

## **Crisis, social class, employment and education.**

*Fernando de Lucas, Catedrático EU de Trabajo Social, Facultad de Trabajo Social, Universidad Complutense de Madrid.*

### **1 Social and political transition: foundations of current Spanish society.**

It is common to refer to the rapid process of democratization experienced in Spain as the so-called Spanish transition. This may be understood as a process beginning shortly before the death of the dictator Franco, thereby taking 1975 (the year of his demise) as a symbolic date, and also with the approval of the “Suárez reform” or “Eighth fundamental law”<sup>1</sup> (Lucas Verdú, 1976), which legalized political pluralism and, consequently, meant the demise of the regime. The transition may also be identified as tied to the first elections of June 1977. Its completion may be subject to debate, but we can agree that it had been achieved by the time of the Socialist victory by absolute majority in the elections of 1982 (De Lucas, 2005).

But this profound political change to an extent represented the accelerated and hurried end of previous processes, which had in turn been relatively short. The Spanish society that actively participated in this political transition is undoubtedly the result of the economic, social and cultural changes that rapidly gave rise to a burgeoning consumer society and, subsequently, to middle classes.

The starting point could be located in the 1960s, arising out of the industrial growth at the end of the 1950s that continued through the following decade and established a minimal modernizing basis (though obviously not in a political sense) for the steps to come (Del Campo, 1989). Between 1950 and 1981, the proportion of people working in the civil service and the service, professional and self-employed sectors rose from barely 14% to 33.4% of the active population (Tezanos, 1984). It is true that energy costs were very low during that period (the energy crisis of 1973 was one of the fundamental reasons for the large national debt that the fledgling democracy inherited), in addition to a significant volume of foreign exchange occurring due to Spanish emigration. Growing employment and the attractiveness of urban centres laid the ground for a significant workforce movement from the country to the city, which also fed the new formation of social strata and of more industrialized and economically active cities. Between 1960 and 1973, the Spanish economy had a cumulative average annual growth rate of 7.4%, and its proportion of foreign trade increased from 7% before 1960 to 25% in 1975 (Carreras and Tafunell, 2006)<sup>2</sup>. If we add to this an element of relaxation of the regime (though it would harden considerably in its last years), openness toward supranational bodies, a growth in financial transactions including a tourism boom and, in short, improved relations with European neighbours, we may state that before the end of

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1 Seven fundamental laws were passed during Franco’s dictatorship. Professor Lucas Verdú named the political reform law the “Eighth Fundamental Law”, since it was the last law legally enacted under the Franco regime and, as stated, marked the end of Francoism.

2 Though it must be remembered that this level of openness involved recovering that which Spain already had during the Second Republic, before the Civil War (Ibid.).

the regime (whether this is classed as the death of the dictator or the aforementioned political and legislative events), Spanish society had moved far from the cultural and political bases of Francoism.

In this regard, the construction of the Spanish social structure, as with its current political system, is not equivalent to the development of the Western middle classes. Perhaps this is related to the failure of industrialization (Nadal, 1987), which did not build upon an earlier process of modernization but instead occurred much later, *ad hoc* and within a very short timeframe.

But, however it came about, this structure has appeared, to the extent that despite the impact of the economic crisis, in contemporary Spain we see a society with ample middle classes that are to a large extent comparable to others in Europe.

The aforementioned years of economic growth, sustained by the global economic boom (based on a Fordist production model), gave way to the energy and monetary crises. Increased energy prices and the collapse of Bretton Woods had a particularly severe impact on Spanish society, and even more so when the Francoist regime failed to take measures to soften the blow (particularly in terms of energy costs). So, the still-young Spanish democracy had to face not only the political transformation of the regime, but also a profound rationalization of its industrial, productive, labour and economic fabric.

It is important to revisit this point, because comment is frequently passed on the political feat involved in the non-violent move to democracy – with good reason, since the reactionary elements of the regime were dismantled (including the army and law enforcement agencies), allowing for consensus politics<sup>3</sup>. Yet at the same time, in addition to intense terrorist activity, it was necessary to deal with a profoundly deep economic crisis that placed the democratic political project in great jeopardy.

In fact, in 1977 the economic situation was unsustainable, with excessive energy dependency that the last Francoist governments had done nothing to address. Moreover, Spain faced huge foreign debt that amounted to three times the Bank of Spain's gold and currency reserves.

Inflation ran at 500% in five years, reaching a rate of 44% in 1977 (with predictions that it would rise to 80% by the end of that year), along with high levels of business debt that drove unemployment rates upwards in the following years.

The solution came in the form of a cross-parliamentary agreement, through the so-called "Moncloa Pacts" (*Pactos de Moncloa*), which also sowed the seeds for the Constitution, enacted a year later.

The Moncloa Pacts, in addition to salvaging an extreme situation (achieving the reduction of inflation to 16% in the following year and balancing the economy in previously extreme areas such as currency exchange and company accounts), set the mould for democracy and Spanish

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<sup>3</sup> In which the Communist Party played a fundamental role, renouncing part of its political programme to ensure the viability of the transition.

society, regulating the distribution of power, the social structure, social protection<sup>4</sup> and, of course, the labour market, for which temporary contracts and decreased wages were approved. These changes in wages, temporary work and tripartism (agreements among employers, trade unions and government) would be distinguishing features of Spanish democracy and social structure.

## **2 Postmodernity, individual vs. society and class: a debate on social classes.**

Before considering the possible decline of the social classes in Spain and aspects relating to inequality in this country both before and after the economic crisis, a brief review concerning doctrine and the debate on social classes is necessary.

This subject gained popularity in the United States in the 1980s, with a series of works asserting the decline of the middle classes due to reduced income, increased tax burdens and greater inequality of income (as argued in the classic work by Thurow, 1984). The problem is that these and other reasons advanced by those asserting this decay were not sufficiently supported in empirical terms.

The lives of North American families undoubtedly suffered deep change in the wake of the oil and gold standard crises, but the polarization of rich and poor and reduction in intermediate strata was far from being an easily demonstrable reality (Del Campo, 1989).

But perhaps the problem lies in an unresolved conceptual question. The concept of social class (including its various levels) is subject to clear sociological disagreement (Campoy, 1998), suffering from an ambiguity that means, as Hisnanick (undated) states, that there is no commonly accepted definition of what the middle class is.

As such, it is difficult to discuss the improving or declining health of the middle classes when there is no agreement over what they actually are, and, hence, how to measure their status. Even Dahrendorf (1979) denounced the lack of reliability characterizing the study of the middle classes.

Whatever its form, social stratification does exist, as well as formations that may be categorized as “class”, not subject to criteria of birth and/or rules (social states) but rather relating to the workplace, power, and citizenship.

It is common for the first reference to the study of social classes to be to Marx, who, in turn, drew on French heritage (commenting that all he had in fact done was to apply historical materialism to what he had read by French historians) and, especially, on Saint-Simon (who had already spoken of the “industrial class”). But Marx did not manage to establish precisely what he understood by social class.

So, from measuring greater or lesser proximity to means of production as a way of locating class position, to the existence of that social group (a class “in itself”), to whether a class is conscious of its existence and has the will to achieve its goals (a class “for itself”), we still do not know exactly what a social class is.

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4 In fact, a profound reform of social security was carried out, with strong parliamentary control over expenditure and revenues, as well as a significant increase in unemployment benefit. In turn, the path was opened to a democratization of the education system and to its being free for all.

Nor did Weberian efforts and constructs aimed at ordering the panorama of social classes through nominalism solve the problem. Social classes were understood from their meaning, not from materialism. It was the location of power within the political community that would determine social class (accompanied by political parties and status groups, later reinterpreted by Bordieu as “social capital”). The determining factor was not, then, economic (as in Marxism), since for Weber, there was not always a relationship between the economic factor and the path taken by history. Later, Dahrendorf would take up the Weberian baton, affirming that social position was subject to the dichotomous distribution of power, ignoring property or even consumption – and more so when, in contemporary societies, one may speak of property and consumption for all to a certain degree, while power remains vested in a limited number of hands and is totally absent from others.

Functionalism also proffered arguments relating to social stratification. Social position would be the outcome of a proportional balancing of (particularly individual) merit. The status or prestige of one or other social class does not rest upon its revenues or income, but on the contrary, such revenues are the result of its prestige. The inequality of the social structure is, from the functionalist perspective, in line with certain aspects of Social Darwinism, which argues that inequality arises in an unconscious form to guarantee that the most competent individuals fill the important positions in a society.

In short, merely from seeking to set out a summary of the efforts to develop a general theory of social class, we can see that we are not treading on firm ground.

In our time, in fact, the debate over declining social classes has been recurring since the 1980s. Works by Clark and Lipset (1991) opened the new decade and, in the following one, Beck and Beck-Gernsheim (2001), Golthorpe (2002), Pakulsky (2005), Atkinson (2007) and Beck (2007) continued to discuss the decline of the middle classes and of collective identities.

Among those asserting the decline of the middle classes were the proponents of theories of individualization and the postmodern perspective. At the end of the 1980s, Beck (1987) had already postulated that social class could no longer explain inequality. This relationship had been disrupted by the profound transformations in the contemporary world, involving changes in the labour market, the economic upturn, and coverage and guarantees offered by employment legislation and the social State. The process of individualization had become the explanatory factor. According to this process, individuals’ life options are not determined by social position but by the individuals themselves. Shortly after, Giddens (1991) expressed a similar view, considering that our identity cannot be explained through conventions and incongruent connections in the post-traditional order from which individualization emerges.

In this order, the market and patterns of consumption transform social stratification (Pakulsky, 2005), fragmenting class culture which becomes uncoupled from political behaviour – an essential factor in understanding the previous class structure (and particularly the middle classes).

Again, other positions stand in contrast to the above-outlined view and even accuse that view of lacking empirical evidence (Ferrer-Fons and Fraile, 2014). We may then return to the cultural capital or *habitus* of Bordieu (1991), a form of thinking, acting, and feeling tied to social position. This criticism, one might say social, is against the individualistic (not individualizing) standpoint. Again, social position is what determines lifestyle (Holt, 1998), with resources and economic and educational positions guiding political opinions (Verba,

Scholzman and Brady, 1995). Institutions persist and continue to legitimize the social order based not on individual merit, but on the family's socio-economic circumstances (Bordieu and Paseron, 2009), new forms of political activism rely upon social class (Ferrer-Fons and Fraile, 2014) and collective identities are further strengthened on the basis of class position (Revilla, Jefferys and Tovar, 2013).

### **3 The economy grows, inequality remains.**

In light of the foregoing, we can identify an absence of agreement with respect to the greater or lesser potency of using social class as a way of understanding current society.

This does not prevent us from delving into social classes and inequality in Spain in recent decades in an attempt to glimpse possible changes in Spanish social structure in the form of compression of intermediate strata or continuity, whether in better or worse health, of those strata.

We have already commented upon the starting point for Spanish social stratification: political transition, with its precedents in the last decade of Franco's authoritarian regime. Subsequently, the socialist governments that followed the period of transition faced a series of urgent challenges. Some of these acted in accordance with social democratic ideas (especially as regards social policy, both institutionally and in legislative terms), but many others did not. The economic crisis suffered by Spain saw regional inequalities and poverty accompanied by an industrial and production fabric inconsistent with the new economic landscape that had developed following the oil and monetary crises. So, at the same time as unprecedented social legislation increased citizens' rights in Spain, the country underwent sweeping industrial restructuring, involving adaptation of employment legislation to the market economy, wage reductions and falls in public and social expenditure.

The steps taken followed the route charted by the political transition. Certain aspects were directly related to social class and particularly the middle classes. These included regulation of the labour market, reforms and pacts on social security and the pensions system, and extension and democratization of the education, health and social services systems (housing remained fixed and subject to market guidelines, as did the energy sector).

This time marked the beginning of an accelerated process of definitive modernization in Spanish society. Entry into the European Union drove this process, preceding the final growth phase of the economy which saw an explosion in migratory flows.

There was clear economic growth throughout this period (except for the lapse between 1992 and 1994)<sup>5</sup>, leaving Spain as an advanced consumer society that had managed to achieve the principal requirements for European convergence.

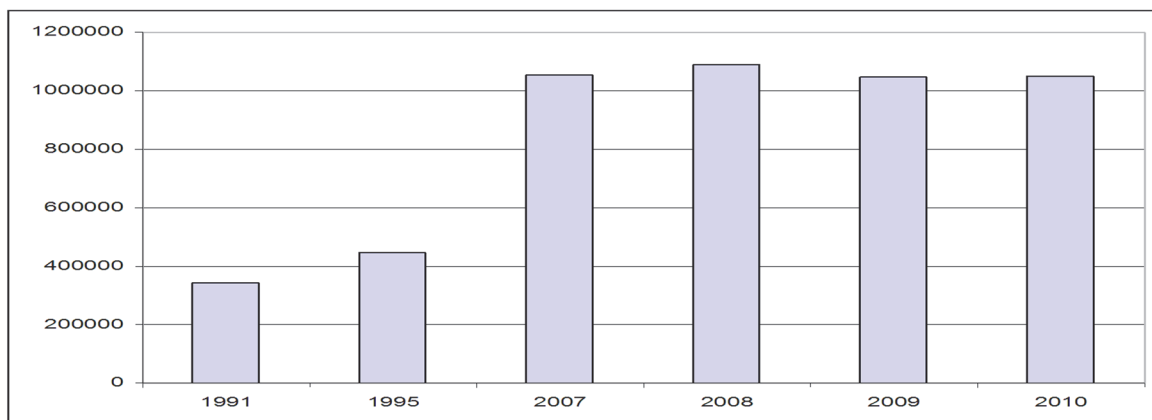
Yet in reality, economic growth is not the key to reducing inequality and poverty, nor to achieving consistent growth in employment (López, 2007). Unemployment and poverty were structural, and GDP increases (see figure 1) were certainly not accompanied by a similar fall in poverty. Moreover, according to Eurostat, the unemployment rate in 2007 was 11.3% against a European Community average of 7%. Demographic shifts, falls in real wages, low-quality jobs and, concomitantly, the reduction in coverage offered by social policy all indicate

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<sup>5</sup> According to the World Bank, GDP growth in Spain between 1980 and 2008 grew from 226 billion to 1,593 billion dollars.

that the explanation for inequality is more complex, and cannot be subject to only a few basic indicators.

Figure 1. GDP growth in Spain 1991-2010, in €m.

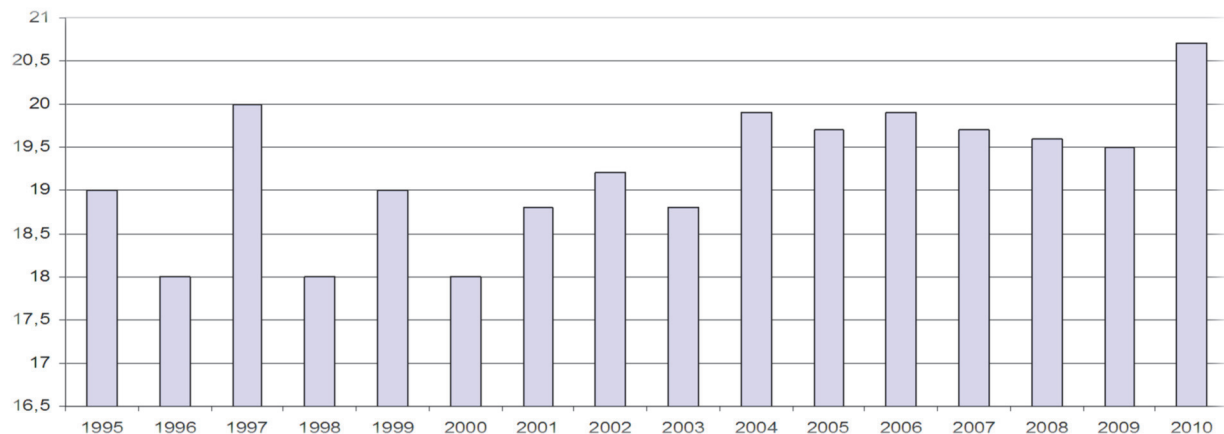


*Source:* authors' figure, using Spanish National Statistics Institute database, Social Indicators 2011.

This is particularly evident in Spain, despite difficulties in appropriately assessing the data on poverty and inequality (there has been a clear shortage of household surveys allowing comparison over a period of time, as well as homogeneous sources permitting an overview of the reality of inequality). Though income growth in Spanish households between 1973 and 2008 was concentrated on the most disadvantaged, we must recall that the situation at the start of this period was one of great inequality that, regardless of the improvement, would remain high even at the time of highest economic growth (Ayala, 2010).

If we observe the evolution of poverty and inequality in our country, we see that the at-risk-of-poverty rate (see figure two) grew or remained stable during the peak years of the economic boom, breaking the process of poverty reduction that had occurred in the decades previous to the upturn of 1997. In turn, differences in income had fallen significantly since the beginning of democracy, leading to a reduction of agrarian classes in favour of employed professionals. But this process stalled and the crisis saw a return to the inequality levels of the 1980s (Martínez, 2013). The same happened to the process of reducing poverty, which was stymied during that decade in spite of the intense growth in the economy and in employment.

Figure 2. At-risk-of-poverty rate in Spain (1995-2010).



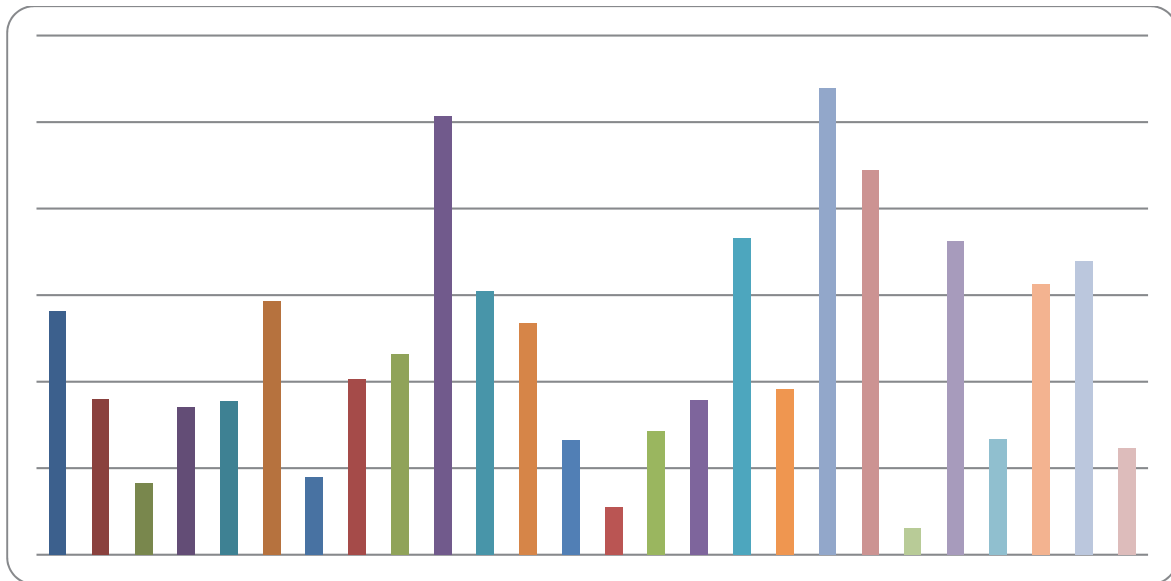
*Source:* authors' own figure using Spanish National Statistics Institute database, Social Indicators 2011.

#### 4 Crisis and middle classes in Spain: economy, employment and families.

In light of the foregoing, we reiterate that there is not always a correlation between economic growth and reduction in inequality. However, the contrary does apply. Economic crisis has been followed by a decrease in quality of living conditions and a general decline affecting sectors of the population who were previously – or, at least, had felt – protected.

Employment grew vertiginously in Spain during the phase of economic boom (destroyed by the crisis, demonstrating its lack of real quality). Nonetheless, in 2005 the then Minister for Work and Social Matters (*Ministerio de Trabajo y Asuntos Sociales*) claimed that Spain had undergone a change in socioeconomic context in which employment was suffering from high volatility and heterogeneity (due, among other issues, to women and immigrants joining the labour market) and that in response to this, greater employment protection was required to avoid the development of an “unsustainable situation” (MTAS, 2005). Essentially, the jobs that had been created were of low quality with very high segmentation (reinforced by immigration), and levels of temporary employment so high that today they are only exceeded by Poland (see figure 3).

Figure 3. Temporary work in EU27 as a percentage of total, 2011.



*Source:* authors' own figure using Annual Statistics from the Ministry for Employment and Social Security, 2012.

At that time, the Spanish economy had achieved convergence with the European one, though its growth had feet of clay (De Lucas and Zapardiel, 2006). Its labour market was suffering from very low productivity and competitiveness, relatively low qualifications and little technological investment. In such a scenario, in which production activities benefit from economies of scale linked to innovation and technological progress, the conditions of competition are altered and power can be concentrated in certain productive and commercial sectors (Ridruejo, 2006), as happened in Spain. In a similar situation of inequality, power tends to be concentrated in fewer places, creating more precarious conditions consistent with the situation. Once the crisis was unleashed, the economy, based upon a financial system built on nothing and a construction sector sustained by that financial system and in essence a house of cards, collapsed.

There have been many *a posteriori* analyses, but what we know is that the good times (including those that encouraged, at least on the legislative plane, the development of social rules such as personal autonomy, dependence, effective equality between men and women, and so on) became only a memory and the agents that caused the collapse ended up determining the path to recovery, in the form of austerity and contraction of the social State (De Lucas, 2011).

Subsequently, family units whose incomes directly or indirectly depended on the property sector and who were part of what we call the middle classes, as well as the other sectors of the economy relating in one way or another to this sector, saw the floor disappearing beneath their feet as the contagion spread through the credit crunch, paralyzing the economy.

The results have been obvious, with social sectors rarely considered in poverty studies now appearing due to the new factors and processes of social inequality, which for some authors have produced two types of citizen (dualization or polarization). Falling incomes and loss of job opportunities for the younger members of families have also meant a transformation in the middle classes. Inflationary processes, soaring levels of unemployment and subsequent family indebtedness have meant people above the poverty threshold (between 60 and 80% of average



earnings) finding themselves in situations of great social vulnerability (Tezanos, Sotomayor, Sánchez and Díaz, 2013).

In turn, the contradictions of the Spanish labour market could not hide the fact that while it tended toward greater flexibility, the housing market was ever more rigid, and they were decoupled through opposing strategies in the sphere of supply. Their close relationship ended up determining the social structure through significant segmentation – also in socioeconomic terms – which widened the social divide, as argued by those warning of social dualization (Alguacil, Alguacil, Arasanz et al, 2013).

Unemployment statistics reveal the end result, with long-term unemployment (more in the case of males, as a symptom of the segmentation occurring with regard to employment in construction), whole families out of jobs (about two million at the end of 2013) and, subsequently, child poverty.

A large proportion of these families were members of what we have called the middle classes, but salaried work was and remains central to their acquisition of rights and, as such, social status.

This centrality relates to one of the keys to explaining the middle classes and, in short, the citizenry. This is social protection.

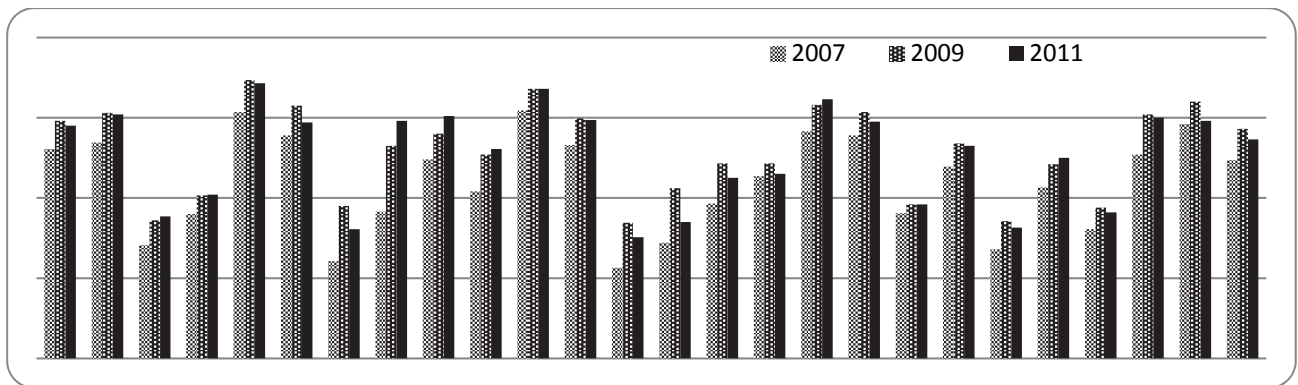
The social State in Spain, its welfare State or regime, forms part of what Navarro, Schmitt and Astudillo called “old Southern European dictatorships” (2002), which we can also fit into the Mediterranean model of the south of Europe, with family regimes, etc. (De Lucas, 2007).

However it is described, we are referring to an underdeveloped welfare State with clearly subsidiary characteristics. In this State, it is the families that bear the weight of producing welfare, as opposed to other welfare regimes where State support is more vigorous or, one might say, solidarity-focused, and which have traditionally been located in the northern part of the European Union. The lack of vigour in the Spanish protection system may be observed from the drop in social spending (see figure 4) and the small impact of social transfers in reducing the risk of poverty<sup>6</sup>.

Figure 4. Percentage of GDP spent on social protection across

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6 According to statistical information from Eurostat on income and living conditions, as regards the impact of social transfers in the EU on reducing the risk of poverty, we can observe that in 2012 Spain was the country with the fourth-lowest impact of such transfers (behind Latvia, Rumania and Greece) and 5.3 percentage points above the EU28 average.



*Source:* authors' own figure using Annual Statistics from the Ministry for Employment and Social Security, 2012.

Apart from the consequences that this form of family-dependent social protection has in encouraging a progressive reduction in family size and hence in birth rates, in Spain, having greater or lesser social coverage and enjoying social rights are related with employment.

The problem is that employment may be of higher or lower quality. Similarly, wage distribution may be more equitable or more polarized. In the latter cases, we are trapped in the “contribution trap” (Esping-Andersen and Mestres, 2003). Contribution is based on labour market trends and strengthens dualizing processes, since the contributory logic works in a context of full employment and standardized wages. But when unemployment levels are the highest in Europe and many of the available jobs are of low quality, going hand-in-hand with strong social polarization, the contributory approach increases inequalities.

## **5 Contradictions and paradoxes between the labour market and the education system.**

The labour market has not been congruent with the education system through which new entrants first passed. Feedback between one and the other, especially in the boom period of the economy (and with visible results during the crisis), generated contradictions with respect to educational and training needs.

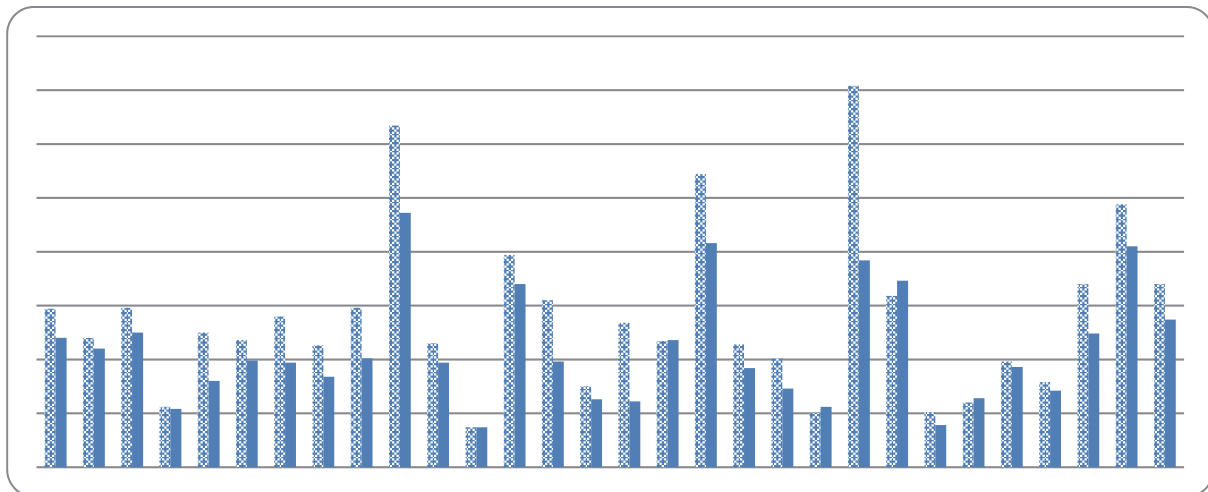
Nonetheless, we must again recall the contribution of the Spanish political transition, which democratized education and made it compulsory and free. In thirty years (from 1977 to 2007), a rapid expansion of education practically eliminated illiteracy, extended compulsory studies and led to a spectacular increase in further education and university studies (Martínez, 2013). But this increase was not related with economic growth. Rather, it arose out of the political will to increase citizens' rights.

The evidence for this is found in the widely known and extremely high levels of school failure and early school leavers in our country (see figure 5). As stated, the labour market has not been consistent with the education system since it has hardly been necessary to acquire any qualifications in order to access the Spanish labour market. The jobs available in construction

and hospitality led many, above all men, to abandon their studies early following very poor performance at school and take jobs requiring little or no compulsory training<sup>7</sup>.

This also explains the fall in school failure during the crisis. The “post-construction” labour market requires training and qualifications not necessary in the previous model, keeping students at school.

Figure 5. Percentage of early school leavers, EU28, 2008 and 2013.



*Source:* authors’ own figure, from statistics on education and training in population and social situations, Eurostat, 2014.

The route had been travelled in reverse. If we agree that lower risk of poverty, and especially of child poverty, is found in households where the providers have a certain level of and interest in education, the scenario of the property bubble contradicted this assertion. But once the crisis was set in motion, it became a harsh reality. The economic boom swelled the number of families with lower levels of education – or, at least, those families did not have the necessary educational levels to allow them to escape the margins or situations of social vulnerability post-crisis.

What is more, despite the development and democratization of the system, education continued to develop along class lines. This can be seen in the middle and upper-middle classes’ choice of traditional degrees, as against the diplomas favoured among the middle and lower-middle classes, which provided training for jobs with lower status and lower income (Pedró, 2003). These classes also opted, in the main, for studies with lower employment prospects, such as humanities and social sciences, meaning their studies were less “profitable” than those of the more favoured classes (Martínez, 2013).

So educational dualization preceded the dualizing tendencies of the labour market. The more favoured, better-trained social strata have children with greater chance of academic success who, in turn, tend towards compulsory studies in centres with lower diversity and university studies with greater employment prospects.

<sup>7</sup> Nonetheless, while the dropout rate is very high, educational performance in Spain is also high and comparable to Germany and France. In an education system that is more demanding than the European average, performance lags amount to little more than two months.

## **6 Decline, polarization or constraint of classes?**

Following the above, it is necessary to explain whether there has truly been a decay or decline in the Spanish middle classes.

It would first be appropriate to define what we understand by “decay”, while avoiding a terminological or euphemistic debate. In the preceding pages we have considered the characteristics and debates regarding the social classes, as well as inequality and the crisis in our country. But perhaps this decay should be assessed from a longer-term perspective, allowing us to observe with more certainty whether a decline has occurred.

In the absence of this long-term view and in light of the foregoing, decline may be understood by reference to the reduction or contraction of the middle classes, and by considering social polarization and/or dualization. The question, then, would focus on the small number of this social group and its spread toward the lower strata. To see whether this is occurring, as mentioned, we need time for observation. But increased inequality and social polarization do not indicate that the middle classes are in good health; rather, they serve as a warning.

If we study the middle classes with respect to how they determine the behaviour and political stances of their members, we face empirical difficulties. This study is also a form of approaching ideas of class in itself and for itself. In the latter case, the social class adopts a political stance. But in the event that it does not do so, and individuals orientate their life and political choices in a manner different to what might be expected from their social position, this does not mean that there is not a class in itself or that they do not conform, albeit without conscious political identity, to that social stratum.

Beyond this, what can be agreed upon is the generalized improvement experienced in Spanish society from the Franco era to the present day. There has been an unprecedented implementation of civil, political and social rights, an increase in wealth and a reduction in inequality (the latter, however, in smaller measure), an increase in the middle classes and in the purchasing power of the citizenry.

As we have seen, it is another matter to discuss the distribution of wealth in times of greater or lesser economic growth and the impact of the crisis as a creator of more poverty, vulnerability, risk and inequality.

The country’s wealth is now at the level it was in 2004, but this is much greater than that which had existed ten years previously. Spain has also enjoyed impressive growth in employment and activity (with the greater participation of women and immigrants), increased education, health and other aspects relating to social rights, these even more than income being true agents of citizenship and of belonging to one class or another.

We have spoken of the contradictions and fragility of the Spanish labour market, with its ultimate expression in unemployment statistics, accompanied by an education system that was dysfunctional before the crisis and congruent thereafter. We have also discussed the weakness of the welfare State in Spain and even of a certain lack of solidarity toward families.

So, if the crisis has meant a significant increase in vulnerability as well as adding to poverty or the risk of poverty for sections of the population supposedly previously protected, it may be argued that once the crisis is overcome, we will return to a more benevolent situation,

allowing the recovery of those that have been marginalized and strengthening the middle classes.

But while this hypothesis has not yet been proven, we do know that the crisis has affected the middle classes in Spain, and particularly the weaker groups.

We also know that the economy has tilted toward capital to the detriment of work, giving more power to the rich who, consequently, are pressing for the further reduction of redistributive policies (Martínez, 2013).

In summary, the crisis has accentuated differences, increased risk and vulnerability and affected the middle classes. But, despite everything, this appears to be understandable. Faced with such a significant loss of wealth together with extremely high rates of unemployment, it is natural that the intermediate strata and those below it should be affected.

Perhaps the problem should be approached in a different manner, focusing instead on denouncing the profound commercialization of life in all its aspects (Alguacil, Alguacil and Arasan, 2013), and also individualization.

The middle classes are an effective reality, as are the welfare State and the contemporary democracies born in the wake of the Second World War. To this one may add the implementation of Keynesianism; not as a pragmatic solution and no more, but rather as the political will to regulate citizens' lives, of which Europe is a clear example. Here we are speaking of post-history or a "self-contained world of laws and rules" (Kagan, 2002) in contrast to the past or history, the rule of brute force.

The reconstruction and development of Europe after the Second World War was accompanied by both strong and maintained economic growth and the development of rules and guarantees not merely civil and political, but also social. Agreements produced a culture that was not monopolized by one or two States, but the Continent as a whole, exemplified by the pacts and treaties that, since then, have become part of the national and European constitutional heritage.

What has been referred to as the "marriage of liberalism and democracy" came about following the Second World War (Therborn, 1996), and was a pact in which the conservative, liberal wing (focused on the individual and the market) agreed with the left wing (focused on equality and society) to temper their beliefs in order to ensure peace and not suffer the horrors that had been experienced again. The common ground would be the implementation of a democratic society limited by the market economy. As such, liberalism and democracy, the individual and society, and the individual and social class would co-exist peacefully.

This tension, never fully resolved, saw moments at which one of the parties would upset the peace, naturally so since in their ideal forms liberalism and democracy are opposing concepts. The market and capital tend toward minimal regulation (so as to protect private property and free enterprise), as opposed to democracy, which would seek the greatest possible amount of regulation in order to safeguard equality.

The problem is that deregulatory forces followed on the heels of the oil crisis (though we ought to recall that at that time, even during the so-called "retrenchment" era, the welfare

State continued to grow). This happened above all after the fall of the Berlin wall, the collapse in the Communist Bloc, and the implementation of globalization processes.

At that precise time, when the economy had returned to happier times, the crisis happened. It came about due to a lack of regulation, in this case financial. It was not due to any proletarian insurrection or profligacy on the part of social States. Neither did it have to do with collapses brought about by bureaucracy, inefficiency or over-reaching of the State. Rather, it arose out of greed.

But this crisis, rather than leading to a new pact involving the limitation and control of that greed, has – at least in Mediterranean countries – instead resulted in a submission to the dictates of finance in which the crisis, without allowing for any political debate, establishes and determines the opportune conditions for a limitation of social rights and welfare State structures.

In our view, this is a problem. The middle classes in Spain exist and will continue to exist supported by their circular class trajectories (education, health, work, pensions). And it is possible that, with the passage of time, they may even recover ground and improve their situation in comparison with the pre-crisis past. But this may not happen, in which case post-modernity will be revealed as an end of history in which the main meta-narrative, progress, will be dead and no future era will be better than the past.

In this context, it is also likely that the crisis-driven contraction of the middle classes in Spain would lead to a future scenario in which ground was recovered but never to the extent that it had been won in the past. As the social State is cut, so is its capacity to reach agreements to legislate for social policies and other mechanisms for inclusion and generation of citizenship.

While the aforementioned poles (liberty/equality) are not rebalanced, and the individual in isolation remains the key protagonist, the new processes of vulnerability and inequality may become chronic, spreading to social groups previously protected from structural poverty.

Finally, it is necessary to recognize that this is a reality based upon power and the distribution of that power. Without regulation, it will tend to run out of control as it is an irrational form of energy, until in a new extreme situation the buffering elements of the remnants of the social State resolve the recessionary cycle (not without further social costs).

We must remember that liberal thought and the market economy, or capitalism, possess great strength. Among other things, this is because they are easy to understand as against the complexity of reaching agreements on which to base citizenship – agreements that must demonstrate that rights to education, work, health and housing are as objective as the right to assemble, speak freely or vote. The fear is that Galbraith's judgment (1994), when he affirmed that the current economy did not require full employment and high growth rates but rather a lack of state interference, a high level of unemployment and minimal levels of economic growth, was correct. This would mean that the economic crisis represented one more phase in the concentration of power that, in previous times, had been more evenly distributed. This would confirm that the conflict between individual and society was leaning toward the former, and toward the more advantaged and less numerous social strata, in place of the previous reality in which the intermediate strata were more abundant and created more wealth, but in a more widely distributed fashion, on the basis of not only of property but also

the elements composing citizenship, the distinguishing features of the middle classes: freedom, political pluralism, work, health, housing and education.

## 7 Conclusions

During this work we have observed that the development of the middle classes in Spain took place in an adverse political and economic environment, as well as within a very short timeframe.

Despite these issues, the modernization of Spanish society, dormant in the preceding years, resulted in the appearance of a society with classes and consumption comparable to those of developed countries.

Reviewing the specialist literature in the hope of ascertaining how to understand whether the middle classes have regressed does not provide a definitive conclusion.

To the conceptual problems of social classes must be added the debate on their defining characteristics, and whether they remain in existence. Neither has the tension between individualist perspectives and those asserting the persistence of class identities been resolved, though a certain lack of empirical evidence for the claims of the former must be noted.

In this respect, reviewing the Spanish economy and society with respect to the labour market, social protection and the relationship between the labour market and education system, we can see the existence of specific structural aspects of inequality (unemployment and poverty), which are not necessarily linked to economic growth but rather to the political will to reduce said inequality.

However, the impact of the crisis has certainly significantly affected Spanish society and its social strata (particularly those in at-risk situations), and has diminished not only the weight of the middle class but also welfare structures. While the crisis has undeniably been deeper in our country due to the rigidity and contradictions within our economy (segmentation, low-quality jobs, temporary work, low productivity, wage restraint and dispersion), it is also true that the concerns focus on the credibility of the political system, particularly when it neither functions properly nor offers protection.

So the social classes persist, are more numerous and enjoy better conditions than in the first decades of democracy – but they have suffered a contraction that contradicts the idea of progress.

In this context, it is perhaps necessary to recall that the foundation of democracy is combining equality with liberty, supported by the law – the Constitution. It is that of individualization, but in the Kantian sense.

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**Author’s Address:**

Fernando de Lucas, Professor of Social Work and Social Services  
Universidad Complutense de Madrid. Facultad de Trabajo Social  
Campus de Somosaguas. 28223 Pozuelo de Alarcón (Madrid)  
913942738  
Fax : 913942860  
[flucasmu@ucm.es](mailto:flucasmu@ucm.es)