

**Between Equity and Flexibility?:
The tensions surrounding the
decentralization of
social policy powers**

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“[The states] can care for our own poor in so much better and more effective way than having the federal government tell us how to care for our poor. One of the magnificent things about this country is the whole idea that states are the laboratories of democracy. Don’t have the federal government tell everybody what kind of training programs they have to have. Let states do this. And by the way, if states get in trouble, the federal level could step in and see if it could find a way to help them”

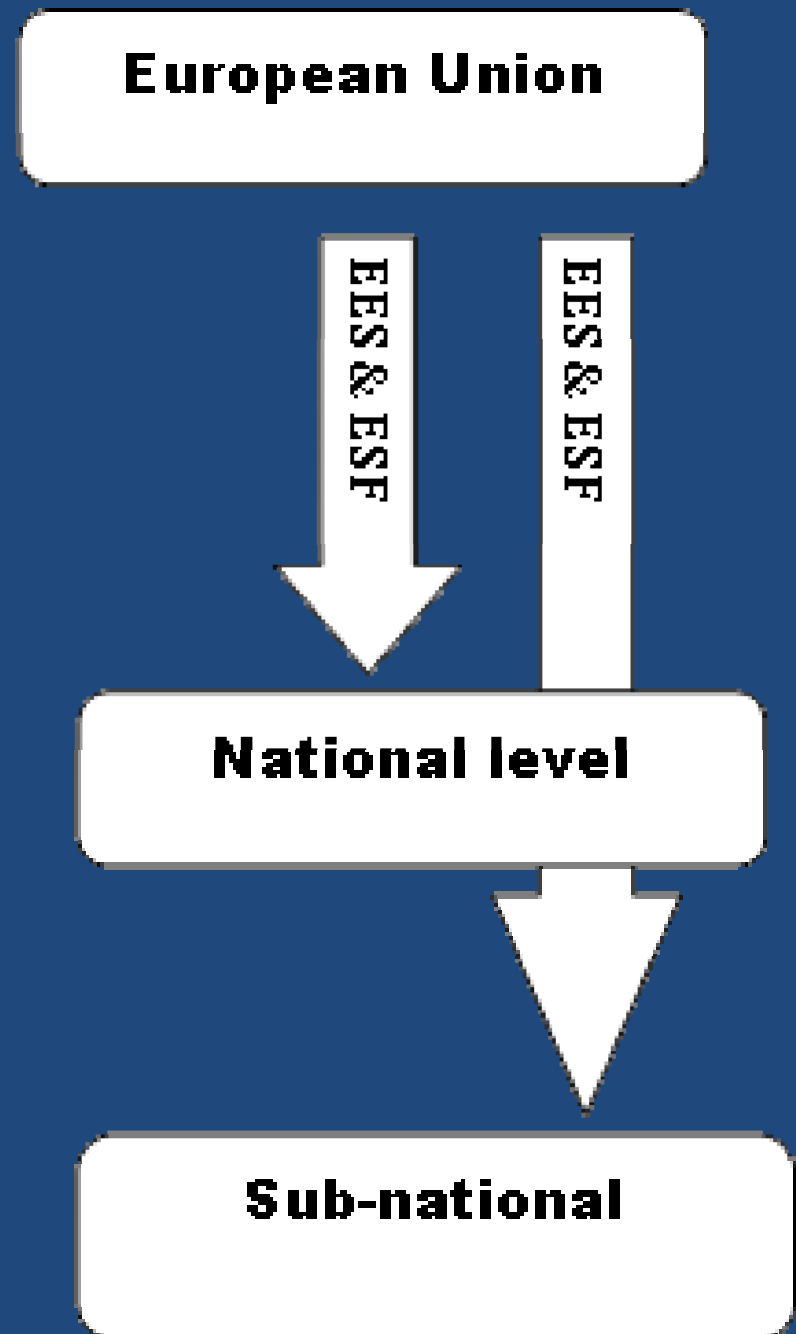
(Mitt Romney, Presidential Debate, October 3, 2012).

Sub-national Flexibility/ Decentralization

- Subnational and non-governmental actors offer a repertoire of locally tailored and personalized policies and services
- Policies are brought closer to local and individual circumstances
- Experimentation and innovation

**Downward
transfers of
powers have been
promoted by the
EU**

**(and the OECD, for
instance)**



However,

- Certain models of decentralization challenge the solidarity and equity goals of the welfare state
- For instance, welfare clients across the territory might be exposed to different welfare levels, benefits, and/or duties
- Institutional solution:
 - Standardization/centralization; promote unified policy approaches
 - Monitoring and enforcing
 - Reducing fragmentation and regional gaps

“It is a task that should be assumed by the State to carry out activities, and implement measures, that are called *azioni di sistema*, meaning to allow the national system to be homogeneous, to operate in an analogous manner, so that citizens who are born in the South or in the North have equal opportunities. Until a part of Italy does not function adequately, people who are born in that part of Italy either emigrate or live poorly. And this is unthinkable within a national state” (Interviews, Italy, 2009).

How Do States Solve the Tensions between Equity and Flexibility?

- Cases:
Italy, United States, Spain, United Kingdom, Germany
- Data:
Interviews, detailed case studies
- Policy area:
Active Labor Market Policies
- Cross-national trends?

Trends	
<i>Fiscal decentralization</i>	Very rare: United States
Political decentralization	Rare form: United States and Italy
Administrative decentralization	Italy, United States, Spain, UK
Centralization	Very rare: Germany (administrative and fiscal) -- Still, flexibility is built into the system

Introduction Of Flexibility

<i>Fiscal decentralization</i>	United States
Political decentralization	United States and Italy
Administrative decentralization	Italy, United States, Spain, UK
Centralization	Germany Still: flexibility is still built into the system

Not a Unidirectional Process: Active Role of the Central Level

<i>Fiscal decentralization</i>	United States
Political decentralization	United States and Italy
Administrative decentralization	-- Italy, United States, Spain, UK
Centralization	Germany

“What you are seeing is this battle within government about how it can get some of the added value of localism but at the same time keep a strong centralized steer with nationally prescribed programs, a nationally determined benefit system, nationally determined set of rights and responsibilities that come with different benefits” (Interview, UK, 2007).

Conclusions and Implications for Social Policy and Innovation

- Pay attention to the model of de/centralization
- Administrative decentralization matched with political and fiscal centralization
 - Promotes innovation by subnational levels
 - Yet, it promotes standardization of rights and obligations
- EU case: Innovation can be supported by the ESF



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“Decentralization has made employment services much closer to people actually, much closer to local population, to local businesses, to local politics, to local institutions that are working with poor people or working on disadvantaged people, on foreigners, foreign workers. [...] It places the employment services within the local texture, interwoven with the local texture of these services, etc.”

(Interview, Rome, Italy, 2009)

Scandinavian and Centralized Countries

<i>Fiscal decentralization</i>	-- United States (state) -- Netherland and Finland (municipal)
Political decentralization	United States and Italy
Administrative decentralization	-- Italy, United States, Spain
<i>Localization within administrative centralization</i>	Finland, Sweden, Denmark, Netherlands
Centralization	Germany Outcome: similar to localization within administrative centralization