

GETTING OUT OF THE CRISIS TOGETHER

Alternative approaches for an inclusive recovery



EUROPEAN ANTI POVERTY NETWORK

SPAIN

Graciela Malgesini

**Ph.D. in Economic History; Director of EAPN Elearning
Platform**

EAPN Spain



Current situation

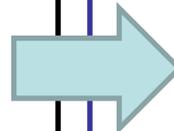
- Europe's diverging economies is now a fact.
- On the fringes of a single-currency zone, Greece, Ireland and Portugal have become ensnared in a sovereign-debt crisis. **Spain is in the verge.**
- In the North, driven by Germany, economies are reviving and public finances are solid.
- Many fear that the economic divide could turn into a political chasm. The longer the divergence persists, the more profound its political consequences.
- Merkel calls for eurozone economic pact (Feb 2011)
 - Accused of defending the interests of German banks, holding Spanish debt.

Spain: avoiding the bailout's "domino effect" by engaging in "preventive reforms"

- Merkel: "Spain as an example of a country where the macroeconomic imbalances could have been warned before the crisis, if it had only paid attention to the deficit and debt".
- Zapatero gained time by a reform agreement pact with Angela Merkel in May, 2010.
 - His party (PSOE) lost regional local and elections last Sunday, May 22nd.

Zapatero's reforms (2010-2011)

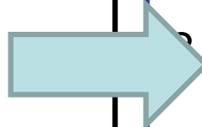
1. A sweeping reform of the country's savings banks.
2. Measures to make the labor market more flexible.
3. Cut public spending.
4. The austerity measures were expected to trim the budget deficit from 9.3 per cent to about 6 per cent this year.
 1. However, forecast of growth rate already failed.
 2. Privatisation: Loterías del Estado in this month, as an ex.



1. New banks are based on profit and won't fund most of their Corporate Social Responsibility (2,500,000 users)
2. Layoffs are cheaper with new labour reform. But unemployment rates are stuck or even increased in certain regions!
3. Deficit reduction ("austerity") may increase closing down of more business, and more stagnation.
4. Lack of confidence led to vicious speculation with Spanish bonds and stocks.

Tough austerity package's social impact

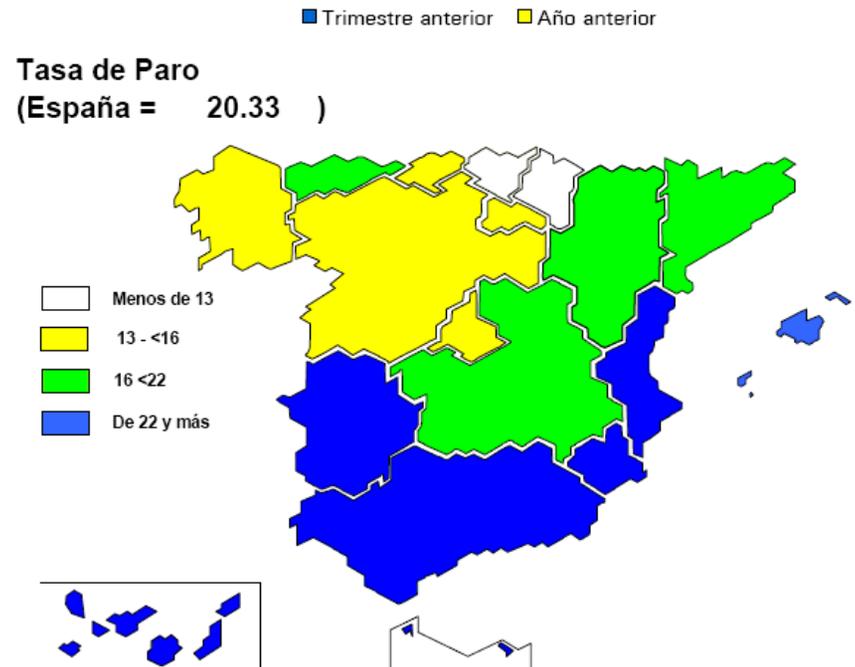
1. Pay cuts (-10%) for public employees – To increase competitiveness
2. Freeze on pension payments.
3. Pension overhaul to raise the standard retirement age from 65 to 67.
4. Change in the Spanish Constitution to top the deficit that regional governments are allowed to engage in. (September 2011)



1. “Adapting salaries to productivity” means losing purchasing power of the salaried. (11% working poor in 2008)
2. “Cutting pensions’ expenditures” means **reducing purchasing power of pensioners**. (Poverty rate 28% in 2009)
3. “Ensuring future pensions for those on their 40s-50s” means: **more years to pay before retiring and reduction in pensions’ value**. (mandatory: to contribute to social security for 37 years to retire at 67)
4. **Young people (46% unemployment rate) have sad prospects**

Crisis in Spain - data

- Nearly 5 million people (21%) are unemployed (46 million population); 46% of the young are jobless. Sectors: construction, services, manufactures...
- Nearly 1,4 million families have no income.
- 20%-23%% of GDP is “informal” economy (OECD estimation)
- Relative poverty rate (2010) is 21%.60% families cannot make ends meet.
- Situation is worse for migrants (32% unemployment) and already vulnerable groups
- Regional differences.
- NGOS (Caritas, Red Cross and many) are overwhelmed.



The mobilization of civil society aiming at raising awareness of the social impact of the crisis and demanding adequate responses.

- “15 M Movement”: pleading for “real democracy” (direct voting);
- Many voices against corruption and privileges of politicians; demanding accountability...
- Initiatives against “housing eviction” (more than 200,000 families lost their homes).
- Polarized options in the society.

It is **possible** for the politicians to reduce the high unemployment level.

- Governments can combine policies that cushion growth now with measures that will bring deficits under control in the medium term.
- Joblessness cannot be solved with more stimulus alone → globalisation and technological innovation must be taken into account, as they have reduced the demand for the less-skilled. Clever labour-market policies are needed!
- These policies must be accompanied by **investment in human development and protection of vulnerable groups.**

Strategies and new instruments developed to make progress on poverty and social inclusion

- Problem: social needs are growing steeply, while social spending is cut-off.
- EAPN ES Responses:
 - To increase lobbying at the regional and national levels, to prevent even major cuts in health, education and social services.
 - To build a strong, brand new alliance, fuelled by EAPN ES with Platforms of the Third Sector (Social NGOs, Volunteers, Children, Disability, Migrants) to make political joint proposals → “a single voice”.
 - To lobby the National Reform Program in order to introduce core proposals and a Protocol to ensure we take part in the NRP consultancy and follow up (ending 2010).
 - To present political proposals to the main Political Parties in view of the regional (May) and national (November) elections in 2011 → “A Pact for Jobs and Social Inclusion”

Proposals made by EAPN (III Sector) Spain to the government: “a Pact for Jobs and Social Inclusion” (November 2010). Key proposals

1. Guaranteed Basic Income scheme, with both criteria: it covers the "social need" and it has a “sufficiently protective intensity”
 2. Active employment policies.
 3. Social services as a pillar of the welfare state
- There is an urgent need of improving *efficiency in social spending* as well as increasing its level, at least to the EU average level.

Specifically, in terms of SOCIAL PROTECTION

- To raise the minimum wage amount up to €800.
- To articulate a basic legal framework to guarantee the same Guaranteed Minimum Income scheme for the entire territory.
- To expand the existing protective system. The minimum income is to be managed so that it is a step in the process of integration. Coordination between central state and regional governments is essential.

In terms of JOBS

- To develop the personalized itinerary for labour insertion, managed both by the social services and the NGOs.
- To support flexible and adapted professional training, specifically tailor-made for the most vulnerable.
- To create more jobs for disadvantaged groups.
- To support entrepreneurship within disadvantaged people.
- To improve the protection system for the domestic service workers.
- To work less hours, and to distribute the existing workload, in order to create more job-posts.

SOCIAL SERVICES as a pillar of the Welfare State

- To emphasize their responsibility in the satisfaction of basic needs through an adequate system of social protection.
- To strengthen the system of social protection for families facing economic difficulties.
- To facilitate the access to housing to families with fewer resources and to avoid their eviction.
- To manage public services of general interest so that the rights of vulnerable families are protected.

Spanish National Reform Program

- Poverty target: **1.400.000 or 1.500.000** the number of people out of relative poverty and exclusion in 2019.
→ **not a clear target for child poverty!**
- Employment target: 74% employment rate, one point less than in EU2020 (75%); 68,5% women employment rate.
- Establish a new NAP Social Inclusion 2011-2013 with involvement of IIISector (October 2011).
- Key objectives:
 - **To grow the income level of families with members in working ages.**
 - **To promote active inclusion.**
 - **To reduce the poverty risk in certain population groups.**
 - **To grant access to proper housing.**

Message for the next decade and
future generations:
RIGHTS, not only jobs!

- Tackling child and family poverty in order to prevent intergenerational transmission of poverty.
- Reducing the chances that poor children become poor adults will dramatically lower **future poverty** rates.
- Disadvantaged people can only commit themselves to active participation and full integration in society when they find 'enabling' environments for the fulfillment of their civic potential and when their actual needs and conditions are taken into account.
- Investment in human development should be a priority!

THANK YOU
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