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Title: **Territorial inequalities and social rights protection standards: a comparative analysis of the Italian and the Spanish cases in the light of the public finance discipline.**

Keywords: fiscal federalism – territorial inequalities - welfare

This paper focuses on a comparative analysis of the long term impact of the public finance regulations, introduced during the economic crisis, upon the Italian Regions and the Spanish autonomous Communities. This analysis will be carried on explaining, at a first stage, the differences between the public finance regulations affecting the Italian Regions and the Spanish autonomous Communities. A similar comparison will examine the relevant differences between the Italian constitutional discipline and the Spanish one, paying particular attention on articles 81 and 119 of the Italian Constitution and on article 135 of the Spanish Constitution.

This analysis will highlight some important differences which make the Spanish fiscal federalism system more flexible than the Italian one. For example, while articles 81 and 119 of the Italian Constitution make the budgetary balance binding for all the Public Administrations, art. 135 of the Spanish Constitution constrains the autonomous Communities to respect the “*estabilidad presupuestaria*”, a legal concept which differs from the budgetary balance. Moreover, the Spanish autonomous Communities, compared to the Italian Regions, have a greater legislative discretion in implementing the constitutional regulation in the fiscal area. Another relevant aspect is the different borrowing capacity. In fact, the Spanish Constitution recognizes borrowing capacity to the autonomous Communities in case of natural disaster, economic recession, emergency situations out of State control which can seriously compromise financial, economic or social sustainability of the State. On the contrary, the Italian Constitution recognizes to the Regions a borrowing capacity related only to investment expenditures. In this case, the Italian Regions have to provide a replayment plan.

The differences increase if we examine the legislation that give implementation to constitutional rules. The aim of these regulations, both at constitutional and legislative level, is the reduction of public debt, the guarantee of financial sustainability and of a virtuous management of public expenditure.

Once described the fiscal regulations introduced during the economic crisis, we will analyse the effects produced by these rules. In particular, we will verify if local authorities have managed to comply with the requirements and at what price. This is the crucial point of this research because we have to wonder if the recent fiscal rules have reduced or have increased the differences among territories within a State. Theoretically, the obligation to respect common fiscal rules should led the local authorities to a similar level of growht, however we have to consider that before the introduction of these fiscal regulations there were very different budgetary situations inside the State. Furthermore, we have to investigate what kind of public expenditure the Italian Regions and the Spanish autonomous Communities have reduced to comply with these rules. One of the main area interested by these reductions is the welfare state guaranteed at regional level. Obviously, in this research, we can not give a detailed analysis regions by regions of the decisions concerning the public expenditure in the social rights area, but undoubtedly we can provide an overview of the most recent welfare state policies at regional level.

The aim of this research is to emphasise the long term impact of the recent regulations of the public finance. Similar rules should led to a greater accountability of the regional authorities and should reduce the economic differences among territories, but the cost of this kind of policies is not at all clear, above all as regards the social rights protection standards in the different parts of the State.