

Spain faces inequity

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In 2000, Spain missed an opportunity to raise its voice at international meetings. This silence was resounding at the UNGASS since it was preceded by an important effort by a solid group of Spanish NGOs that had prepared a document evaluating Spain's implementation of Summit commitments. Two representatives of the group became official delegates, but they were unable to discuss this topic with the ministries involved, and there was no reaction or evaluation before, during or after UNGASS.

Spanish aid and North-South inequities

The year 2000 was marked by the difficult process of formulating a plan for Spanish development cooperation that indicates the priorities and strategies for official aid to 2004. The document, approved on 24 November 2000, admits on the very first page that "inequity in worldwide distribution of income has increased steadily over the last thirty years." On this premise, it argues that Spanish cooperation policies should defend—in addition to market economy, free trade, private sector development and economic liberalisation—a fairer distribution of wealth. Without a certain amount of resources allocated to achieving this goal, however, the impact of this declared support for fairer distribution of wealth shall be minimal. Spanish social aid,¹ already very low, decreased in 1999 to about 0.23% of GDP (below the average for DAC and far below the European Union level). The percentage of aid destined to basic social needs remains erratic, and is currently slightly over 10% of ODA. It is hoped that the development plan approved in November 2000 will improve this situation and achieve the 20% target agreed upon and committed to internationally.

As the development plan admits, "it makes no sense to try to finance the external sector of the economies in these countries through a transfer of resources from ODA while commercial obstacles are being put in the way of their exports." This position differs from Spain's traditionally reticent attitude toward access by the poorest countries to basic products such as rice or sugar. Nevertheless, during the drawing up of this report some hopeful changes were detected. Among other things, Spain voted favourably—though conditionally—on the "everything but arms" proposal to grant free access to the European market for products from less developed countries.

Spain must adopt an attitude based on coherent policies, and must be willing to implement innovative solutions that respond to the high sensitivity of Spanish society toward international social inequity. The public's concern for inequity was evident in the "Social Consultation" for the abolition of external debt: in an unprecedented initiative, more than a million people from 458 municipalities declared their support for cancellation of the debt. There has also been massive support for the proposals of the "External debt, eternal debt?" campaign.

Action against poverty and inequities in Spain

The evolution of poverty

The latest data on the evolution of poverty in Spain, from 1994, 1995 and 1996,² indicates that *relative poverty* decreased slightly. The poverty rate, corresponding

to a monthly income equivalent of 50% of the average income, was below 18% in 1994, 17.6% in 1995 and 17.5% in 1996. *Severe poverty* (25% of the average income) remained stable at around 3% in the same period.

But this data source also offers information about *permanent poverty*,³ or poverty that endures over time: Spain, with a relative poverty rate of 17%-18% in 1994-1996, had a permanent poverty rate of 9.8%, which supposes a 57% average annual poverty rate in this period.

In 1998, over five million households received monetary assistance (conditional to an income test). The demand for such assistance has continued to grow in the last two decades. It has been proven that such assistance has an important impact on reducing severe poverty. The table shows changes in the rate of relative poverty with the elimination of various subsidies.

The impact of assistance on severe and moderate poverty⁴

Severe poverty line: 30% of the average income.
Moderate poverty line: 60% of the average income.

	SEVERE POVERTY		MODERATE POVERTY	
	PERCENTAGE OF POOR	VARIATION RATE (%)	PERCENTAGE OF POOR	VARIATION RATE (%)
Current system without assistential aid	7.65		22.78	
<i>Inclusion of:</i>				
Minimum pension complement	6.26	-18.17	21.51	-5.58
Non-contributing retirement	7.42	-3.01	22.40	-1.67
Childcare	7.48	-2.22	22.76	-0.09
Total assistance package	4.49	-41.31	19.5	-14.5
Current system without assistential or contributive aid	27.57		40.57	
Inclusion of total contributive	7.65	-72.25	22.78	-43.85

Notes: Poverty line: 30% of the average income (412,954 pesetas/year); 60% of the average income (825,910 pesetas/year). Analysis Unit: Household. Each household is considered by the number of members. The scale of equivalence is the square root of the size of the household.

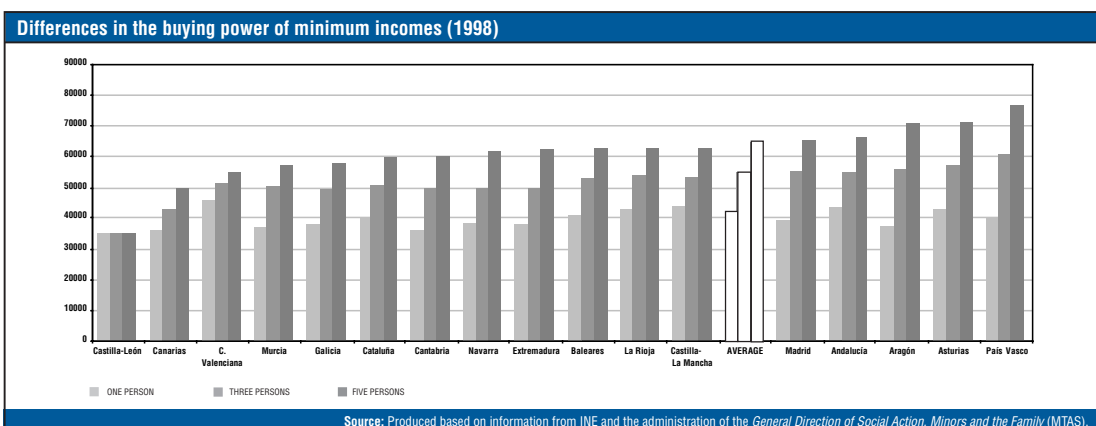
Source: ESPASIM and data from PHOGUE, 3º Oja.

1 The data and graphics included in this report are taken from *The Reality of Aid 2000/01*, by Gonzalo Fanjul, Intermón, Barcelona, 2000.

2 Luis Toharia, Carlos García Serano and Miguel A. Malo Ocaña, *Poverty in Spain: a critical analysis based on the Household Panel of the European Union (PHOGUE)*, 2000.

3 The percentage of individuals living below the relative poverty line (50% of the average income) for many consecutive years.

4 "The impact of assistential subsidies in Spain", presentation by Ley y Mercader Prats at the Seminar on "Public policies and the distribution of income", BBVA Foundation, January 2001.



For the three dimensions of poverty analysed, the unemployment subsidy has the greatest effect as a protecting element, followed by the minimum pension complement. But more noticeable is the insufficiency of the existing assistential aid, the fragmented and poorly integrated system of assistance, and—even more important—the failure to provide a guaranteed minimum income.

Decentralised system for minimum incomes and its effects on inequity⁶

Since the late 1980s, complete responsibility for minimum income programs has fallen on governments of the autonomous regions. In most regions, these programs became the main public instruments against poverty. The expansive rhythm that these programs demonstrated in the first half of the 1990s was in part because they were new programs and in part because of the rise in unemployment. Although this expansion has slowed, the number of households benefiting from the programs continues to grow. At the end of the 1990s, nearly 70,000 households had benefited from this aid, equivalent to over 180,000 or about 0.5% of the population.

Decentralisation of these programs has not resolved problems of inequity or efficacy, however. The fact that some regions have fewer resources than others implies significant variations in the amount of aid and coverage offered.

The rationale underlying decentralisation is *the need to treat heterogeneous situations differentially*. It implicitly recognises that differential treatment is the correct response to differences in the standard of living within the national territory. The key question when analysing these differences is this: is the obvious inequity in aid (adjusted for prices) because of unequal values established for different programs, or because of differences in the cost of living in the regions? If the differences in prices do not justify the differences in aid, decentralisation

could be creating a serious problem of unequal treatment of households that are similar in income and size.

The available data leaves little doubt regarding the differences in prices and amounts of minimum income in the diverse autonomous regions. The variation of prices among regions is substantially less than the parameters established in the programs. Hence inequities in aid cannot be legitimised by differences in the cost of living in the various regions. This inconsistent policy of decentralised aid must be faced. This issue is highlighted in a report of the Spanish Economic and Social Council.⁶

“The Spanish Economic and Social Council understands that the right to minimum resources is a basic, full right, demandable when necessary requisites are fulfilled. It must include the acceptance of both the right to a *minimum income* and the right to *social insertion*. For this reason, it would be fitting to establish a guaranteed minimum amount, notwithstanding improvements on this amount, to be established by each autonomous community, based, among other things, on the diverse levels of development, wealth and cost of living.” ■

CÁRITAS Española is the largest NGO fighting poverty in Spain. Its work addresses all aspects of the struggle against social exclusion. The report for Social Watch has been produced in cooperation with the department of research, whose director is Victor Renes. <estudios@caritas-espa.org>

INTERMÓN OXFAM is an independent, non-profit foundation that has worked since 1956 to eradicate poverty in the South through development projects, information and awareness campaigns, and fair trade. <marias@intermon.org>

5 Luis Ayala Cañón, Rosa Martínez López, Jesús Ruiz-Huerta. “The regional decentralisation of assistential aid: effects on equality”. Presentation at the Seminar “Social policies against poverty”. BBVA Foundation. June 2000.

6 “Poverty and social exclusion in Spain”. Spanish Social and Economic Council. Madrid, 1997, p. 92.