Crisis and social inequalities in Spain. A critical reading from the *Spanish Social Barometer*

Abstract
The Spanish Social Barometer (BSE) includes several indicators that allow the contextualisation of the current crisis juncture in Spain in the long neoliberal wave of the last three decades, the location in that framework of a critical appraisal of the social effects stemming from the crisis and the adjustment policies adopted after 2010 by the labour -PSOE- and conservative -PP- governments, as well as an estimation of the increasing social unrest and demonstrations that advocate a social turn or a paradigm change of the present political and economic model.

Keywords
Spanish Social Barometer. Crisis. Adjustment policies in Spain and social effects. Neoliberal capitalis. Inequality and wealth. Public debt. Social unrest and demonstrations.

Crisis y desigualdades sociales en España. Una lectura crítica desde el *Barómetro social de España*

Resumen
El Barómetro Social de España (BSE) recoge diversos indicadores que permiten contextualizar la actual coyuntura de crisis en España en la onda larga neoliberal de las últimas tres décadas y ubicar en ese marco un balance crítico de los efectos sociales de la crisis y de las políticas de ajuste adoptadas a partir de 2010 por los gobiernos del PSOE y del PP, así como una aproximación al creciente malestar social y las movilizaciones que pretenden un giro social o un cambio de paradigma en el modelo político y económico vigente.

Palabras clave
Barómetro social de España. Crisis. Políticas de ajuste en España y efectos sociales. Capitalismo neo-liberal. Desigualdad y riqueza. Deuda pública. Malestar social y movilizaciones.

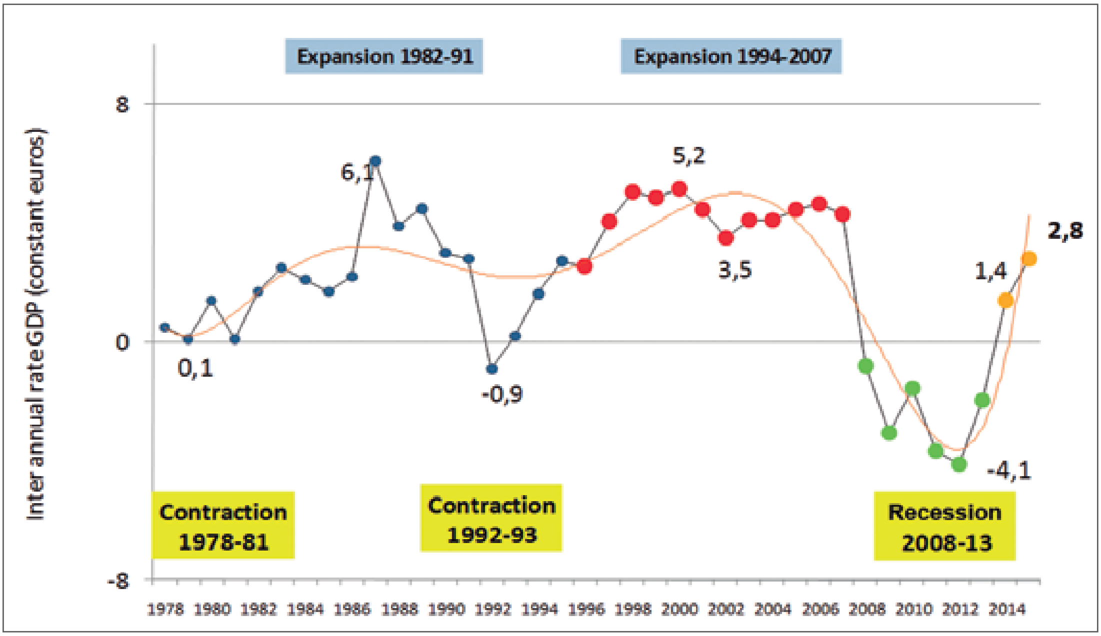
Author / Autor
Colectivo IOÉ investigadores sociales responsable del barómetro social de España
colectivoioe@gmail.com

RECEIVED: **15.06.15** | CHECKED: **07.07.15** | ACCEPTED: **07.07.15** | PUBLISHED: **30.07.15**

1. Long neoliberal wave and crisis juncture in Spain (1978-2015)[1]

The inequality in the distribution of economic resources and power is a structural characteristic of the capitalist social model, that develops in cycles to readjust the deep imbalances generated by its process of material accumulation and domination in the political field. The last period of the crisis, commenced in 2008, belongs to the long neoliberal wave started in the mid 1970s. At that moment the central countries moved from the postwar "fordist" capitalism to the deregulating and privatising policies applied with greater or lesser intensity in the last decades. The slowdown of productivity leads to the freezing or reduction in real terms of wages in most countries[2], at the same time as there is a correlative increase in the profit rate of capital. As Alfonso Ortí and Ángel de Lucas point out, "we move from the golden period of capitalism, characterised by the adoption of the keynesian theoretical paradigm, with its implications of social reform and political democratisation, that integrated the working masses -including their class organisations- into the acceptance to the system, to the ideological model of conservative neoliberalism, mainly based on individualist consumerism"[3].

During Franco, Spain adopted, with some delay (from the '60s onwards) and with its own characteristics, the Second World War keynesian policies, with a strong relative increase in wages and a significant expansion of consumerist society, laying the foundations of an authoritarian welfare state. The beginning of the democratic period, during which a number of social and economic rights were developed, coincided with



Graphic 1. Economic cycles in Spain 1978-2015. Source: Spanish National Accounting. Base 2010 for the period 1996-2013. The 2014 and 2015 rates are provisional

the end of the post war development model in the central countries; in this way, during decades, the expansion of certain social guarantees grew simultaneously with the development of measures typical of a neoliberal model, amongst them the decrease in public expenditure, tax reduction, labour and financial market deregulation, etc. These measures had already been applied in full in certain peripheral countries in the ‘80s and ‘90s of the previous century (Washington Consensus, external debt crisis, adjustment plans instigated by the World Bank and the International Monetary Fund, etc.). In the Spanish context, on the other hand, its introduction was more gentle and not linear, until the arising of the present crisis, when the successive governments, dictated by the troika and the financial markets, have decided to apply the same recipe in the central countries.

The Spanish Social Barometer collects indicators concerning the progress of social inequality between 1994 and 2013, which allows an evaluation of the last growth cycle (1994-2007) and of the recent crisis years. Previously other three cycles had succeeded each other: recession (1978-84), growth (1985-90) and new recession (1991-93).

1.1.- Surplus distribution: growth of capital profit at the expense of wages

The currency value of *business shares* –whether in stock-exchange listing or not– grew extraordinarily between 1994 and 2007, going from 0.4 to 2.7 trillions[4] of euros, in 2013 constant prices), this multiplied their market value by seven (average inter annual rate of 16%). That is, a “share bubble” was created that blew at double the speed of the housing bubble (inter annual rate of 8% in the same period, as we will see below) and surpassed the GDP four times (4.3%). One of the factors that explain the Spanish companies growth and value increase was the investment of foreign capital that made Spain one of the countries with the greatest private external debt in the world[5].

With the arrival of the crisis, shares lost 23% of its value (€610 billions), although a great proportion of the losses were concentrated only in the first year of the cycle (2008). This loss of the stock value

notas

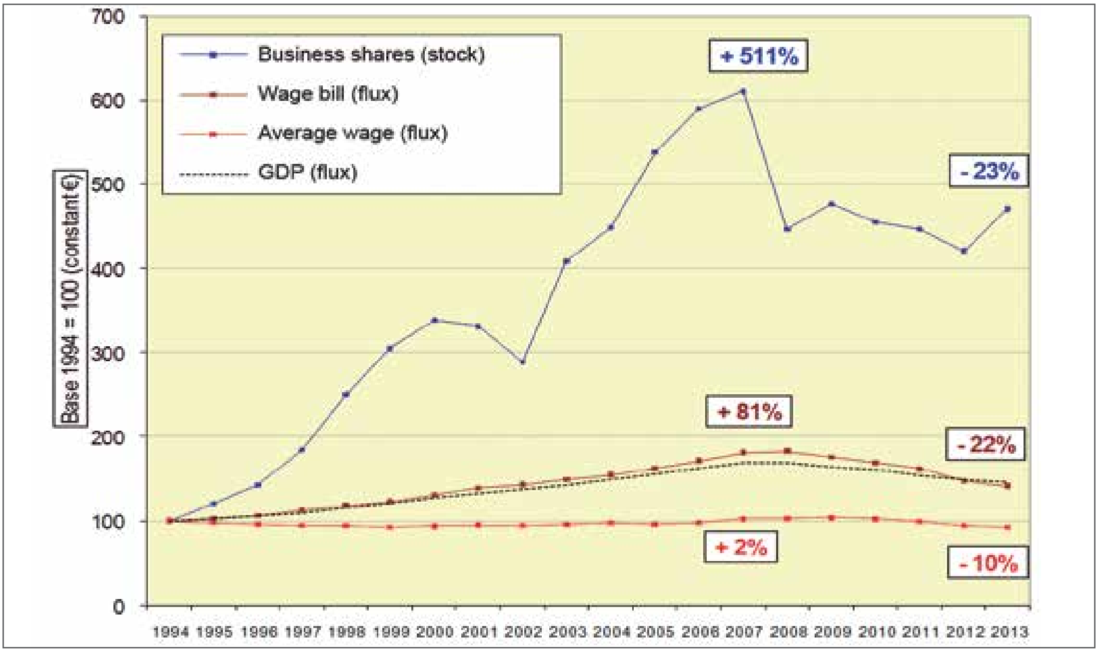
[1] Colectivo IOE is part of the cooperative group Tangente and is the author of the Spanish Social Barometer. Its members are the sociologists Carlos Pereda, Walter Actis and Miguel Ángel de Prada.

[2] ILO (2012): *Informe Mundial sobre Salarios 2012-2013*. Ginebra; and OECD (2012): “Partage de la valeur ajoutée entre travail et capital: Comment expliquer la diminution de la part du travail?”. In *Perspectives de l’emploi* (Chapitre 3).

[3] ORTÍ, A. and DE LUCAS, A. (2005): “En los límites del desarrollo capitalista: multifrenia consumista y crisis de civilización en el modelo de globalización financiera”. In, *II Seminario internacional de sociología crítica “Jesús Ibáñez”*, Valencia University.

[4] “In British English, a billion used to be equivalent to a million million (i.e. 1,000,000,000,000), while in American English it has always equated to a thousand million (i.e. 1,000,000,000). British English has now adopted the American figure, though, so that a billion equals a thousand million in both varieties of English. The same sort of change has taken place with the meaning of trillion. In British English, a trillion used to mean a million million million (i.e. 1,000,000,000,000,000,000). Nowadays, it’s generally held to be equivalent to a million million (1,000,000,000,000), as it is in American English”. Oxford Diccionaries - http://www.oxforddictionaries.com/words/how-many-is-a-billion

[5] By “external debt” it is understood what belongs or it is owed to nonresident people and institutions, repayable in currency, goods or services (World Bank definition). According to the external debt statistics developed jointly by the Bank for International Settlements, the World Bank, the International Monetary Fund and the OECD (Joint External Debt Hub), between 2003 and 2008 the Spanish private external debt grew from $0.7 to 2.1 trillions (in the same period the public external debt grew from 0.2 to 0.3 trillions).



Graphic 2. Progression of shares and wages (1994-2013). Sources: Bank of Spain, for the company shares (stock exchange listed and not listed): State Agency for Revenue Administration, for wages; and Spanish National Accounting, for GDP. Developed by Spanish Social Barometer, Employment area, indicator 8.

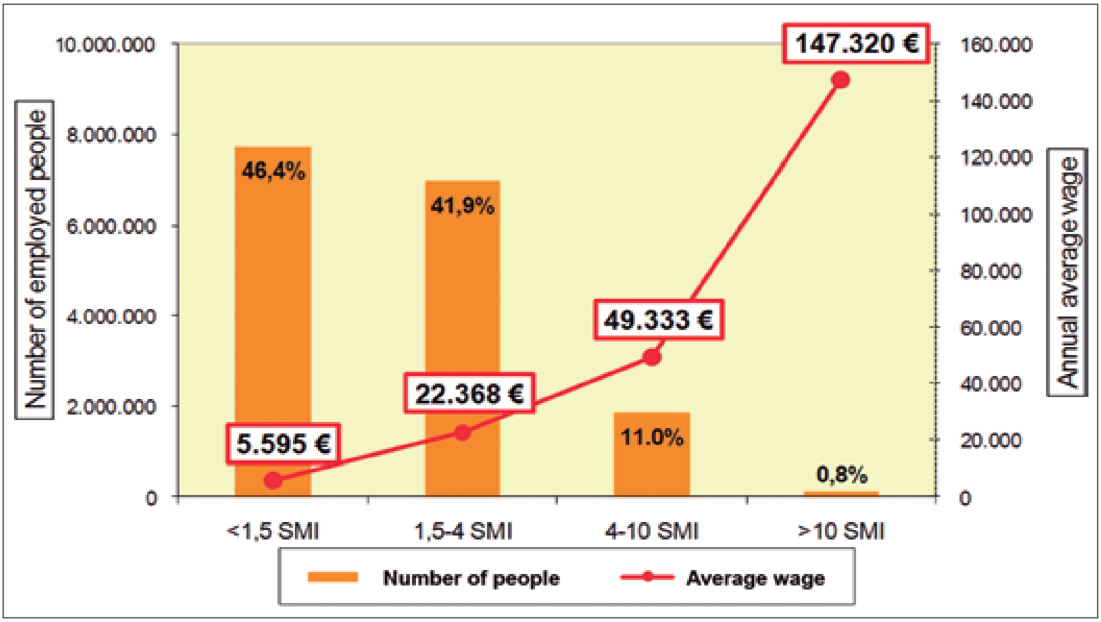
leads to a significant flight of foreign capital[6] which looks for more profitable places for its investment. However, the inter annual rate of losses in the six years of crisis (3.4%) has been considerably less than the profit rate during the previous fourteen years of growth (inter annual rate of 16%). The overall value of the companies in 2013 was at the same level than in 2004, that is, only a fourth of their profit in the previous years had been lost. (Graphic 2)[7].

In contrast with the increasing value of shares until 2007, the average wage of the working population became almost frozen: it progressed only 1.9% over the expansing period, and that growth only took place in 2006 and 2007. Meanwhile, the wage bill (the total remuneration of the wage-earning population) grew by 81%, slightly over the GDP (70%) due to the extraordinary growth in employment (from 12 to 20 million according to the Labour Force Survey -EPA-), with a rate of temporary employment three times above the average in the European Union at that time.

Between 2007 and 2013 the wage bill (measured in constant euros) was reduced by 22%. This decrease could “simply” be attributed to the descent in employment; however, parallel to this, a fall by 10% of the average real wage (in constant euros) has been registered. In this way, the wage participation in the national income, that had descended uninterruptedly during the last growth cycle, has fallen again with the adoption of “adjustment” policies from 2010 onwards. In summary, a structural tendency to the regressive redistribution of income is being perpetuated.

On the other hand, the polarisation between high and low salaries has increased significantly during

Servicios Sociales y Política Social. (August). Vol. XXXIII (108), 43-59. ISSN: 1130-7633



Graphic 3. Wage differences by segments in 2013. Source: AEAT. Developed by Spanish Social Barometer, Income and assets area, indicator 14..

the crisis period. If in 2007 the "rich" wage earners (five times above the Minimum Inter professional Salary) received in average 17.6 times more that the "poor" (below the MIS), in 2013 it became 19.2 times. The existing situation in 2013 (last published year) is reflected in Graphic 3, which shows the magnitude of different segments of the wage-earning population and their respective income.

- *Majority inferior segment (less that a thousand euros/month)*: integrated by those who receive wages in annual calculation under 1.5 times the Minimum Inter professional Salary (MIS), that is, less than 968 euros/month (MIS was 645 euros). Here we can find 46.4% of the wage-earning population. People in long term unemployment (over an uninterrupted year looking for a job) are not included. These grew from 21 to 58% of the unemployed population between 2007 and 2013.

- *Middle segments (between a thousand and two thousand five hundred euros/month)*: they are included here those who receive between 1.5 and 4 times the MIS. This segment comprises 41.9% of the employed population, becoming the cushion between the low income majority and the economic elite.

- *Minority superior segment (over two thousand five hundred euros/month)*: in the apex of the wage distribution we find slightly above 10% of the employed population, amongst whom stands out a minority of 1% (exactly 0.8) with

notas

[6] According to the International Monetary Fund (Coordinated Portfolio Investment Survey), the German and French investment in Spain multiplied by six between 2001 and 2007, going from $82 to $520 billions, to be reduced by 35% between 2007 and 2012 (exit of 184 billions).

[7] The Bank of Spain has recently published the average value of company shares in 2014, with an increase of 5.5% in comparison with the previous year.

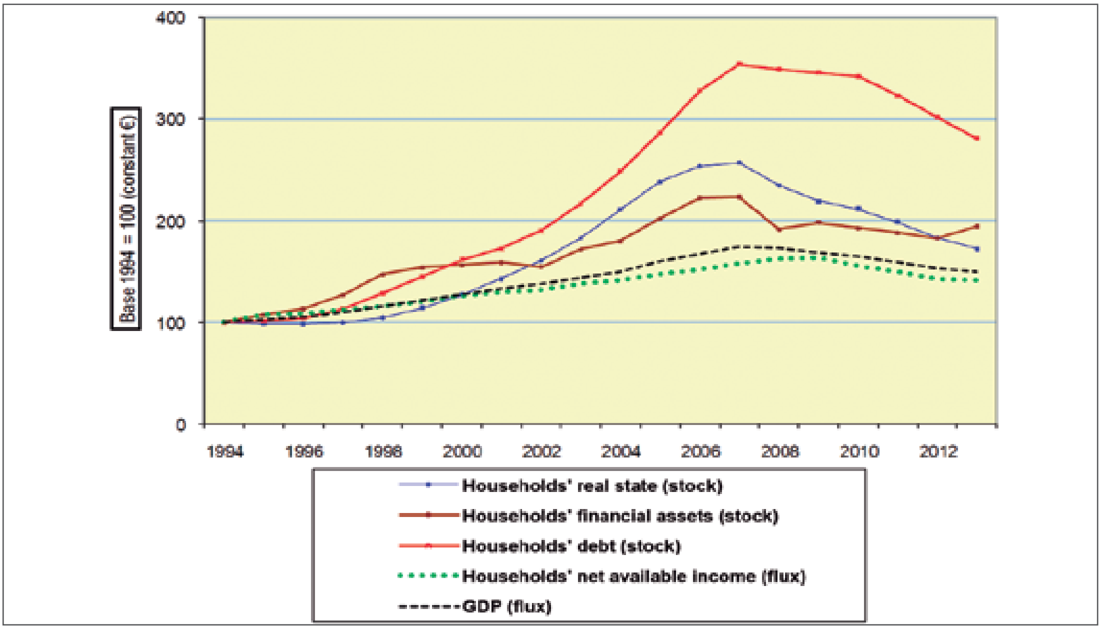
wages 10 times above the MIS. This group includes the 534 board members and senior management of the companies that form the Ibex 35, whose average monthly income in 2013 was €67,700. Formally this social group is employed but their functions are those of business management directly representing the interests of the owners.

The wage inequalities according to sex and age continue to be high, even though they have been reduced for the former case and increased in the latter: the average wage for women in 2000 was 22.7% below the general average, reducing this difference to 13.8% in 2013; however, the average annual income of young people was 54.6% below in 2000 and became 63.9% below in 2013. Meanwhile, foreign labour receives for their work an increasingly low income in relation the the country's average: 41.8% lower in 2008 and 45.2% lower again in 2013.

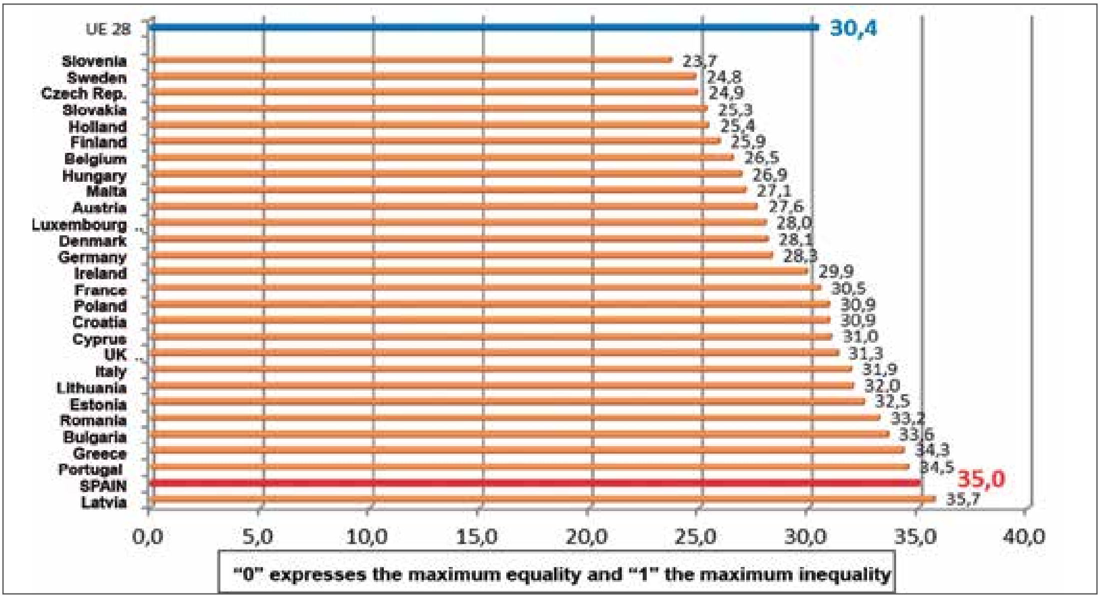
Looking at autonomous regions, the highest average wage in 2013 was found in Madrid, Cataluña and Asturias. On the other end Extremadura, Andalucía and Murcia are located, with an average wage 47% below the former in 1994 and 32.3% lower in 2013; therefore, a moderate tendency towards balance. In constant euros, the average wage has been reduced in all autonomous regions between 1994 and 2013, with the most pronounced decreases being found in Andalucía (-14%) and Canarias (-8%)[8].

1.2.- Household wealth and income: increasing inequality

In the last expansive cycle of the Spanish economy (1994-2007) the households' aggregated *wealth*



Graphic 4. Household wealth and available income progression (1994-2013). Sources: Bank of Spain for the households' financial assets; NAREDO, CARPINTERO and MARCOS for the real estate; and Spanish National Accounting, for the households' available income and GDP. Developed by Spanish Social Barometer, Income and assets area, indicator 4.



Graphic 5. Gini Index of income inequality in EU-28 (2012). Source: Eurostat.

(total of real estate and financial assets) increased its value extraordinarily, growing from €2.7 to 6.4 trillions, in 2013 constant currency. This entailed an annual growth rate of 6.9%, considerably above the GDP (4.3%) and almost doubling the available income received by households (3.6% inter annual rate). As Graphic 4 shows, the wealth accumulated by households increased by 135% (the real estate in 157%, the financial assets in 124%, encouraged by an increasing indebtedness of 254%), whilst the available income received each year by those same households increased by 58% and reached its maximum peak of 64% in 2009.

Furthermore, a significant inequality in income and wealth distribution continued, even though each one followed an opposite progression. Income distribution improved, (the Gini Index moved from 35 in 1997 to 31.9 in 2007), even though it always obtained worse results that the EU average. On the other hand, wealth distribution clearly worsened: according to the Families Financial Survey by the Bank of Spain, rich households increased their assets between 2002 and 2005 at a ratio much higher than the poor ones, resulting in the inequality ratio between the 25% of richer and poorer households shifting from 33.3 to 39.3. As we will see later, this increase in assets value, added to stagnation of real wages, led to the increasing indebtedness of households.

With the beginning of the crisis, the available income received by households continued a slow but sustained increase during the first years of the crisis (2008 and 2009), in spite of the descent of the GDP, but it was reduced by 13% in the following three years, coinciding with the change in labour policy and social cuts commenced by the PSOE government in spring 2010. Meanwhile, the

notas

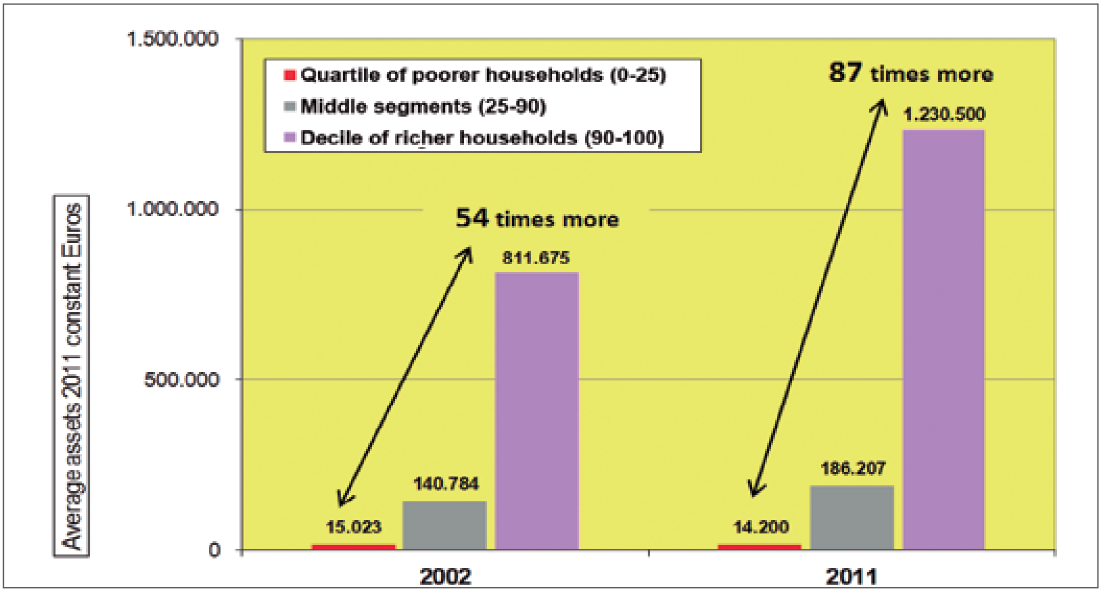
[8] The Salary Statistics of the Revenue Agency does not include Navarra and Basque Country.

households' aggregated wealth was reduced by 32% between 2007 and 2013: real state lost 39% of its value (2.1 trillions) and the financial assets 13% (269 billions, always in 2013 constant euros).

The distribution of both income and wealth has deteriorated during the crisis cycle. The Gini Index of income distribution has lost the three points obtained during the expansion period (35.0 in 2012), generating amongst other effects an increase of the households at risk of poverty (from 19.7% in 2066 to 22.2% in 2013), in spite of the constant descent of the poverty line due to the decrease in the national income. Spain is, behind Latvia, the European country with the greatest inequality in income distribution that it is produced each year. (Graphic 5).

As regards to wealth (what has been accumulated), the inequality ratio between the households' richest decile (10%) and the poorest quartile (25%) moved from 54 to 87 in the first decade of the 21st century (Graphic 6). A difference considerably greater than in the case of income (what is earned annually), which inequality ratio has gone from 12 to 14 in the same period, according to the Bank of Spain. Therefore, the analyses that focus solely in the income distribution do not reflect the real magnitude of the inequalities. Moreover, these are even greater than what the sources tell us, since part of the wealth is hidden in tax havens or in underground economy. In any case, the tendency in the crisis juncture is towards an increased social polarisation, in the distribution of income as well as of wealth.

The inequality in wealth and income distribution refers to an increasingly hierarchical social model in which the competitiveness/profitability of the big companies has as its counterpart the stagnation or diminution of wages and the loss of social and labour rights. Facing the majority opinion that "income distribution in Spain is unjust" (always above 80%



Graphic 6. Unequal wealth distribution in Spanish households (2002-2011). Source: Bank of Spain. Developed by Spanish Social Barometer, Income and assets area, indicator 10.

in CIS surveys), the economic policy adopted by the successive governments has promoted the increase of such inequality, favouring the bank industry and big companies over the majority of the population.

1.3.- An ecologically unsustainable system

In regards to the environment, the growth model of the expansive cycle led to an intense deterioration of soil, water and air quality. Energy consumption increased between 1994 and 2007 by 50%, a ratio doubling the European average, provoking Spanish energy dependency to grow from 70 to 80% in spite of the renewable energies expansion. The use of pesticides in agriculture augmented by 60%, with the concurrent polluting effects, and CO2 emissions increased three times above what had been agreed to in the Kyoto Protocol, in a ratio similar to that of China or India, and much higher than the European average. Spain joined in this way the irresponsible race that exhausts the non renewable energy resources of the planet and accelerates climate change.

From 2008 onwards, the economic recession affected the industrial, agricultural and livestock production, as well as construction, transport and electric consumption, triggering a substantial improvement in some environmental indicators: in 2010 CO2 emissions had been reduced by 19% and energy consumption by 11%, which allowed Spain to come closer to the fulfilment of the Kyoto Protocol agreements. Renewable energies, whose weight in the total energy consumption was increasingly lower until 2002, doubled their contribution growing from 5.4 to 11.1% of the mix. However, several signs point that these improvements are temporary since in the last three years some key indicators have worsened again, in spite of the continuing production recession measured by the GDP. In fact, the energy dependency from foreign sources as well as CO2 emissions have started to increase again and the weight of renewable energies decreased, besieged by Rajoy's government policies.

The ecological footprint measures the relationship between biocapacity (capacity for production and for absorption of the country's soil and water residues) and production (its energetic and residue consumptions). The overall balance shows, on one hand, the importance of state policies in the improvement of environmental indicators (reduction of energetic intensity during Cristina Narbona tenure in the Environment Ministry, development of renewable energies with state subsidies) and, on the other, the existing conflict between the dynamic of the current capitalism and the limits of the environmental base that sustains it. Data show that in 2005 four times the Spanish territory was needed to ecologically sustain the country's production; with the beginning of the crisis the situation improved slightly: in 2008 "only" 3.3 times of the same surface was needed[9]. Therefore, the productive model -independently of the moment in the economic cycle- largely exceeds the territory's capacity for sustainability, which demands a radical transformation of its characteristics.

2. Crisis social effects

2.1.- Record in unemployment

Between 1994 and 2007 the indicators of access to employment improved considerably:

notas

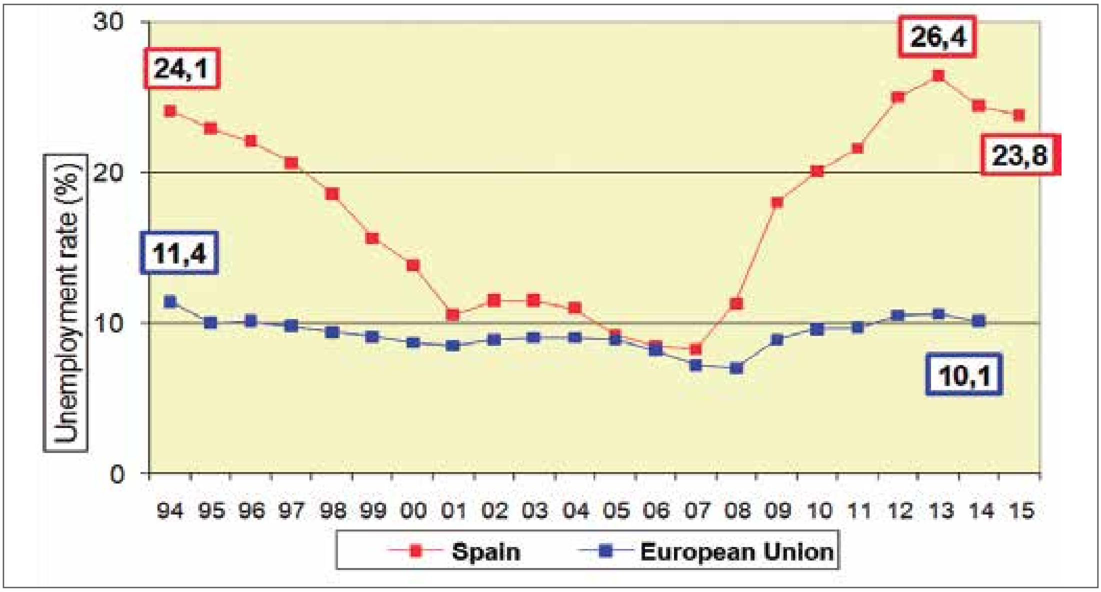
[9] See Global Footpring Network (2013), (online). http://www.footprintnetwork.org.

the activity rate grew from 51 to 60%, specially amongst the female population; the number of jobs increased from 12 to 20 millions (3 of them for immigrants that created an unexpected growth of the country's population); unemployment was reduced drastically, going from 23.9 to 8.3%. In contrast, in seven years of crisis 3.6 million jobs have been lost and the unemployment rate in 2013 surpassed 26%, historical record for this indicator both in absolute and relative numbers, with a hopeful decrease in 2014 and 2015. This is the most felt social problem amongst the Spanish population according to the CIS monthly barometers, placing Spain and Greece bringing up the rear of the EU in this area.

Both the employment creation before the crisis as well as its subsequent destruction have taken place with a much greater intensity than in the rest of the European Union: in 2005 and 2006 the Spanish unemployment rate reached the communitarian average, to become currently more than its double (Graphic 7). This is mainly due to the high temporality rate and the employment precariousness in sectors very sensitive to the economic cycle (construction, retail, unskilled services, etc.), where a model of extensive exploitation of labour was applied that affected youth and immigrant population in greater measure.

2.2.- Indebtedness and evictions

During the expansive economic cycle, the sale of the growing production, in a context of real wages stagnation, took place based on two main mechanisms: on one hand, the increase of the aggregated demand (wage bill) derived from the increase of eight million employed people; on the other hand, the massive concession of consumer credit and, particularly, for house purchase. The households' debts amounted in



Graphic 7. Progression of unemployment in Spain and EU (1994-2015). Sources: EPA and Eurostat. Developed by Spanish Social Barometer, Employment area, indicator 2. For 2015, the data on Spain corresponds to the first trimester of EPA.

1994 to 66% of their annual income, shifting to 149.3% by 2007, providing the financial system with a business volume of one trillion euros. In the crisis cycle the households' debt volume has had a limited reduction (reaching 133.2% of their annual income by 2013); moreover, it weighs much more on poor families: according to the Families Financial Survey (Bank of Spain, 2009) the outstanding debt in poor households entailed a load 17 greater in relation to their assets than in the case of the households with greatest wealth.

Between 2007 and 2012 the square meter cost of free-market housing was reduced by 31%, according to the Ministry of Public Works, but over 300,000 families affected by the crisis and unemployment have not been able to keep up with their mortgage debts generating a wave of evictions. To these, must be added those who no longer can pay their rent, between 60,000 and 70,000 each year, adding up to a total of over half a million families evicted from their homes in the last six years.

2.3.- Deterioration of living conditions

The antisocial policies adopted to address the crisis have created serious problems for a wide sector of the working population, especially for those unemployed, particularly if they do not receive any unemployment benefit (3.2 millions people) or when all the members of a cohabitation group find themselves without a job (one out of ten households). From 2010 onwards household wages and available income drop at an accelerating rate and the population at risk of poverty has increased in over a million people. The increases in VAT, electricity or transport, alongside the freezing of pensions, contribute to reduce the buying power of the majority of the population. These consequences can be observed already in the comparative results of the Living Conditions Survey published in 2014 regarding those of 2013: the risk of poverty rate in unemployed people increased from 38.1% to 45% in that year; that of non communitarian foreign population went from 49.5% to 55.5% and that of single parent households with dependent children from 37.5% to 42%.

Beyond the financial sphere, it is necessary to consider the changes in *domestic and care work*, which constitute an essential component in people's well-being, even though it is rendered invisible by the dominant social and economic speech. According to the 2010 Time Use Survey these tasks consume 23% more than the total time dedicated to paid work, and they fall mainly on women. As these widened their presence in paid employment, men have become more involved in household work (they did 23% of the domestic work in 2003 and 30% in 2010). However, we are far from a balance between genres: currently the total load of work (domestic and extra domestic) of women surpasses by 20% that of men. On the other hand, a more detailed analysis of this progression must take into account the contribution of external labour, specially that of immigrant women, for domestic and care work, as well as the figure of personal care in the Dependency Act, currently subjected to a severe process of cuts[10].

notas

[10] See CARRASCO, C., BORDERÍAS, C. and TORNS, T. (eds.) (2011): *El trabajo de cuidados.* Madrid: Catarata; VEGA, C. (2009): *Culturas del cuidado en transición.* Barcelona: UOC; and OROZCO, A.P. and GIL, S.L. (2011): *Desigualdades a flor de piel: cadenas globales de cuidados*, UN Women.

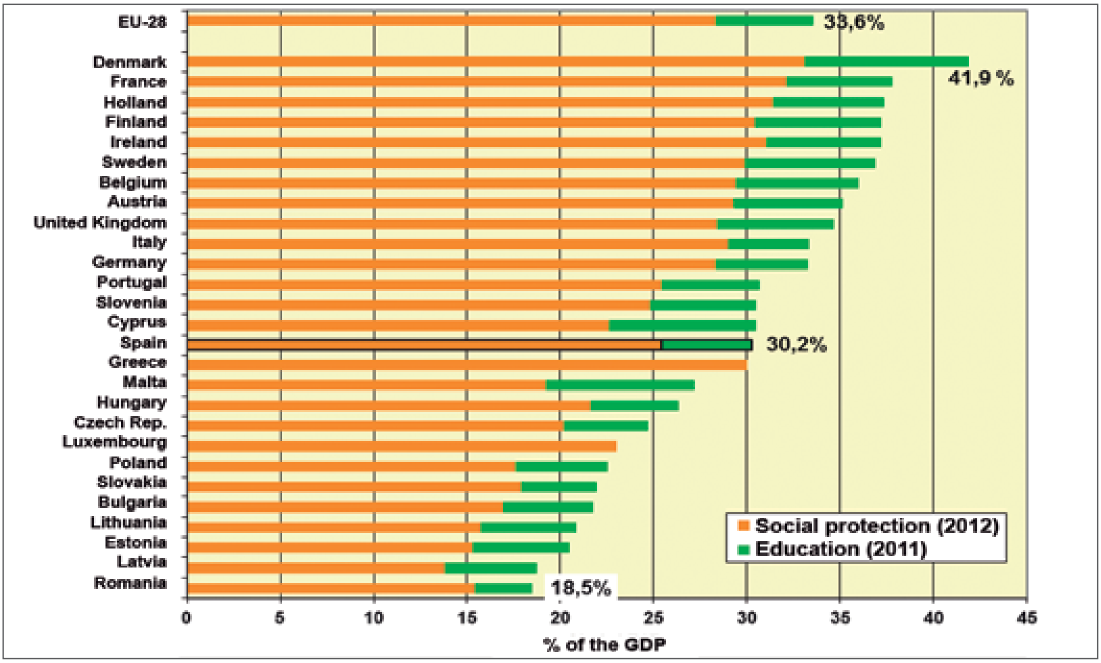
3. Cuts policy increases social unrest

Taxes and contributions to Social Security are the base of the public social policies[11] which constitute the households' *indirect wage*. In 2012 its contribution in services and provisions (€324 billions, 31% of the GDP, including expenses in public education) exceeded for the first time in 2.2% the wage bill (317 billions, according to AEAT), with the advantage that social policies are distributed amongst the population in a more equalitarian manner than wages[12]. Nonetheless, the social expenditure in Spain in relation to its GDP has always been below the EU average, even after the expansion to 28 countries (Graphic 8). From a historical perspective the social expenditure experienced a significant increase in the first 25 years of democratic government (1975-1990), moving from 16 to 23% of the GDP, stabilising itself later on between 25 and 30% depending on the economic cycle.

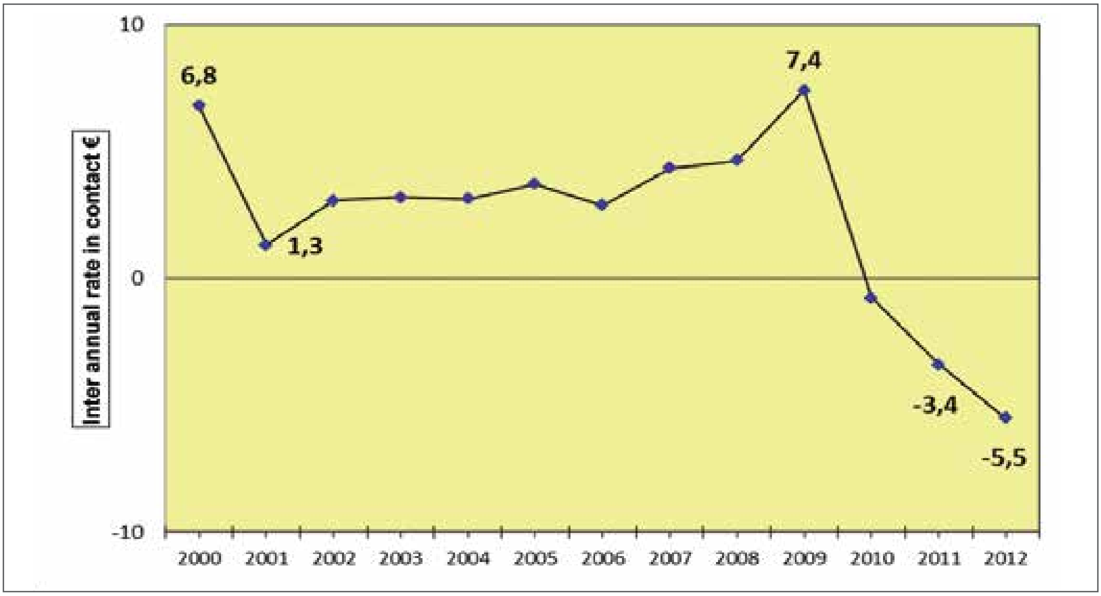
Social policies constitute the main mechanism of social redistribution and entail a very significant source of income for households, both in financial (such as pensions or unemployment benefits) or non financial benefits (such as public healthcare or education). This explains that the Gini Index of income distribution increases 5 balance points in the case of Spain, thanks to the help to the lowest incomes that the reception of pensions and other social benefits[13] entails.

3.1.- Social policies progression

The trend of public expenditure in social policies can be followed with precision through the ESSPROS system, approved by Eurostat. To the



Graphic 8. Social policies expense in EU-28 as % of the GDP (2012). Source: Eurostat. Developed by Spanish Social Barometer, Social protection area, indicator 15.



Graphic 9. Progression of public expenditure per person in social policies (2000-2012). Sources: Eurostat for social expenditure (ESSPROS System) and Education Ministry for public expenditure in education. Developed by Spanish Social Barometer, Social protection area, indicator 15.

eight chapters compiled by this source we added the public expenditure in Education. Its progress in constant euros per person shows that the public expenditure in social policies increased at an inter annual rate of 3.4% between 2000 and 2007, going through two stages once the crisis appeared: inter annual growth of 6% in 2008-2009, plummeting in the following three years (-0.6% un 2010, -3.4% in 2011 and -5.5% in 2012) as a consequence of the change of direction introduced by the PSOE government in June 2010 (Graphic 9).

The main social policy expenditure items are those dedicated to pensions, healthcare, education and unemployment benefits. Between the four of them they comprise 79% of social expenditure and 24% of the GDP in 2012. The remaining items present a very unequal progression: family and survivors have grown the most, increasing their weight three times in relation to the GDP between 1994 and 2012 (from 0.4 to 1.4% and from 0.9 to 2.4% respectively); followed by exclusion and housing, that have doubled their budget in relation to the GDP; finally, disability has had the lowest growth in the last 17 years (+12%, from 1.64 to 1.83% in relation to the GDP).

notas

[11] In social policies we include the eight chapters of the European System of integrated Social PROtection Statistics (ESSPROS): Health, Disability, Old age, Survivors, Family/children, Unemployment, Housing and Social exclusion, to which we add, on our part, Public education.

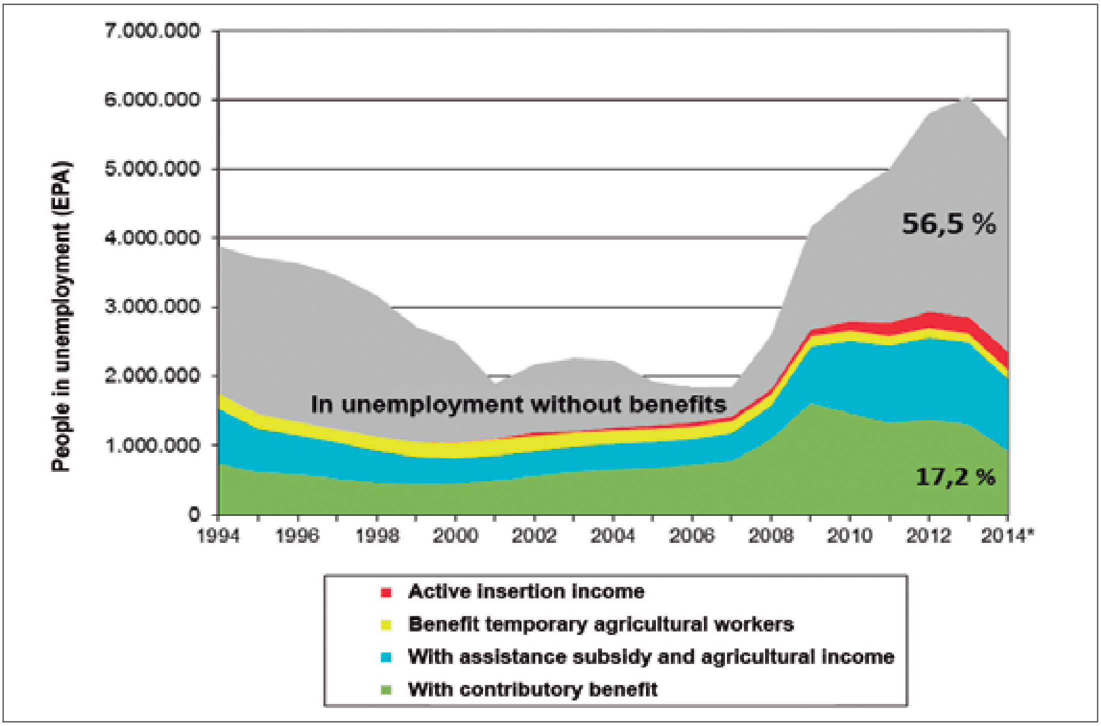
[12] Besides wages and social services and provisions, households receive income resulting from companies' profit, as well as the increase in financial assets and real state value, as has been pointed out in the first part of this article.

[13] EUROPEAN COMMISION (2010): Why socio-economic inequalities increase? Facts and policy responses in Europe (online). http://ec.europa.eu/research/social-sciences/pdf/policy-review-inequalities_en.pdf, access on 11th December 2013.

Pensions represent 30% of the public social expenditure and 9% of the GDP. They cover practically the totality of the old population, through contributory (95%) and non contributory (5%) benefits. The average contributory pension has been experiencing a slow but continuous increase in buying power with its greatest annual growth in 2009 (5.1%), due to the government decision to increase the minimum pensions, even though between 2010 and 2013 the real annual growth was only of 1%. In 2013 there were 2.5 million beneficiaries that received below the Minimum Retirement Pension, set by the government for that year in 692 euros/month. According to the Revenue Agency pensions statistic, the average pension received by that segment of old people was 342 euros/month.

In 2012 *public healthcare* entailed 22% of social expenditure (6.7% of the GDP, six decimals less than in 2009, when the highest rate in the last 20 years was reached). In 2011 the health care budget for the totality of public administrations suffered a 5.7% cut (4.74 billions of constant euros) and in 2012, 9.4% (7.41 billions), which has led to privatisation processes, services closures and reductions in staff.

In 2012 *public education* received 15.7% of social expenditure (4.8% of the GDP, three decimals less than in 2009, year where the highest rate in the last two decades was also reached). In 2011 the public education budget was reduced by 6.3% (€3.7 billions) and in 2012 by 5.7% (3.1 billions). This salient resource reduction was reflected in



Graphic 10. Progression of unemployment benefits, according to types (1994-2014). Sources: Labour Statistics Bulletin and EPA. Developed by Spanish Social Barometer, Social protection area.

reductions in staff and increase in teaching hours; increase of students per classroom; reductions in cover of teaching staff on leave; cuts in transport and school meals; increase in university fees, etc.

Unemployment benefits have had, at the beginning of the crisis, an anti cyclic pattern, experiencing their greatest increase in the first years, particularly in 2009 (+47%) as consequence of the destruction of 1.4 million of jobs in that year. In 2012, unemployment benefits comprised 3.6% of the GDP and 11.6% of the social expenditure. From 2010 onwards the average amount of the benefits has been decreasing as the weight of welfare benefits increased over contributory ones. Furthermore, there is a growing proportion of unemployed people who do not receive any benefits, either contributory or welfare, that has gone from 22% in 2007 to 40% in 2010 and 56% in 2014 (Graphic 10).

3.2.- Social mobilisation facing neoliberal policies of cut-backs

The official position of the Spanish government (PP) argues that social polices are oversized in relation to the economic capacity of the public finances and, therefore, it is essential to introduce cut-backs in provisions and services, as well as privatisation processes that entail an expense reduction. Consequently, the *public debt* problem is presented as the key of the Welfare state crisis. The public expenditure in relation to the GDP increased from 39.2% in 2007 to 46.1% in 2009, as a consequence of an increase in expenditure (mainly in unemployment benefits), and a drop of five points in tax collection (from 37.6% to 31.4% of the GDP). As a result of this progression the *State fiscal balance* went from +2% in 2007 to -11.1% in 2009, to become -7.1% in 2013. The addition of these deficits expands the weight of the annual payment of debt interests in the State general budget, now guaranteed by the reform of article 135 of the Constitution (September, 2011) according which those payments “will have absolute priority”. Amongst other measures, Toledo Agreement on Pensions is cancelled, drastic cuts in healthcare, education and social services are applied, Dependency Act is pulled back, civil servants’ wages are cut, public services are privatised, including those that are profitable, such as water canalisation and distribution, etc. On the other hand, indirect taxes affecting the totality of the population are increased and successive labour reforms take place that restrain collective bargaining and encourage dismissals with low compensation, at the same times as public money and guarantees are provided by the State to rescue the banking industry.

In short, the neoliberal capitalism social model is applied without restriction, whose origins in the European context date back to the ‘80s under Margaret Thatcher’s government and through successive legislative measures that were initiated with Maastricht Treaty (1992) and strengthened with Lisbon Treaty (2009), after the failed attempt of an European Constitution (2006). The economic crisis is becoming the opportunity to deepen this strategy, through treaties such as Stability, Coordination and Governance (Fiscal Compact, March 2012) or the European Stability Mechanism (ESM, July 2012). The Fiscal Compact strengthens the rules to ensure that the States apply strict budgetary policies with sanctions in case of breach of up to 0.1% of the GDP. ESM, on the other hand, is responsible for providing loans to the countries in the Euro zone that do not comply with their financial obligations, enforcing in exchange strict macroeconomic conditions and cuts in social expenditure, as it is happening in Greece and Portugal.

These policies have been granted, as it has been pointed, constitutional status by direct pressure from the ECB without public debate, and follow the same premises as the adjustment plans applied by the World Bank and the International Monetary Fund in many countries of the periphery following the Washington Consensus (1989). The aims of these plans include the protection of private property, financial and market deregulation, budgetary discipline (public deficit below 3%), benefits disappearance, the thinning of the State through public services and companies privatisation, etc.[14]. As Eric Toussaint stated, we are facing "the greatest offensive at European scale since the Second World War conducted by Capital against Labour. For Capital, this is about increasing even more workers' precariousness, radically reducing their mobilisation and resistance capacity, significantly reducing wages and different social benefits at the same time as maintaining the enormous inequalities between the workers within the EU with the aim of increasing the competition amongst them"[15].

In this context, social unrest grows manifesting itself in the rejection of the political class (considered as the country's third problem according to the CIS monthly polls, behind unemployment and economic problems) and the mobilisation of wide segments of the population (waves of different colours, social summit, two general strikes, various critical fronts), that demand other scenarios to come out of the crisis. Amongst other measures, it is proposed the need to direct the cut-backs towards military expenditure (one of those that generate more debt due to investments in weapons and R+D) and increasing public income, recovering or increasing repealed taxes (corporation tax, on the great fortunes, inheritance tax), avoiding fraud and tax havens, and introducing new taxes (on tourism, environmental), etc. Grass root movements emerge as well, such as 15M or election platforms that propose a change on economic paradigm and in politics, and demand a direct participation of the population in the issues that affect them. Governments and European institutions are accused of managing the crisis and the sovereign debt as tools to subjugate populations to the economic and financial powers. The social policy subordination to the priorities of capitalist accumulation, centred in its financial core, has increased in Spain the distrust towards the social model that emerged from the transition, opening an institutional debate that seemed closed around the structural causes that prevent the development of a real democracy and a socially just economy, in harmony with nature and based on solidarity in the international arena.

BIBLIOGRAPHY

Carrasco, C., Borderías, C. y Torns, T. (eds.) (2011): *El trabajo de cuidados.* Madrid: Catarata.

COLECTIVO IOÉ (2008): *Barómetro social de España.* Madrid: Traficantes de Sueños.

COMISIÓN EUROPEA (2010): *Why socio-economic inequalities increase? Facts and policy responses in Europe* (On Line). http://ec.europa.eu/research/social-sciences/pdf/policy-review-inequalities_en.pdf, Retrieve from 12.13.13.

EAPN (2015), *El estado de la pobreza, 4ª Informe: Seguimiento del indicador de riesgo de pobreza y exclusión social en España, 2009-2013*, Madrid: Author.

EUROSTAT, Combating poverty and social exclusion. Belgium: Publication Oficce of the European Union.

Crisis y desigualdades sociales en España. Una lectura crítica desde el *Barómetro social de España*

FUNDACIÓN PRIMERO DE MAYO (2014), *Pobreza y trabajadores pobres en España*, Madrid: CCOO.

Global Footprint Network (2013), (on line). http://www.footprintnetwork.org

Gómez, R. (2012): "La dictadura de los tratados europeos: del Pacto Fiscal al MEDE", in Madrid15M, nº 9.

HUSSON, M. (2009): Capitalisme: vers une régulation chaotique, (on line) http://husso-net.free.fr/impa9web.pdf, Retrieve from 12.13.13

INTERMON-OXFAM (2012): *Crisis, desigualdad y pobreza. Aprendizajes desde el mundo en desarrollo ante los recortes sociales en España.* Informe Nº 32 (on line). http://www.oxfamintermon.org/es/documentos/13/12/12/crisis-desigualdad-pobreza

Naredo, J.M, Carpintero, O. y Marcos, C. (2009): Patrimonio en vivienda y ahorro de los hogares en el final del ciclo inmobiliario, *Cuadernos de Información económica*, 215.

OECD (2012): "Partage de la valeur ajoutée entre travail et capital: Comment expliquer la diminution de la part du travail?". *Perspectives de l'emploi* (Chapitre 3).

OIT (2012): Informe Mundial sobre Salarios 2012-2013. Ginebra: author.

Orozco, A.P. y Gil, S.L. (2011): *Desigualdades a flor de piel: cadenas globales de cuidados*, ONU Mujeres: Navarra.

Ortí, A. y De Lucas, A. (2005): En los límites del desarrollo capitalista: multifrenia consumista y crisis de civilización en el modelo de globalización financiera. En, *II Seminario internacional de sociología crítica "Jesús Ibáñez"*, Universidad de Valencia.

Toussaint, E. (2012): La mayor ofensiva contra los derechos sociales realizada desde la segunda guerra mundial a escala europea, 3ª parte *Bancos contra pueblos: los entresijos de una partida amañada*, Comité para la Anulación de la Deuda del Tercer Mundo (CADTM) (en línea). http://cadtm.org/2007-2012-6-anos-en-que-los-bancos, acceso 11, XII, 2013.

VEGA, C. (2009): *Culturas del cuidado en transición*. Barcelona: UOC.

notas

[14] See INTERMON-OXFAM (2012): Crisis, desigualdad y pobreza. Aprendizajes desde el mundo en desarrollo ante los recortes sociales en España. Report Nº 32(online). http://www.oxfamintermon.org/es/documentos/13/12/12/crisis-desigualdad-pobreza

[15] TOUSSAINT, E. (2012): "La mayor ofensiva contra los derechos sociales realizada desde la segunda guerra mundial a escala europea", part 3 Bancos contra pueblos: los entresijos de una partida amañada, Committee for the Abolition of the Third World Debt (CADTM) (online). http://cadtm.org/2007-2012-6-anos-en-que-los-bancos