

**THE ROLE OF “THE RESOURCES OF POWER HYPOTHESIS” IN EXPLAINING
THE SPANISH WELFARE STATE BETWEEN 1975-1995.**

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1 - Introduction

Following on from the work of Wilensky (1975), who suggested that ideology was a weak indicator in predicting welfare trends in different countries, there appeared a series of works that attempted to emphasize and measure the impact of the political variable on the shaping of the Welfare State. The “theory of class mobilization” arose to challenge the theory of “the logics of industrialization”, although authors on this issue who have tried to reconcile both of these explanatory theories have not been lacking¹.

A wide-ranging group of authors have suggested various variables intended to measure the influence of politics on the Welfare State: the ideology of the élites (measured by official rhetoric), the ideology of the masses (measured by public opinion indices), the ideology of the party in power, the system of electoral competition, the type and degree of corporatism, etc. However, irrespective

¹ Uusitalo (1984 : 411). Likewise O’Connor and Brym (1988 : 63) believe that the inconsistencies found in this field are due to the different ways of conceiving of the key terms employed, and of the different ways of conceiving of the Welfare State itself. They conclude that the best model to explain any emphasis put on welfare is one that incorporates both corporatism and old age dependency.

of the variable chosen, it may seem obvious that, not only the political system², but also the correlations between political forces, as well as the dominant ideology of the party in power, have a determining influence on decision making when it comes to welfare policy. Hence, democratic policy becomes an important element for shifting emphases within the action of public policy.

For Tufté (1979 : 35-36), for instance, the most important determinant of the variations in the macroeconomic result of an industrialized democracy is the governing political party's position on the right-left spectrum. Another decisive factor that underpins the model of expenditure on welfare, as Castles (1981) explains, is the way in which the modern system of political parties structures the opportunity for the lower and middle classes to participate in political life. In the following section we are going to review the theoretical arguments that underlie the resources of power hypothesis. Having done that, we will show the results of several attempts to check that theory in a number of countries other than Spain. Finally we will give the findings of an empirical study designed to check the resources of power hypothesis against the period of Spanish democracy.

Our interest is not empirical testing of Welfare State theories, neither explaining developments of the Spanish Welfare State, but checking "one" of the theories that have been good to explain the development of the Welfare State in other developed countries. Our main objective is to contrast the validity or not of the called socialdemocratic theory to understand the Spanish case. Checking all the theories or to carry out a study of the development of the Spanish Welfare State would transcend the limits of this work.

2- The theoretical framework of the "resources of power hypothesis"

Among the various political theories on the Welfare State, the most prevailing is the one which we shall call the *socialdemocratic theory* of the Welfare State. For the socialdemocratic theory, the party in power is a crucial variable for explaining the development of the Welfare State. Its implementation and consolidation depends on the power of reforming unions and on their ability to implement social programmes through socialdemocratic parties when they achieve power. From

² Flora and Alber (1981 : 70), for example, showed that constitutional monarchies began to develop social security laws before parliamentary democracies.

this perspective, the collective action of “class-linked” agents is highly relevant for the expansion of the Welfare State. According to this point of view, the Welfare State is the outcome of the social and political struggles undertaken by the organized labour movement, both at a political and social level (Foley 1980 : 170).

According to this theory, the organizational power of the labour movement is a crucial variable, not only in explaining the expansion of welfare, but also in explaining variations in timing between different countries (Therborn 1984, 1985). The essential argument of this perspective of the Welfare State is that the growth of reformist trade unions and political parties reflecting the class divisions inherent in a capitalist society, and, in particular, the ascendancy of workers’ parties to executive power, have been the main forces in devising and developing public policies designed to bring about greater equality between the classes (Shalev 1983 : 317)³.

Socialdemocrat authors believe that it is only a politically organized and unionized labour movement that pushes for increased public social expenditure and the institutionalization of universal rights of citizenship. Consequently, they stress the importance of the political factors based on class criteria to explain the expansion of the Welfare State (Esping-Andersen and Korpi 1991). For such authors, the class-based political struggle for “*resources of power*” (control of the means of production or the degree of working class mobilization and organization into unions or political parties) affects the distributive processes and results of state intervention (Korpi 1980 : 309).

Social policy affects the social nucleus of capitalist society itself, being, therefore, the fundamental field for social and power struggles. Therefore, social policy, which is more than a set volume of social expenditure, depends on the balance of power achieved between social classes and basically involves a process of decommodifying, emancipation and social and political transformation led by the organized labour movement. It aims to replace the market with social rights and the democratic distribution of those rights (Esping-Andersen 1987 : 85). In the process of making capitalism more socialdemocratic, social policy involves a commitment to the decommodification of

³ In this work Shalev (1983 : 322) tries to sketch out the main structural features of the socialdemocratic model of the Welfare State. As far as this author is concerned, the causal process would be the following: the social structure would influence the mobilization of the working class, the latter would affect the class balance in state power and that in turn would finally

wage-earners and their consumption, the restructuring of society on the principles of solidarity; redressing inequalities caused by the market; and, above all, the institutionalization of sustainable full employment (Esping-Andersen 1985 b : 228).

The economic variables (as in G.D.P. growth) do not have any explanatory relevance to the Welfare State -which substantially differentiates the socialdemocratic theory from the conclusion arrived at by the industrialism thesis-. The latter would be explained by the role played by the social democratic parties, measured against their governmental and parliamentary power throughout history (Korpi 1978; Korpi 1983; Esping-Andersen 1985 a and Himmelstrand, Ahrne and Lundberg 1981; Furniss and Tilton 1977).

Esping-Andersen and Korpi (1987), on the same line of argument, suggested that the economic level is less important than political variations in explaining growth trends in the Welfare State over the last fifty years. Also Stephens (1979), in his classic work, argues that social expenditure is a consequence of the organization, mobilization and political activity of the working class and that, therefore, the degree of the labour movement's organization (degree of unionization, level of union centralization, the strength of working class parties, etc.) is strongly linked to the level of social expenditure and the redistributive will of the State.

These ideas are contrary to marxist theories. What separates socialdemocrat theories from those of marxism in developing the Welfare State is that for the former the political power of the working class, and not the domination of the capitalist economic system, is crucial for the growth of the Welfare State. Also the state, through the democratic system, can affect economic relationships without being necessarily conditioned or restricted by the dictates of capital. The ideology of the party in power is important for determining the type of options and actions to be followed in order to shape the different models of Welfare State.

Another difference between this and the neo-marxist argument is that according to socialdemocrat theory the Welfare State can have clearly egalitarian consequences. Social expenditure can reduce inequality as it basically favours the working class and the least favoured

determine Welfare State policy.

social groups, which, in turn, serve as the electoral basis that supports those socialdemocratic parties (Bjorn 1979; Scase 1977; Cameron 1981; Weede 1982).

3- Empirical confirmation of the “resources of power hypothesis”

According to numerous works, the organizational and historical differences in the working class struggle in different countries and their varying support for socialdemocratic parties would explain, to a large extent, the differences in welfare expenditure between the various capitalist societies. The presence or absence of organization during the formation and maturing of the Welfare State (especially in the post-1930s period) is a key for explaining the models of the Welfare State followed in different countries. As Esping-Andersen and Korpi (1985 : 202) argue, comparisons between nations indicate that the balance of political power is closely linked to the degree to which the limits of social citizenship have been extended.

That same thesis is defended by Castles (1982), who suggests that ideology is a crucial variable in explaining the differences in the various states’ commitment towards welfare. Castles argues that the high level of commitment to welfare in Scandinavian countries is associated with the political domination of left-winged parties in the political system.

The relationship between the political power of socialdemocratic parties and the commitment to social welfare is made clear in Castles’ work. For Castles, low levels of state commitment to welfare are associated with political systems dominated by right of centre parties. It is the hard right parties that put the brakes on the public provision of social welfare (Castles 1978 : 75).

Castles considers that the size of electoral support and the relative dominance of left-winged parties within the party system are determining factors, if the reform of the welfare system is to be successful. In turn, these factors are influenced by the presence or absence of divisions between the working class, the ability of the socialdemocratic parties to attract voters of other classes (especially agricultural workers and farmers) and by the strength and unity of the non-socialdemocratic parties⁴

⁴ These same results were confirmed in four later works: Castles and McKinlay 1979; Borg and Castles 1981; Castles 1982 and Castles and Mitchell 1992. For a critique of the methods used (public welfare index used, statistical tool employed,

Castles (1978 : 71), in contrast to Wilensky (1975) finds no relationship between the economic level (per capita G.D.P.) and its “*pure rate of welfare*” in a study based on the behaviour of fifteen industrial democracies. Nevertheless, he does consider the opening up of the economy and union strength as two important variables in explaining welfare expenditure.

Numerous authors have corroborated the socialdemocratic theses of those pioneering works in their eagerness to empirically prove the “*class mobilization thesis*” in various developed countries. Hence, Sharpe and Newton (1984 : 209) conclude that left-winged parties tend to spend more on redistributive services, whereas those of the right tend to spend more on the police and roads, and that both are strongly affected by the existing political party system.

In Schmidt’s work (1982) it is suggested that the expansion of the public economy is the result of a set of socio-economic and political factors and that among the latter, a determining element is the strength of socialdemocratic representation in the government⁵.

Korpi, in a study on health insurance in eighteen capitalist countries, defends the validity of the *resources of power approach* to explain the expansion of the Welfare State. Korpi (1989 : 323) showed the significance of left-winged participation in the development of social policy both in the pre-war and post-war period.

In a more recent work Esping-Andersen (1993 : 171) again defends the theory of the power of working class mobilization as against that of “industrialism” and “functionalism” to explain the different paths taken in expanding the Welfare State by capitalist countries and shows that the power of left-winged parties has been a decisive variable in explaining the degree of decommodification, social democratization, and in achieving the objective of full employment in the various liberal, corporatist and socialdemocratic Welfare State experiments. Therefore, as is clearly shown in all

definition of right of centre parties, etc.) in analysing the first work, see Roweth, Gould and Kind (1980).

⁵ Other determining factors in Schmidt’s work were: the opening up of the economy; the strength and unity of the trade union movement; the degree of corporatism; and an ideologically and organizationally divided bourgeois trend.

these studies, there is a strong link between political variables and public policies, i.e., in short, *politics matters*⁶.

That “politics makes the difference” also seems to be the conclusion of Hicks, Swank and Ambuhl’s work (1989 : 423), for whom public expenditure is an automatic response to the phenomena of crises and unemployment. Nevertheless, these and other processes that encourage the growth of welfare, seem to have varied substantially with the differences between left/non-left of centre governing parties; with the differences between strong/weak trade unions in institutions balancing interests; and with the change of 1973-74 from a climate of stable and fairly sustained economic expansion to one of stagnation⁷ .

Hollingsworth and Hanneman (1982 : 77) also defend the need to include structural, economic and political variables based on class to explain the difference in economic results among different nations. In turn, Hewitt (1977) defended the existence of a moderately strong association between the power of the left and measures taken for redistributing wealth.

Hibbs also showed, in two studies, the importance of politics on the expansion of the public sector. In the first of these, he shows that governments respond with economic policies depending on key economic interests, but also depending on the subjective preferences of the elected body politic (defined in terms of social class). In this way, he shows that the macroeconomic option “high inflation/low unemployment” is preferred by the lowest income groups and is associated with left-winged governments; whereas the “low inflation/high unemployment” option is compatible with high income social groups and is normally associated with centre-right governments (Hibbs 1977)⁸. In a

⁶ Guy(1974 : 323) For the U.S.A case , see Fry and Winters (1970 : 522). Also Leibfried (1978). For Leibfried socialdemocracy has had a a marked effect on the instruments and models used for reforming public policies. However, Leibfried believes that socialdemocracy does not guarantee a clear difference in respect to the results of welfare policy.

⁷ Basically, to these same results arrive the following works : Hicks and Swank 1984; Swank and Hicks 1985; Swank 1988. In the work Hicks, Friedland and Johnson (1978), the authors claim that large economic corporations negatively affect state redistribution, whilst unions affect it positively.

⁸ A critique of this work can be found in Cameron (1982) who suggests that the governments of the left are also associated with low levels of inflation because they use social salary to recommend restrictions on salaries to trade unions. See also Cameron (1991) where he shows that countries controlled by left of centre governments, apart from experiencing medium to low levels of unemployment and relatively small increases in rates of unemployment between the mid-1960s and the beginning of the eighties, had relatively small increases in the rates of real and nominal salary variations and in that of consumer prices

second study, he emphasizes the importance of the union struggle on the expansion of welfare expenditure (Hibbs 1978).

Cameron (1978 : 1.253), who recognizes the importance of the ideological element in explaining the expansion of the public economy, ends up by qualifying that importance when he points out that left domination has not been an essential condition, as various nations have experienced large increases despite the absence of strong left-winged representation in government. Included in this group are The Netherlands, Belgium, Ireland and Canada. All share at least one common characteristic: their economies are relatively open.

In the recent empirical work of Boix (1996 : 136) on structural economic policies over the last thirty years, it is shown that “the ideological composition of the government is a determining factor in understanding the variation, both before and after the period of stagnation/inflation, of economic strategies on the supply side, i.e. of strategies aimed to modify the rate of economic growth in the long term”. In Boix’s study (1996) it is shown how the party in power plays a fundamental role in the volume of public capital expenditure and how socialist control of the government and the existence of well-organized, centralized and strong unions have a strong influence on the “public commitment to education”.

So far we have stressed the importance of the political and institutionalized trade union struggle. However, there are a number of social policy scholars who have underlined the importance of the non-institutional political struggle. Piven and Cloward, for example, have suggested that low class groups (the poor) and the working class can influence growth in social welfare expenditure by means of non-institutionalized political protest (riots, demonstrations, strikes, etc.) (Piven and Cloward 1971, 1977).

The theory that lower class violent protests are associated with changes in expenditure on income transfer and that they have played an important role in achieving the aims of the working class seems to find wide empirical support, at least, in the case of the U.S.A. (Hicks and Swank 1983,

and, also relatively low levels of strike activity.

1984; Swank 1983 and Swank and Hicks 1985)⁹.

4- Checking the power resources hypothesis against the Spanish case: 1975-1995

Some of the experts on the theory have shown scepticism with the theory itself when attempting to apply it to the Spanish case. This is true of Esping-Andersen (1994), who, on comparing the Spanish and Portuguese cases, concluded that in the Spanish case, governments have played an important role, but in a way that is contrary to the theory: the socialist governments depressed welfare participation (Esping-Andersen 1994 : 122- 123). This opinion has been disputed by authors such as Maravall (1995 : 237), who, in a descriptive way, shows that during the socialdemocratic period social expenditure increased more and the number of beneficiaries of that social expenditure grew more than under conservative governments.

In this section, we are going to attempt an empirical analysis of the influence that political and ideological factors have had on the expansion and development of the Spanish Welfare State. We would like to confirm whether the social welfare policy pursued by governments from 1975 to 1995 has been influenced by the party in power (conservative or progressive) and by any other type of political and trade union “power resources”. To do that, we have decided to adopt the Analysis of Principal Components (APC)¹⁰ as our factorial technique. This will allow us to obtain several synthetic components or factors (linear combination of the original variables) and will allow us to reduce the size of the original variables to a smaller subspace, yet maintain the maximum information. This technique will allow us to study the similarities between groups of individuals (years) and between groups of variables, ultimately allowing us to confirm or not the hypothesis that we set out with.

The original values of the variables are gathered in Table 1. This table shows the values of the pre-considered 17 variables from 1975 to 1995 (see Appendix). It must be borne in mind that the SE variable encompasses the variables corresponding to budgetary expenditure headings, which are: Education, Health, Housing, Unemployment, Pensions and Other Social Provisions. We should also

⁹ Tilton (1974) for the Swedish case,

¹⁰ For further information on the APC technique, see the works of Cibois (1991); Philippeau (1992) and Stevens (1992).

take into account that of the 17 original variables, two are qualitative dichotomies: LEFT (party controlling government; Conservative/Progressive) and ACC.

We consider some of these variables to be indicators of working class '*resources of power*'. It should be pointed out that the choice of variables on occasions has been affected by the availability of the necessary information to reconstruct such an extensive series in terms of time as the one that is under consideration in this study.

We have considered the following variables as approximate indicators of those "institutionalized union power resources": Social Accords (ACC), Rate of Collective Bargaining Cover (RCB), Workers affected by Agreement (WAA) and Rate of Net Affiliation Density (NAD). We understand for this "resources" those that do not have an origin in the protests, mutinies, strikes and other social conflicts ¹¹.

On the other hand, we have considered the variable Non-Working days (NWD), Rate of unworked working days (RUD), Participation in Strikes (PIS), Rate of Labour Unrest (LU) and Rate of Variation in To-Worked Days (VUD) as approximate variable of "resources of union power not institutionalized." We understand for these those that are expressed and are reflected in the social conflict (strikes, mutinies, disorders, etc). They constitute the incidental reflection of pressure instruments, bargaining or influence of the union organizations. In opposition to those "institutionalized resources", these translate the conflicting dimension that underlies to the relationship between the working class and the capitalist class in the market economies. As some studies have demonstrated - specially referred to the North American case - the social conflict, manifested in different ways, can have had influence in the expansion of certain public programs of social well-being.

By applying the aforementioned statistical technique, a series of new variables (factors) are derived that offer combinations of information from the original variables. The advantage of these factors is that to few of them (in our case, the first three) concentrate the bulk of the information provided by the 11 chosen variables of the original 17 variables, so facilitating an analysis. Table 2 (see Appendix) shows the percentage of variance (behaviour) expounded from each variable by the

factors retained. The three factors together (comunalitie), for example, show 92 % of expenditure on pensions or 97,5 % expenditure on education. Also it shows us the percentage that each factor has over the total variance. The former component has a value of 6,91 and 62,8% of the total variance. When applying the rotation method¹² we observe that the first factor explains 37,27% of the dispersion of the original variables, the second explains 35,37% and the third 16,39%. With the three factors obtained, we can explain the 89% variability or variance of the original variables.

To summarise, the three factors obtained, the variables that we include and the descriptive name that allows us to identify the variables as a set, take on the following shape:

FACTOR 1	FACTOR 2	FACTOR 3
<ul style="list-style-type: none"> • Expenditure on pensions. • Expenditure on education. • Expenditure on health. • Expenditure on unemployment benefit • Expenditure on Housing. • Other social provisions. 	<ul style="list-style-type: none"> • Workers affected by agreements. • Rate of collective bargaining cover. • Rate of labour unrest • Rate of un-worked days. 	<ul style="list-style-type: none"> • Rate of Net Affiliation Density.
SOCIAL EXPENDITURE	SOCIO-LABOUR ATMOSPHERE	AFFILIATION

And the model would be:

$$SE = 0.215 EOE + 0.262 EOP + 0.201 EUB + 0.171 HE + 0.077 HS + 0.064 LU + 0.017 NAD - 0.433 OSP - 0.177 RCB + 0.076 RUD - 0.181 WAA$$

$$S-LA = 0.003 EOE - 0.057 EOP - 0.023 EUB - 0.077 HE + 0.173 HS - 0.185 LU + 0.126 NAD + 0.341 OSP + 0.357 RCB - 0.185 RUD + 0.415 WAA$$

$$A = 0.086 EOE + 0.096 EOP - 0.049 EUB - 0.276 HE + 0.253 HS + 0.186 LU + 0.602 NAD + 0.135 OSP + 0.034 RCB + 0.194 RUD + 0.211 WAA$$

From an interpretive perspective of the graphic analysis, the first factorial analysis that we aim

¹¹ See source of data of Rate of Net Affiliation Density (NET) in Jordana (1996).

¹² Applying the method of normalization of Kaiser improves the interpretation, making that the factors have a high correlation with a group of variables and a low correlation with the rest. See in Kaiser, H.F. (1958: 187-200).

to undertake is the distribution of the years on factorial the mounds combining the first two factors obtained: "Social Expenditure" and "Partner-Labour Atmosphere." The representation of the years in the space determined for those factors is shown in the Graph 1 (see Appendix). From the Graph 1 we can see that the first factor ("social expenditure") divides the crowd of observations into two parts, setting those years that have a positive relationship to this factor (upper/right quadrant and upper left quadrant) against those years where the relationship is negative (lower/left and lower right quadrants). The second factor ("Socio-Labour Atmosphere") sets the upper right quadrant and the lower right quadrant against the upper/left and lower/left quadrants.

Factor 1 combines the characteristics involved in the headings of social expenditure, setting the years that have high values (upper quadrants) against the years with low values (lower quadrants). We should remember that the values of public social expenditure are measured as a percentage of G.D.P. and not as rates of variation. Therefore, the years from bottom to top are in order from least to greatest public expenditure on social welfare. The second axis involves the characteristics that constitute signs of unrest, setting the years of greater unrest (left quadrants) against those of lesser unrest (right quadrants).

It is interesting to check the position of the years and the government teams in the different quadrants. From the analysis of the Graph 1 and interpreting the groups of concentrated points and observations, we could venture to point out five periods:

1) from 1975 to 1977, a period of rapid deterioration in labour relations with a significant political response as regards increased social expenditure and extension of the rights of citizenship. Labour claims, which caused a rapid deterioration in labour relations, are not only related to the labour and wages field, but also, above all, to the political field. The conquests of the most basic social and political rights in a democratic political system caused a steep increase in social unrest during this period.

2) from 1978 to 1982, a period featuring greater negotiation in labour relations (the first social and political pacts, such as the Moncloa Pacts in 1977 and the AMI in the years 1980-1981) and where there was a greater positive response to the demands for expansion of social expenditure

made by the population as a whole. We may classify this period as one of “*learning*” for the conservative government, after a period of deep unrest and social tension in their political handling of social unrest. On the other hand, a process of “professionalization” occurred in social negotiation, the result of the institutional consolidation of the social agents. Additionally, the levels of unrest and negotiation passed from the political field (the recognition of the most elementary political rights in a democratic state) to the economic and social field (the recognition of social, union and wage rights).

3) from 1982 to 1984, a period of “*learning*” for the socialist party where, there is practically no response to an increase in social expenditure and construction of the Welfare State, but there is a clear improvement in labour relations or the “Socio-Labour Atmosphere”¹³.

4) from 1985 to 1989, a period in which the socialist party begins its response to building the Welfare State, without that meaning a deterioration in labour relations, apart from the general strike of 20th. June 1985 against Law 28/85 which was to rationalize the pension system and that of 1988. This response took place, above all through the legislative-regulatory field with the universalization of certain citizenship rights, and not so much through any quantitative growth in social expenditure¹⁴.

5) from 1990 to 1995, a period in which there is a clear expansion of the Welfare State, along with an improvement in labour relations. However, we must not lose sight of the fact that, although in the 1990s, there is an improvement in the Socio-Labour Atmosphere, it is in this period when the majority of general strikes takes place¹⁵.

A second analysis that we can undertake is based on the interaction, on the factorial plane, of the first factor (“*social expenditure*”) with the third factor (“*affiliation*”). The Graph 2 shows that relationship. We can extract several conclusions that seem to be relevant. Firstly, we can extract a certain regularity of what is happening with regard to these two factors:

¹³ This period coincides with the signing of the main agreements on social consensus, that meant a significant “pacification” in terms of labour relations. By the years 1980-81, the AMI had been signed and between 1982 and 1986 the ANE, AI and the AES were signed.

¹⁴ Public social expenditure suffered a contraction in respect to previous years, increasing below economic growth for that period.

¹⁵ We should remember the general strike in 1988 against the economic policy of the socialist government, the 28th. may 1992 strike against the measures to reform the work market and the 27th. January 1994 strike against law 22/93 on reforming social provisions.

a) the period 1975-1979 - which corresponds to the conservative government stage - is characterized by a trend towards growth in social expenditure, along with an increase in rate of trade union affiliation (see lower/right quadrant) Clearly, we can interpret that, despite the conservative label of the party in power, during this period the levels of unrest and high union affiliation were able to play an important role as promoters of public social expenditure.

b) later, between 1980 and 1990, there is a decrease in the rate of union affiliation that coincides with higher levels of social public expenditure, but with a constant or stagnant trend in their growth (see the two left quadrants).

c) finally, from 1991 to 1995, we once again see a clear convergence between the increase in union affiliation and an expansive trend in social policy that basically led to -rather than a strong increase in social expenditure - the expansion of certain citizenship rights by means of approving significant judicial regulations.

In short, from the distribution of years on this plane, we may conclude that there was a certain relationship between the rate of trade union affiliation and the growth in social public expenditure, at least in two periods of the economic and political history of Spain: 1975-79 and 1990-1995. It is obvious, however, that if we analyse each concrete period, innumerable factors that we have not considered in our analysis would play a part. Additionally, the correlation observed is not necessarily indicative of a causal relationship. Hence, the only thing that we can say is that tendentially the periods of increased union affiliation coincided with periods of growth in social public expenditure, or with a certain “*public commitment*” towards social welfare. Although this may suggest that the predictions of the “*resources of power hypothesis*” theory are fulfilled, if we consider trade union affiliation to be a working class “*power resource*” in this case, it is not possible to be conclusive in this respect.

Finally, by combining the second factor (“*Socio-Labour Atmosphere*”) with the third factor (“*Affiliation*”) we arrive at the Graph 3. Here we see that from 1975 to 1979 (the political transition years with a conservative government), there is a sharp deterioration in labour relations, the levels of

social unrest increasing significantly. This period coincides with an increase in the rate of trade union affiliation¹⁶. Therefore, in the first years of the political transition, the conservative government had to live with two of the factors, which from the “*socialdemocratic theory*” are clear promoters of social public expenditure: levels of social unrest and trade union affiliation. Both are considered by the socialdemocratic theory as indicators of trade union action achievement in expanding of the Welfare State and, therefore, as working class “*resources of power*” used to modify the distributive results of the capitalist market economy. The fact that the rate of growth in social expenditure is relatively high during the period may constitute an endorsement of the “*resources of power*” hypothesis as an explanation for Welfare State dynamics.

In the 1980s - that coincides basically with the government of a socialdemocratic label - there is a clear improvement in labour relations and a reduction in the rate of trade union affiliation. It can be affirmed that the socialdemocratic government enjoyed a better social climate for carrying out its economic and social reforms. We only have to remember that it was during this period that the majority of the social agreements were signed. These incorporated clauses for wage moderation in return for political and social compensations for the working class¹⁷.

Finally, the upper/right quadrant shows the years in which there is an improvement in the socio-labour atmosphere along with a growing trend towards higher levels of union affiliation. These years correspond to the socialdemocratic period from 1991 to 1995. Remember that these years coincide with an increase in the “*public commitment*” towards social welfare. If we consider union affiliation as an indicator of the power resources of the working class, once again it seems to fulfill the predictions of the theory that we are trying to check. We should not forget, however, that during this period - despite the improvement in the levels of social unrest that the graph shows - there were two general strikes: in 1992 and 1994.

¹⁶ Although we shall not dwell on this point, as it is not the subject of this study, we may deduce from this phenomenon a certain causal relationship between both indicators. It is clear that the high level of social unrest in the period of Spanish political transition could clearly have contributed to raising the rate of trade union affiliation as in periods of social unrest and severe economic crisis, workers can be more motivated to affiliate to a union that will defend their interests.

¹⁷ If we make an exception of the Moncloa Pacts in 1977, the social accords were signed during these years. Basically, there were

5- Conclusions

Three are the main conclusions of this work:

1) Spain represents a relatively atypical case as the consolidation of the Welfare State and the period of a strong expansion in social expenditure began in the mid-1970s, whereas there was a contraction or moderation of social expansion at that time in the majority of developed European countries. Moreover, there was an attempt to build a Welfare State at a moment of political transition and the consolidation of a democratic state (legalization of political parties and business and trade union organizations, the conquest of fundamental civil rights and political freedoms, profound institutional transformation, etc.).

2) From the statistical analysis made, based on the APC theory, it can be deduced that, in the Spanish case, the conservative governments were associated with strong demands and greater social unrest as well as high levels of union affiliation (until 1980). Two periods can be observed: a) from 1975 to 1977 there was a strong deterioration in social relations, a steep increase in union affiliation, but also a strong and rapid political response in regard to social expenditure and the extending of citizens' rights, and b) from 1978 to 1982, there began to be less unrest, a decline in union affiliation and a lesser response in terms of public social expenditure.

Regarding the progressive or socialdemocratic style governments, we can see that they enjoyed an improvement in the climate of social negotiations - leaving aside the general strikes called in that period - and that they gave an impetus to increased social expenditure policies, even though in a rather slow and late fashion. Three periods can basically be distinguished: a) from 1982 to 1984; b) from 1985 to 1989 and c) from 1990 to 1995.

3) Finally, can we conclude that the chosen theory is valid to explain the Spanish case? If we consider, exclusively, the ideological sign of the party in government, our answer should be not. It is obvious that the party of center-right –conditioned by the historical background in which they implemented their policies- pushed quickly the social public expenditure, even in a quicker rhythm

four very important ones: the AMI between 1980-81, the ANE in 1982, the AI in 1983 and the AES between 1985 and 1986.

that the socialdemocratic party. In this sense, we should agree with Esping-Andersen (1994) when he suggest that, in the Spanish case, an inverse relationship exists between the public social expenditure and the government's composition and this would discredit the validity of the theory.

However, we believe that if we consider other factors like “resources of power of the working class” - and not alone the ideological sign of the government party - the chosen theory can be valid to explain the Spanish case. Two examples can illustrate our conclusion.

The first: the conservative period is an ideal example of this statement, despite the ideological label of the governing party. The influence of working class “*resources of power*” in the period 1975-82 were of the utmost importance in the expansion of the “*public commitment to welfare*”. It was a period characterized by a greater political affiliation to the left of centre parties rather than the right; a growing electoral presence of left of centre parties; an increasing trend in trade union affiliation between 1977 and 1980 (dropping thereafter); a strong element of social conflict between 1976 and 1980 (also dropping thereafter); a sharply increasing rate of collective bargaining cover, which indicates the influence that trade union action exerted during the conservative period, and a growing and very strong development of class unity between 1977 and 1982, i.e. of the corporatist framework that characterizes modern societies¹⁸.

The second: the growth in social expenditure that took place at the beginning of the 1990s and which was, to a large extent, provoked by the second general strike against the economic policy of the governing socialist party ¹⁹. That strike, which happened in 1988, resulted in the expansion of public social expenditure as well as certain social citizens’ rights, demonstrating a relationship between mobilization of the working class - in this case in a conflictive way - and increasing social, expenditure. The expansion in social rights came about with the approval of regulations such as the RDL 3/89 which extended health care assistance, unemployment benefit and pensions; RD 1088/89

¹⁸ According to data provided by Schmitter (1995 : 292) registration of business associations rose from 3,845 in 1977 to 9,030 and trade unions grew from 2,814 to 6,676. In total, organizations that developed class-linked associations in Spain rose from 6,659 in 1977 to 15,706 in 1984.

¹⁹ We must remember that the first general strike was convoked by the union CCOO against the project of reformation of the public system of pensions. In that occasion the convocation was not supported by UGT, so its repercussion was much smaller than in December of 1988.

on universal health care and Law 26/90 on non-contributive pensions and provisions. It is from the 1990s onwards that two of the “resources of power” stressed by “socialdemocratic theory” take on a greater role: a) greater social unrest, measured by the number of general strikes called and b) a significant increase in trade union affiliation.

In short, we believe that it has been shown clearly enough that Spanish public social expenditure responds to variables of a political-ideological type and to unrest. If apart from considering the ideological label of the party that controls the government, we take the other relevant factors that are encompassed by the theory into account, then the socialdemocratic or “resources of power hypothesis” is valid for explaining or interpreting the make-up and scope of the Spanish Welfare State. The theory makes allowances for some ideological-political factors and factors of unrest, that have been involved in the growth of the public social expenditure in Spain, to be taken into account, both during the 1975-1982 period and in the 1983-1995 period.

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APPENDIX

PERIOD	SE	EOP	EUB	OSP	EOE	HS	HE	NAD	WAA	RCB	PIS	NWD	RUD	VUD	LU	ACC	LEFT
1975	16,15	5,62	0,48	3,15	2,09	3,77	1,04	,	,	,	,	,	,	,	,	2	2
1976	17,3	6,73	0,57	2,66	2,33	3,91	1,1	,	,	,	2321	3,77	100	,	161,8	2	2
1977	17,55	7,39	0,84	2,13	2,45	3,66	1,08	18,46	2876	33,6	2475	5,63	121	21	194,9	1	2
1978	19,87	8,81	1,22	1,89	2,94	4,1	0,91	28,45	4629	55	3425	2,99	83,9	-30,5	137,4	1	2
1979	20,99	9,42	1,64	1,93	3,11	4	0,89	24,72	4960	60,4	2132	3,31	137,5	63,7	230,6	2	2
1980	21,65	8,58	2,23	1,89	3,27	4,53	1,15	13,76	6070	76,6	857,2	5,28	44,9	-67,3	78	1	2
1981	23,06	9,11	2,75	2,23	3,12	4,54	1,31	13,08	4435	57,8	861,7	4,58	37,4	-16,5	67,2	1	2
1982	22,63	9,1	2,59	2,24	3,01	4,29	1,4	13,18	6263	82,3	714,3	3,19	20,2	-45,9	36,6	1	2
1983	23,31	9,56	2,47	2,31	3,21	4,16	1,6	13,86	6226	82,1	1022	2,98	32,1	58,4	58,2	1	1
1984	23,26	9,59	2,4	2,29	3,3	3,94	1,74	13,85	6182	85,2	1497	2,84	46,2	43,9	87,6	2	1
1985	24,76	10,21	2,78	1,34	3,75	4,67	2,01	14,19	6131	83,8	1384	2,13	23,4	-49,2	44,1	1	1
1986	24,14	10,02	2,7	1,23	3,79	4,56	1,84	13,64	6275	81,9	938,6	2,66	16,5	-29,2	29,7	1	1
1987	24,19	9,7	2,71	1,39	3,97	4,58	1,84	14,68	6868	86,1	1257	2,67	36,5	120,4	63	2	1
1988	24,23	9,65	2,7	1,51	3,88	4,74	1,75	15,13	6865	82,1	5610	1,73	84,6	131,6	81,9	2	1
1989	24,46	9,69	2,71	1,54	4,11	4,8	1,61	15,7	6994	78,7	1320	2,67	26,7	-68,3	41,5	2	1
1990	25,04	9,92	2,83	1,66	4,17	4,89	1,57	16,84	7624	82,2	701,8	2,83	17,7	-33,7	26,3	2	1
1991	25,97	10,26	3,19	1,8	4,14	5,05	1,53	19,26	7822	83,4	1253	2,27	32,1	80,9	47,1	2	1
1992	27,85	10,97	3,37	1,81	4,27	5,77	1,66	21,54	7922	87,2	3989	1,2	45,4	41,2	68,8	2	1
1993	29,1	11,54	3,75	1,68	4,54	5,9	1,69	22,94	7737	89	881,6	2,01	14,6	-67,7	23,1	2	1
1994	28,57	11,65	3,3	1,71	4,36	5,84	1,71	22,68	7502	86,9	6099	1,15	45,4	210,7	72,5	2	1
1995	27,75	11,63	2,59	1,77	4,32	5,92	1,52	,	7459	83,4	658	2,53	10,4	-76,9	16,1	2	1

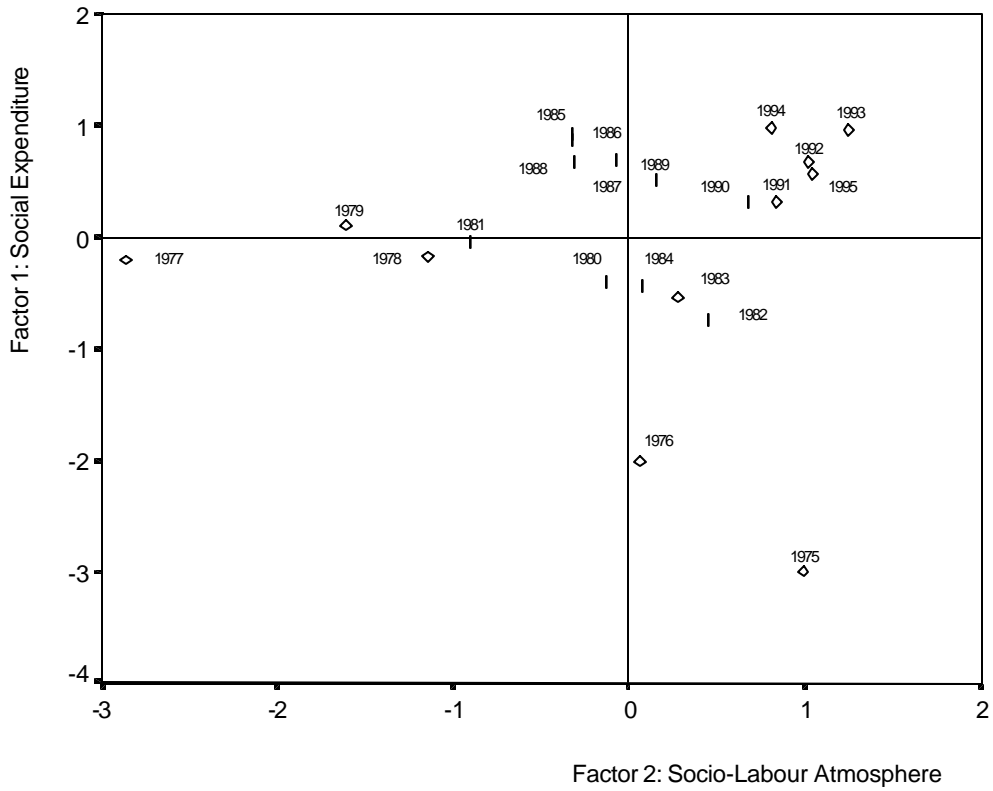
Table 1: Data on the 17 Original Variables

VARIABLES		STATISTICAL SOURCES
ACC	Social Accords	
RCB	Rate of Collective Bargaining cover	Labour Statistics Gazette
NWD	Non-working days	Labour Statistics Gazette
WAA	Workers affected by Agreement	Labour Statistics Gazette
NAD	Rate of Net Affiliation Density	JORDANA, J. (1996)
EUB	Expenditure on Unemployment Benefit	Statistics Department of the FIES Foundation (P.E.E. N° 68)
EOE	Expenditure on Education	Statistics Department of the FIES Foundation (P.E.E. N° 68)
SE	Social Expenditure	Statistics Department of the FIES Foundation (P.E.E. N° 68)
RUD	Rate of unworked working days	Labour Statistics Gazette
LEFT	Socialist Party Control	
OSP	Other Social Provisions	Statistics Department of the FIES Foundation (P.E.E. N° 68)
PIS	Participation in Strikes	Labour Statistics Gazette
EOP	Expenditure on Pensions	Statistics Department of the FIES Foundation (P.E.E. N° 68)
HS	Health Spending	Statistics Department of the FIES Foundation (P.E.E. N° 68)
LU	Rate of Labour Unrest	Labour Statistics Gazette
VUD	Rate of Variation in Un-Worked Days	Labour Statistics Gazette
HE	Housing Expenditure	Statistics Department of the FIES Foundation (P.E.E. N° 68)

Var	Communality	Factor	Eigenvalues			Addition of the square saturation of the extraction			Addition of the square saturation of the rotation		
			Total	Pct of Var	Cum Pct	Total	Pct of Var	Cum Pct	Total	Pct of Var	Cum Pct
OSP	.873	1	6.910	62.819	62.819	6.910	62.819	62.819	4.100	37.274	37.274
EOP	.920	2	1.846	16.781	79.601	1.846	16.781	79.601	3.891	35.375	72.649
EOE	.975	3	1.039	9.444	89.045	1.039	9.444	89.045	1.803	16.395	89.045
EUB	.889	4	.519	4.718	93.762						
HS	.881	5	.256	2.324	96.087						
HE	.841	6	.173	1.570	97.657						
WAA	.914	7	.122	1.111	98.768						
RCB	.858	8	7.E-02	.667	99.435						
LU	.888	9	4.E-02	.372	99.807						
RUD	.838	10	2.E-02	.143	99.950						
NAD	.918	11	6.E-03	5.02E-02	100.000						

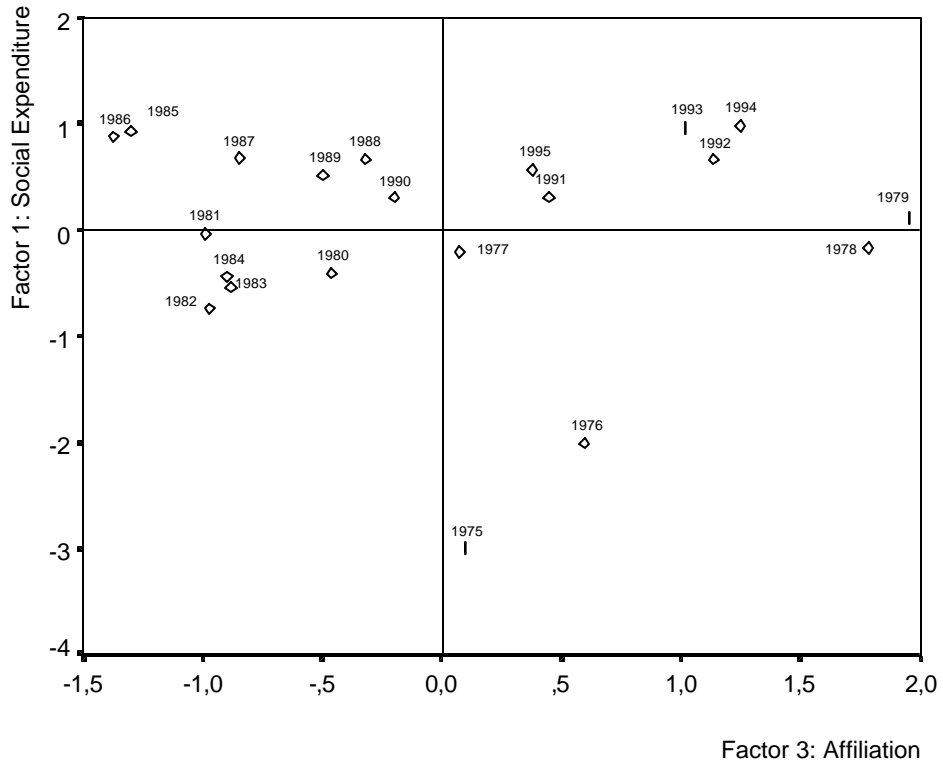
Table 2 : Communalities and Factors extracted

Dispersion of years between the social expenditure factor and the Socio-Labour Atmosphere factor.



Graph 1

Dispersion of years between the social expenditure factor and the affiliation factor



Graph 2

Dispersion of years between the Socio-Labour Atmosphere factor and the affiliation factor

