In light of Spain’s appearance before the UN Committee on Economic, Social and Cultural Rights in May 2012, this factsheet examines the enjoyment of economic, social and cultural rights in Spain, particularly in the wake of the economic crisis gripping the country since 2007.

The factsheet highlights the negative impact of the economic crisis - and government responses to it - on the enjoyment of the right to work and to decent working conditions in Spain, where a quarter of the working population and half of young persons are unemployed. As the data show, this has put in peril the ability of much of the population to exercise other rights, particularly the right to an adequate standard of living and the right to affordable housing. The deterioration in a range of economic and social rights indicators, including a sharp rise in levels of poverty and income inequality, combined with drastic cuts in social spending, point to retrogression in the abovementioned rights, with disproportionate impacts on the lives of those most vulnerable. Disaggregated data highlight stark disparities on grounds of gender, age, nationality, geography and socio-economic status.

The factsheet also examines the budgetary and fiscal measures undertaken by the State in response to the crisis. In the face of pressures to reduce Spain’s fiscal deficit, successive governments have undertaken severe budget cuts and other reforms aimed at reducing public spending. Austerity-driven cuts have targeted spending on social sectors such as education, housing and social security, as well as international development cooperation, despite the fact that per capita social expenditure in Spain was already comparatively low. Indicators relating to government revenue in Spain, which is Europe’s fifth largest economy, show that the State could make more equitable efforts to generate potential resources as an alternative to austerity, in line with its obligation to employ the maximum of available resources towards the realization of economic, social and cultural rights, without discrimination or deliberate retrogression. Spain’s low tax-to-GDP ratio and its high rate of tax evasion (which represents an annual loss of revenue that is three times the total cuts to the proposed 2012 budget) are significant factors undermining the State’s ability to generate the resources needed to respect, protect and fulfill economic, social and cultural rights.

Although these rights are guaranteed in the Spanish Constitution as “guiding principles” of public policy, the budgetary and legislative reforms of the past two years have been undertaken without prior assessment of their human rights impact or their distributional effects on particularly vulnerable groups, both in Spain and in countries receiving Spanish development assistance. Of particular concern is the deterioration in the economic, social and cultural rights of children and young people, and the long-term generational effects that this could have.

Spain’s appearance before the Committee is an opportunity for the State to answer for what it is doing to guard against retrogression in these rights, including by considering rights-based alternatives to fiscal austerity and safeguarding the rights of groups most affected by the crisis. The data presented in this factsheet is intended to complement and illustrate the concerns and recommendations raised by CESR and other civil society organizations in Spain in their Joint Submission to the Committee in March 2012. It aims to contribute to civil society efforts to safeguard human rights in times of economic crisis and to ensure that strategies for economic and social recovery are guided by economic and social rights norms and principles.
Crisis-induced unemployment threatens the right to work for a large proportion of the population.

Spain has the highest rate of unemployment of all OECD and EU countries, which has doubled since the onset of the economic crisis in 2008. Immigrants and young people are much more likely to be unemployed than the general population. Latest figures from 2012 further show that a quarter of the active population - and one in every two young people under 25 - is jobless. One in ten households has no employed member. Rising unemployment is resulting in a deterioration, not only of the population's right to work, but of the right to an adequate standard of living, which depends on it.

The long-term unemployed are the fastest-growing group of people without work.

More than 40% of those unemployed in Spain have been so for a year or more. Long-term unemployment in Spain is one of the highest in the EU-27, and has more than quadrupled since the economic crisis hit. The long-term unemployed face significant hiring stigmas, a situation that can lead to further social exclusion. Longer durations of unemployment also increase the likelihood that jobless persons exceed their period of entitlement to unemployment benefits, leaving many families dependent on basic social security transfers alone.

Spain has the highest rate of temporary workers in the EU-15 and the second-highest in the EU-27.

A quarter of the working population is employed on a temporary contract in Spain. Although reforms have been made to limit the amount of times temporary contracts may be renewed, the proliferation of temporary work in Spain creates significant job precarity, affecting young people under the age of 25 in particular, who comprised 58.5% of Spain's temporary workers in 2010.

“The Committee is concerned about the precarious situation of the large number of persons employed under short-term temporary contracts...” (CESCR, 2004)
The purchasing power of the lowest-paid workers is being steadily undermined. Minimum wages are an important policy instrument for social protection and a strong indicator of States’ efforts to reduce wage inequality, set a fair remuneration and ensure decent work. Since the crisis began, the government has reduced the purchasing power of the lowest-wage workers by only increasing the nominal minimum wage very slightly from 2010 to 2011, and freezing it in 2012, thus causing an erosion in the real wages of this group. The minimum wage, one-third of average wages, is far below the European Committee of Social Rights’ threshold for fair remuneration to guarantee a decent standard of living. In 2010, according to Spain’s Tributary Agency, 31% of wage earners received salaries equivalent to the minimum wage or less, compared to 27% in 2007.

“...and to decent working conditions

As average household income has fallen, the number of no-income households is rising sharply. Household incomes have fallen sharply since 2008, and this indicator is likely to have continued to drop in 2011 as unemployment has worsened. More than half a million households had no income-earners at all in 2011 - another growing trend eroding their right to an adequate standard of living. In 2010, over half of Spaniards reported experiencing financial difficulty reaching the end of the month.

Spain has immense disparities in wages between nationals and immigrants as well as between men and women. Spanish females earned 74% of male salaries in 2010, showing that more efforts need to be made to reduce the gender pay gap in Spain. Immigrants, meanwhile, earned only half of nationals. Immigrant females earned just 40% of the average Spanish male’s salary, possibly evidencing forms of compound discrimination. Spain meanwhile has not yet ratified the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, which guarantees the rights of migrant workers to equal and fair remuneration.

*The Committee concludes that the situation in Spain is not in conformity with Article 491 (on the right to a fair remuneration) of the [European Social] Charter on the ground that the minimum wage is manifestly unfair.*

(ECSR, 2010)

*The Committee urges the State party to ensure equal opportunities for women and men in the labor market... The Committee recommends that the State party... narrow and close the pay gap...*(CEDAW, 2009)
Over half the population reports experiencing a heavy financial burden due to housing costs in Spain.

The bursting of the property bubble was a central factor fueling the economic crisis in Spain. Households in the country now report one of the heaviest financial burdens due to housing costs in Europe. Prior to the crisis, when the government encouraged home ownership over rental housing, many people took out mortgages. With rising unemployment, many households now face increasing difficulties in being able to repay them. Indeed, the amount of foreclosure proceedings in courts spiked from 25,953 in 2007 to 93,319 in 2009, totaling almost 350,000 since the crisis began (2007-2011).

“…Economic and financial factors, including widespread speculation, have had negative impacts on the right to adequate housing in Spain. Affordability and the lack of public housing stock, in particular rental housing, has affected large sectors of the population.”

(UN Special Special Rapporteur on Adequate Housing, 2008)

The crisis has had a particularly severe impact on the right to affordable housing of people living in poverty.

The housing cost overburden rate, defined as percentage of the population living in households where the total housing costs represent more than 40% of disposable income, has steadily risen since 2005. For persons living in poverty this figure grew from 16% in 2005 to 41% in 2010. Even in 2006, the Special Rapporteur on adequate housing warned that many vulnerable groups were spending more than 40% of their income on mortgages or were defaulting on their payments, a situation which he was convinced was "not sustainable in the long term" and could threaten the right to adequate housing for these vulnerable groups.

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(UN Special Special Rapporteur on Adequate Housing, 2008)

“The Committee is concerned about the deteriorating conditions of housing in the State party, as described in the report of the State party (para. 388), and about the lack of social housing.” (CESCR, 2004)

Spain has not made available sufficient social housing to satisfy demand for affordable housing.

Spain’s economic growth in the 2000s was largely reliant on the lucrative construction sector. Housing was treated as a profitable commodity, not as a human right. Between 2001 and 2008, protected social housing did not increase in equal proportion with the amount of housing stock available at market price. For many low-income groups social housing, although sold at subsidized rates, still remains unaffordable. Availability of social rental housing is extremely scarce in Spain. In his 2006 visit, the Special Rapporteur on Adequate Housing, Miloon Kothari, noted that the number of low-cost rental dwellings only covered 35.4% of poor households, compared to 72.8% on average in Europe in 2005. Paradoxically, Spain has one of the highest rates of vacant housing in the European Union.
A quarter of the population and almost a third of all children are at risk of poverty and social exclusion. Spain has one of the highest rates of children living in poor households in the OECD. Spain failed to make strong progress in reducing the rate of poverty or social exclusion even during times of economic growth before the crisis. There has also been a steady rise in the amount of working poor in Spain, a trend that preceded the crisis, and has deepened in the recent years. The rise of the working poor suggests that wages are too low to ensure an adequate standard of living.

"The Committee calls upon the State party to strengthen its efforts to combat poverty and social exclusion..." (CESCR, 2004)

Vast regional differences exist in the proportion of people at risk of poverty and social exclusion.

While the national at-risk of poverty and social exclusion rate is 25.5%, this figure varies from as low as 9.7% in Navarra to as high as 41.5% in Extremadura. Spain has committed to reducing poverty and social exclusion under the Europe 2020 strategy with a national target of lifting 1,400,000 to 1,500,000 persons out of poverty and exclusion in 2009-2019. However, these significant variations call into question what is being done to ensure the equal enjoyment of all to the right to a decent standard of living without distinction as to the territory in which they live.

The gap between the wealthiest and the poorest in Spain has grown to unprecedented levels since the crisis began. Spain now has the highest levels of income inequality in the EU-15 and 3rd highest in the EU-27. Whereas the crisis resulted in a drop or no change in inequality in most EU countries from 2009 to 2010, Spain experienced a sharp rise. The top 20% of the Spanish population has an income seven times that of the bottom 20%. The confluence of rising economic inequality with increases in poverty and social exclusion is itself a manifestation of economic and social deprivations. A 2011 OECD study noted that in Spain “the growing share of income going to top earners means that this group now has a greater capacity to pay taxes.” It recommended that State “re-examine the redistributive role of taxation to ensure that wealthier individuals contribute their fair share of the tax burden.”

Women, children and older persons are most vulnerable to poverty in Spain.

Whereas one in every five people in Spain is at risk of poverty, this figure rises to more than one in every four for children under 16. Childhood poverty can lead to forms of deprivation that have severe, long-lasting developmental impacts. The significantly higher rate of poverty among older women signifies that this population group is particularly vulnerable, especially those earning basic, non-contributive pensions.

“...and to an adequate standard of living...”

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Early School Leaving and Government Spending on Education per Student by Autonomous Community

FIGURE 14

National Budget Cuts to Social and Other Sectors:
Percent Change from 2010-2012

Source: Ministry of Finance and Public Administrations of Spain, 2012

Budget cuts to key social sectors threaten economic, social and cultural rights and may be retrogressive.

In May 2012 Spain approved the largest budget cuts in its democratic history, totaling €27.3 billion with further cuts to health and education of €10 billion. The primary rationale for these cuts has been to reduce the public deficit and Spain's borrowing costs. However, many experts warn that these cuts will come at the expense of the quality, accessibility and sustainability of basic social services. A human rights impact assessment has not been conducted in the formulation of the budget, nor has the government complied with the human rights principles of transparency, participation and accountability in its design.

Social spending per capita in Spain is already comparatively low.

Despite being the 5th largest economy in the European Union, Spain is actually one of the lowest spenders in the EU-15 on social protection, health and education. Austerity-driven recovery measures in Spain are questionable when the State actually spends comparatively little on social investment. Education, health and social protection are not only affordable, but key investments for mitigating the negative impacts of the crisis and ensuring that future economic growth is sustainable and furthers the realization of human rights.

Regions that spend less on education have the highest rates of early school leaving.

Spain has the highest rate of early school leaving in the EU-27 after Portugal and Malta, at 28.4% in 2010. The Europe 2020 Strategy calls for States to reduce this figure to 10% or less by 2020. There is an unequivocal negative correlation between the per capita spending on education and the rates of early school leaving. Andalucía’s early school leaving rate is more than twice that of the País Vasco and spends half that of its counterpart on education (€5,352 versus €10,388, respectively using 2008 data). These disparities raise concern of possible regional discrimination in the distribution of resources for decentralized social sectors—notably education.

“Social spending per capita in Spain is already comparatively low.”

“The Committee urges the State party to ensure that priority budget lines for children are protected from changes in levels of resources in overall budget priorities…even in times of crisis.” (CRC, 2010)

“The Committee recommends the State party to strengthen its efforts to reduce the rate of premature school drop out and take necessary measures to ensure that children complete their schooling, taking concrete action to address the reasons behind non-completion of schooling…” (CRC, 2010)

“Regions that spend less on education have the highest rates of early school leaving.”

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Spain could do more to mobilize available resources to reduce income inequality and realize rights.

Spain's high inequality rate - based on the Gini coefficient income dispersion measure - juxtaposed with its very low levels of government revenue as a percentage of GDP suggests that the government could increase its tax take to meet its obligations to use and generate the maximum of available resources for the fulfillment of economic and social rights without discrimination. Austerity measures in the wake of the economic crisis have focused almost exclusively on cuts in public expenditure, rather than on increasing revenue through progressive tax reforms aimed at ensuring that the wealthiest sectors of the population contribute their share.

Spain's large shadow economy represents a significant loss of government revenue.

Spain has one of the largest shadow economies in the EU-15. The shadow economy, defined as economic activity that is tax-evading in nature, has been estimated by Spain's Gestha Union of Tax Inspectors (GESTHA) to have resulted in a tax loss equivalent to €88 billion in 2010, with large companies and wealthy individuals among the principal evaders. Tax Justice Network ranks Spain as one of the top ten country losers due to tax evasion in absolute terms. The government’s failure to tap these resources more equitably not only negatively affects the quality of public good and services, but also places an extra burden on contributing individuals and small businesses that comply with their tax obligations, creating forms of taxation inequality.

Combating tax evasion is a rights-based alternative to budget cuts as a means of reducing the public deficit.

GESTHA has calculated that if Spain were to reduce the size of its shadow economy by just 10 percentage points to bring it in line with EU standards, it would be able to generate €38 billion, exceeding the total budget cuts for 2012. Rather than austerity cuts that roll back on fundamental social and economic rights, the State should make more efforts to generate resources in non-discriminatory ways. These should include a clear commitment to eradicating illegal tax evasion, particularly that committed by large corporations and wealthy individuals, which according to GESTHA, account for 72% of tax evasion in Spain.