survey of labour market and labour policy developments, and then focussing more specifically on the two welfare state objectives proper.

### *Labour markets: weak fordism*

As far as the first objective is concerned, i.e. the promotion of an inclusive “fordist” labour market, the four South European countries have lagged chronically behind compared with its core European counterparts, both in terms of employment levels and in terms of an adequate supply of “good jobs” to those in employment. This is partly due to a difference in starting conditions: in the 1940s and 1950s these countries were still predominantly based on agriculture and self-employment, with

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<sup>2</sup> cf. Scharpf and Schmidt (2000).

a very high incidence of the informal economy. In order to escape from poverty and under-employment, many South European workers took the road of emigration: during the 1950s and 1960s Portugal, Spain and Greece suffered a veritable haemorrhage of work force<sup>3</sup>. The transition towards industrial fordism was much more complex than elsewhere in Europe and was still under way when the oil shocks hit the Western economies in the 1970s, increasing their vulnerability and structurally undermining the viability of fordist arrangements as such.

Figures 1, 2 and 3 show some data on the sectoral composition of the South European labour force since the 1960s, comparing trends in each of the four countries with the average of the other 11 EU member states. As can be seen, in 1960 agricultural employment was predominant: more than 40% in Portugal and Spain and more than 50% in Greece. Only in Italy had agriculture already witnessed a relative decline, displaying a value slightly above 30%, on a par with industry. In the rest of Europe, on average the agricultural sector absorbed less than 20% of the labour force, while industry was already the prevailing sector, with an average employment of 40%. It must be noted that South European agriculture remained characterized (well into the 1970s) by traditional forms of economic and social relations (e.g. share-cropping or tenant farming) and by a high incidence of self-employment. As we shall see, the salience of agricultural employment had significant implications for welfare state building. Figure 2 shows that industrial employment increased until the mid 1970s, surpassing agricultural employment also in Portugal, Spain and Greece. But already during the 1970s tertiary employment affirmed itself as the largest occupational sector – even though at lower levels than the EU11 average. This development offers a clear example of South European “leap-frogging”, i.e. a very compressed transition from pre-industrial to industrial and then post-industrial socio-economic structures. During the 1945-1975 period (the *Trente Glorieuses*) Southern Europe did witness a remarkable change of her employment structure, creating many “good” industrial jobs for many male workers. But the supply of these jobs remained lower than in the core EU countries, giving rise to a “weak” variant of labour market fordism.

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<sup>3</sup> This was also true for Italy, but this country experienced also a massive internal migration from South to North.

Fig. 1

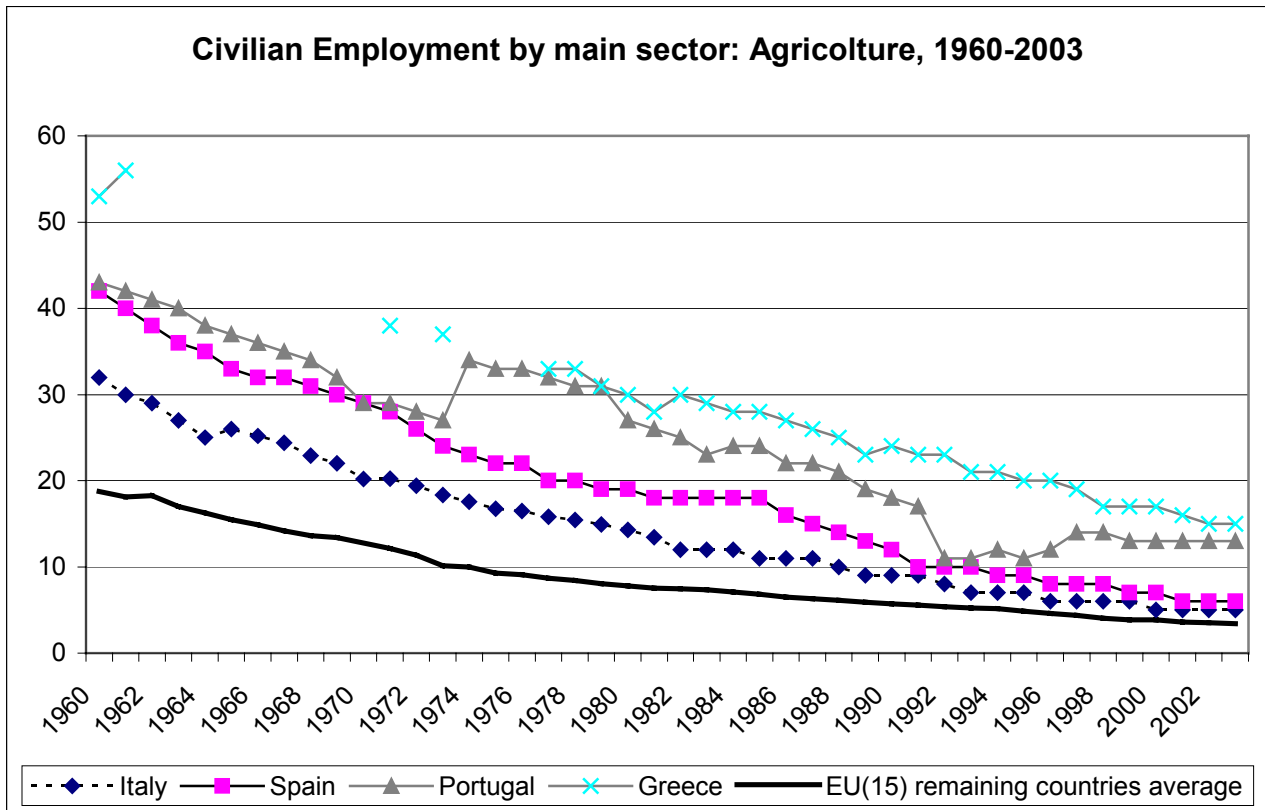
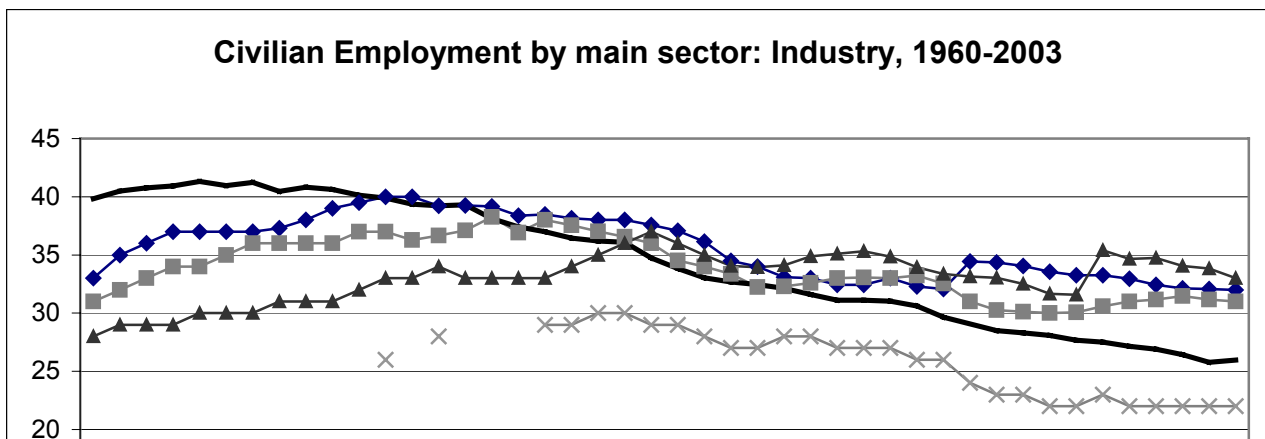


Fig. 2



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