

Post-crisis radiography of poverty in Spain

Crisis and poverty have always gone hand in hand and this time is no exception. The recession that started in 2008 is affecting the living standards of the whole population. The consequences, however, are very different depending on the social group. Who is the most vulnerable to being poor? Which people have seen their situation worsen over the last few years? Does the analysis vary depending on how we define poverty? It's

essential to go beyond the typical macroeconomic variables to understand the ultimate consequences of the current state of affairs.

According to the living conditions survey, in 2011 21.8% of Spain's population was at risk of poverty, 2.8 percentage points higher than the average rate for the decade leading up to the crisis.⁽¹⁾ However, this slight increase hides a considerable disparity between different groups. As they are not able to provide for themselves, older people and children are the most vulnerable.

Nevertheless, between 2007 and 2011 the poverty index for the elderly fell by more than eight percentage points to 21.8%. This figure suggests that those living the longest are managing to dodge the negative effects of the crisis, thanks largely to the redistributive function of the welfare state. In effect, the situation of those over 65 depends on the pension system working well, with a lower poverty rate among those receiving a pension: 16.9% were living at risk of poverty in 2011, a figure close to the EU-27 average of 14.8%.

Although older people are managing to withstand the buffeting of the crisis, their grandchildren have not been so lucky: between 2007 and 2011, the at-risk-of-poverty rate among those aged under 18 rose by more than four percentage points to 28.6%. And although at-risk-of-poverty indices tend to be higher for this age group (20.9% is the EU-27 average) in general the gap between generations is not as wide in other European countries as in Spain (see the table below).

Examining the causes of this problem, we can see that the child at-risk-of-poverty rate is closely linked to the household's employment situation. Specifically, in households where the adults are employed, this stands at 9.5%, while in those households where the adults have worked less than 20% of their potential, the rate rises to 78.2%.

The fragility of the child population, apart from their obvious inability to fend for themselves, lies in the consequences that living at risk of poverty may have throughout their lives. In developed countries, the child population generally does not starve but children at risk of poverty are more likely to be malnourished, for example with a diet high in sugar, increasing the risk of being overweight when they are adults.⁽²⁾ Several studies also show a strong association between growing up in a household without resources and developing cognitive and mental problems.⁽³⁾ With regard to education, this is almost universally guaranteed but that does not mean that everyone is capable of benefitting to the same extent. Children at risk of poverty find it more difficult to handle the costs resulting from education,⁽⁴⁾ are more likely to drop out and find it more difficult to access medium or higher level education.⁽⁵⁾

(1) The population at risk of poverty is the population whose equalized disposable income per person falls below 60% of the median. For a more detailed description of this indicator, see the box «The different faces of poverty» in this issue.

(2) See Bradshaw, J., Hoelscher, P. and Richardson, D. (2006), «An Index of Child Well-being in the European Union». York: University of York, Social Policy Research Unit.

(3) See Gregg, P., Susan Harkness, S. and Machin, S. (1999), «Child Poverty and its Consequences», JRF and HM Treasury (2008), «Ending Child Poverty: Everybody's Business».

(4) See Prentice, S. (2007), «Less Access, Worse Quality: New Evidence about Poor Children and Regulated Child Care in Canada», *Journal of Children and Poverty*, Vol. 13, No. 1, pp. 57-73.

(5) See Hernandez, D. J. (2011), «Double Jeopardy. How Third-Degree Reading Skills and Poverty Influence High School Graduation». City University of New York. The Annie E. Casey Foundation.

AT-RISK-OF-POVERTY RATE

%

	Spain		European Union (27)	
	2007	2011	2007	2011
Total	19.7	21.8	16.5	16.9
Gender				
Male	18.5	21.1	15.7	16.1
Female	20.9	22.4	17.3	17.6
Age				
Under 18	24.4	28.6	19.4	20.9
From 18 to 64	17.4	20.9	15.7	16.6
65 or more	30.1	21.8	20.7	18.1
Type of household				
Single person	34.7	24.6	25.2	25.7
<i>Under 65</i>	21.0	...	23.6	27.1
<i>Over 65</i>	48.6	...	27.5	23.7
1 adult with 1 or more children	34.1	38.9	33.1	34.5
2 or more adults without children	15.2	17.4	12.0	11.1
2 or more adults with children	21.2	24.2	16.4	17.2
Household work intensity (*)				
Very high (0.85-1)	6.3	8.1	5.0	5.3
High (0.55-0.85)	11.3	11.1	9.3	10.0
Average (0.45-0.55)	30.3	25.8	20.7	21.5
Low (0.2-0.45)	35.9	39.5	38.2	40.2
Very low (0-0.2)	54.1	60.4	54.6	57.7
Level of studies				
Primary or lower	21.7	28.8	23.9	26.9
Secondary	14.4	17.3	13.3	14.5
Higher	8.0	10.4	6.5	7.4

NOTE: Income is after tax, social security and similar payments and includes social transfers.

(*) Under 60. Household work intensity is defined as the percentage of time spent working by the adults in the household (aged between 18 and 59, excluding students aged between 18 and 24) during the last year.

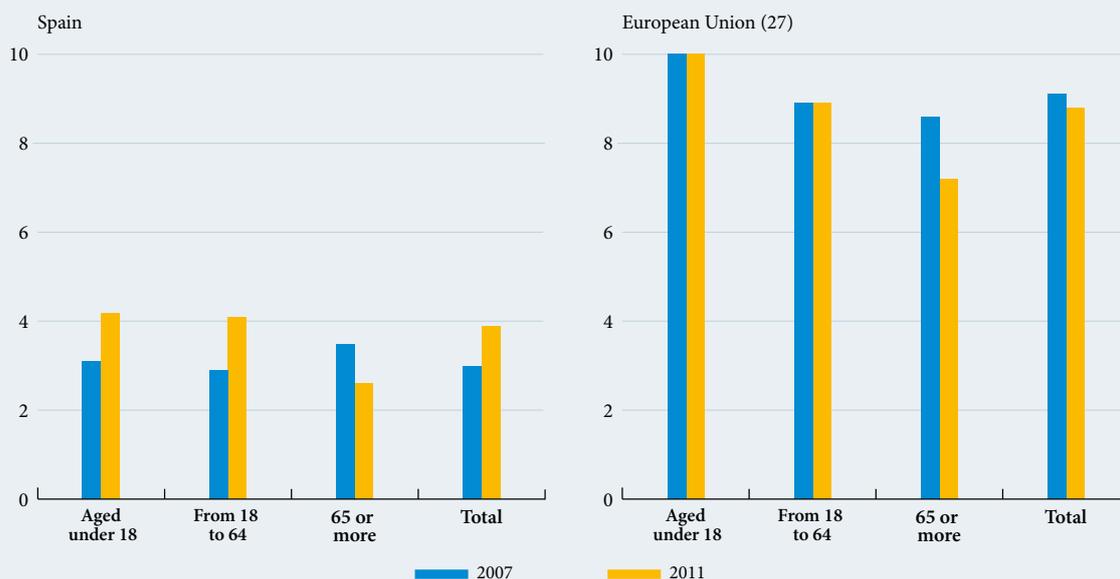
SOURCE: Eurostat.

To this we should also add that the level of training is directly related to the poverty ratio. As might be expected, qualifications «protect» against misery: the at-risk-of-poverty rate rises to 28.8% for those individuals who have received, at most, compulsory education, while for those with higher studies the rate is 10.4%.

Given the serious consequences of poverty for the child population, the situation in Spain appears to be even more worrying. However, there is one indicator that offers some hope: the severe material deprivation rate produced by Eurostat. Instead of focusing on monetary issues, this index attempts to express the percentage of the population

THE MATERIAL NEEDS OF THE POPULATION ARE RELATIVELY WELL COVERED IN SPAIN

Population with severe material deprivation, percentage (*)



NOTE: (*) This indicator expresses the lack of at least four of the following variables: paying rent or mortgage; a week's holiday away from home; eating meat, poultry or fish every two days; facing unexpected expenses; telephone; colour television; washing machine; car and heating.
SOURCES: Eurostat and own calculations.

that does not have access to a basket of goods that are considered basic.⁽⁶⁾ In this case, and focusing on the child population, the percentage of children who do not have their basic needs adequately covered is 4.2%, a much lower rate than the EU-27 average of 10.0%.

Another relevant aspect regarding child poverty is their greater or lesser likelihood of escaping such poverty throughout their lives; i.e. the degree of intergenerational mobility. According to the 2011 special module «Intergenerational transmission of poverty and standards of living» by the Spanish Statistics Institute, a relatively unfavourable condition in adolescence is very likely to continue throughout adult life. 29.0% of the people who, when they were teenagers, belonged to households that found it difficult to survive till the end of the month were at risk of poverty. In the case of adults growing up in households without such problems, this percentage falls to 13.5%.

In short, the recession is putting an ever-growing percentage of the population at risk. This is particularly worrying for the child population, one of the groups most exposed to the rise in poverty. Although it is true that, in Spain, material needs seem to be well covered, this group's vulnerability means we must continue to work unstintingly to reverse this situation as soon as possible.

(6) See the box «The different faces of poverty» in this issue for a detailed explanation.

*This box was prepared by Maria Gutiérrez-Domènech
European Unit, Research Department, "la Caixa"*