Spain: Persisting Inequalities in a Growing Employment Context

Isabel García-Espejo and Rodolfo Gutiérrez

7.1 Introduction

Spain is one of the EU countries with a high level of in-work poverty (IWP). In 2007 Spain had an IWP rate of 10.6 per cent, only surpassed by Greece and Poland within the EU-25. This rate is similar to that of European countries with a smaller per capita income and is of course much higher than most Central and Northern Europe countries. What’s more, the Spanish IWP rate has remained remarkably stable during the mid-nineties and has slightly increased since the beginning of this century. Changes in the pattern of the relationship between employment and poverty can be observed through studies on poverty in Spain (Ayala et al., 2008). Despite the high incidence and trends towards ‘more in-work’ poverty, the Spanish case has only been analysed by very few studies (Ramos-Diaz, 2004; Gutiérrez, 2008; Arranz and García-Serrano, 2009).

The increase of IWP has taken place in a period of strong economic growth in Spain between the second half of the nineties until 2007. This growth caused an outstanding increase in employment which also raised work participation in households, whilst there was also a slow improvement in real salaries. Furthermore, the Spanish profile of working poor present some remarkable peculiarities based on the characteristics of the most affected individuals, patterns of employment and households.

The first section of this chapter presents the profiles and major determinant factors of IWP in Spain in a comparative perspective. The second section describes the most important recent changes in IWP composition in order to establish the strongest determinants of IWP and its relation with low work participation, low wages and household
composition. The third section studies some of the institutional factors that are particularly relevant in determining the level and/or composition of Spanish IWP in depth. These include two traits of the labour market in the duality of work conditions and frequency of low salaries and a characteristic of the social protection system in the shortage of social transfers for certain types of households.

7.2 Comparative profiles and determinants

Spain is one of the EU-15 countries with a high incidence of both poverty and IWP within the overall population (Figure 7.1). Furthermore, both inequality indicators have shown a slight upward trend from 2000 to the present time.

As mentioned above, Spain had an IWP rate of 10.6 in 2007, only surpassed by Greece (14) and Poland (11.8) in the EU-25. Using other poverty indicators that are less demanding in terms of employment duration like poverty of the working age population, shows that Spain still has relatively high levels of poverty but not so high as when looking at IWP. Therefore, the Spanish poverty risk for unemployed people or individuals with low levels of employment is not high from a comparative perspective. In 2007 the Spanish unemployment poverty rate was 36.2, lower than the UE15 average rate (44.4), United Kingdom (57.5)

![Figure 7.1 Poverty and in-work poverty rates in Spain, 2000–08](image)

*Source: EUROSTAT.*