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Poverty in Spain

The Tale of a Country in Pain

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Not even King Juan Carlos's PR visit to the newspaper office the day before could stop it: on 24 September 2012, *The New York Times* published a front-page picture of a destitute young man searching for food in a garbage container in some street in Madrid. The picture illustrated an article under the title: "Spain Recoils as Its Hungry Forage Trash Bins for a Next Meal", leaving no doubts as to the grim realities generated by the crisis –and/or the austerity measures currently applied, taking the crisis as an excuse.

The creditor-debtor relations define the current power structure in Europe. The often heard message that Spaniards (and Greeks, and Italians, and Portuguese, and the Irish) had been living in the past beyond their means (and now must pay for their sins) is a message quite obviously spread by the creditors, blurring their responsibility in the mess –as if it was not they who gave them credit in the first place and embarked in very risky investments.

This is not to say that a few in Spain did not indeed live the good times and enjoy endless *fiestas*, but certainly not those who today find themselves, in their hundreds of thousands, footing the bill –among them, a growing down-and-out population. They are not responsible for the public debt, the banking mess or the general economic situation. Creditors, however, have the up-side: even though their investments went awry, they want their money back, and they want it now. And debtors abide.

The situation varies from country to country, depending on the intensity of and exposure to the Troika-prescribed austerity "remedies", but symptoms are very similar everywhere: growing inequality, a thinning-down of the middle classes, and an increasing portion of the population living at or below the poverty line.

Spain is not Greece for a number of reasons, but it looks as if it could be getting there. The data released by the National Statistics Institute (INE) leave little room for the imagination:

One in five Spanish citizens (21.1 %) lives below the poverty line. One in four in the case of the under-16 age group. Almost a third of the population in poorer regions such as the Canary Islands, Andalucía and Extremadura.

Average household disposable income has dropped, in real terms, by almost 10% since 2008. 44.5% Spanish households cannot afford to go on holidays (one week a year). 40.0% cannot handle unforeseen expenditures. 10% cannot turn the heating on (they call it energy poverty).

To these should be added the latest published results (December 2012) of the Workforce Survey (EPA):

Unemployment (6 million) is at 26%, the highest in Europe.

More than 835.000 people lost their jobs in 2012.

More than 360.000 jobs were axed in 2012.

Youth unemployment rate is rampant: 55.1% (under 25).

Eurostat figures show only Bulgaria and Romania now have a higher percentage of people deemed at risk of poverty.

Spain's economy will shrink again this year by 1.5% –a dramatic enough figure, though one most Greeks would happily settle for--, but Europe's politicians prescribe only one remedy: austerity. Restricted by the euro straitjacket and unable to devalue its currency, Spain is thus on the slow, painful path of internal devaluation. That means Spaniards must become poorer – accepting lower wages, lower pensions and worse public services. That way, they are told, their economy can become more competitive.

Julio Beamonte, the director of Catholic charity Caritas in Madrid, denounces that current poverty levels in Spain are rivaling those experienced in post-World War II Europe: "We are going through an economic situation similar to what we went through sixty years ago". Oxfam, in a damning report, says that previous crises in Latin America and Asia point to serious long-term damage if austerity measures remain in place: "Poverty and social exclusion may increase drastically. By 2022, some 18 million Spaniards, or 38% of the population, could be in poverty."

"Things are improving in Spain", Mario Draghi, the President of the European Central Bank said before Christmas. "2012 was a year of painful gains, and 2013 should also be one." And *The Guardian* commented: "The pain, at least, is guaranteed."