



Spain

In-work poverty and labour market segmentation

A Study of National Policies

Gregorio Rodríguez Cabrero
Universidad de Alcalá

Disclaimer: This report reflects the views of its author(s) and these are not necessarily those of either the European Commission or the Member States. The original language of the report is English.

May 2010



On behalf of the
European Commission
DG Employment, Social Affairs and Equal Opportunities



Content

Summary	3
1. Current situation of in-work poverty.....	4
2. Main causes of in-work poverty and labour segmentation.....	9
3. Presentation and analysis of social policies in Spain to combat in-work poverty	14
3.1 Development of social policies combating in-work poverty.....	14
3.2 The impact of the social provision system on the reduction of in-work poverty	15
4. Conclusions.....	19
References	20
Annex 1: Low-wage workers by occupational and individual characteristics in Spain (1994-2004) per cent (Gross wages)	22
Annex 2: Poverty risk rates related to occupational characteristics (%). 2004.....	23
Annex 3: Basic indicators on poverty in Germany, Spain, Sweden and UK	24

Summary

This report begins by analysing the nature and characteristics of the working poor in Spain over the last few years, identifying the main causes of working poverty, and assessing the public policies of social protection aimed at lessening the impact of poverty in households where there is working poverty as a consequence of employment status and factors in the households.

The incidence and spread of in-work poverty depends on three factors: the characteristics of the labour market, differences due to gender, education, type of contract, ethnic affiliation, social status and, finally, such institutional factors as have a bearing on the labour market (minimum wage, unemployment protection, collective bargaining) and income distribution (income guarantee schemes). These three causal factors have a different incidence in themselves and as a function of the type of labour market.

As far as the characteristics of the working poor are concerned, this report highlights the following features of the situation in Spain in line with the data from the 2009 compendium of EU indicators and Spain's own living conditions surveys for 2004, 2006 and 2008:

- a) In 2007 the poverty rate among the working poor in Spain was one of the highest in the EU, second only to Greece. Between 2007 and 2007 it had been relatively stable, after dropping in part between 1994 and 2004.
- b) Said poverty rate is segmented according to personal variables among the working poor. Risk factors include being a woman, having a low education, being a temporary worker, working part-time, and working in agriculture, textiles, building, hotel and restaurants, or personal services. A further risk factor is residence in regions with high poverty rates such as Andalusia, Extremadura, Murcia and Castile-La Mancha.
- c) Another important factor is nationality: the rate of in-work poverty among Spanish and EU nationals tripled by that among workers from non-European countries.

Secondly, the report then goes on to analyse the complexity of the causes of in-work poverty by reviewing the main research into this social phenomenon in Spain. To this end we analyse separately the evolution of low wages in Spain and in-work poverty in relation to labour segmentation on the one hand and the characteristics of the households of the working poor on the other. It becomes quite clear that in Spain the spread of low wages is a key factor in explaining the hard fact of the working poor. Since the second half of the 1990s, the growth of employment in Spain has been accompanied by ever greater moderation in real salaries, and this has had most effect on those groups working in the most precarious sectors of the labour market. It is the very nature of one's participation in the labour market which in the last resort accounts for the phenomenon of in-work poverty. While it is true that the household and its characteristics — size and composition — modulate the degree of poverty, it is ultimately employment status and the form of labour market participation which set the conditions for a worker's poverty. But at the same time, this report also shows how the work intensity of a given household, that is to say, the participation of its members in the labour market, and the existence or otherwise of dependent persons also condition the poverty of the household and its members.

Thirdly, the report proceeds to analyse the social protection policies aimed at the working poor. Attention is drawn to the absence in Spain of any policy of social protection catering specifically

for this group beyond the general framework of social benefits for individuals and households. To judge from the Living Conditions Survey for 2008, the take-up of such benefits by households with poor workers is lower than for other types of household, whether poor households, households with workers in general, or non-poor households with working members. This situation is compounded by the lower protective intensity of social benefits for households with working poor than for other types of household, a fact which, together with low salaries, explains why it is so difficult to emerge from poverty: the average benefit received by a poor household with working members amounts to 557.6 Euros per year, as against the 1,271.6 Euros received by non-poor households with working members. Of course, the problem is not the low social benefits but the average starting income, which in households with working poor is 4,130 Euros per annum, four times less than the average of 16,542.8 Euros in non-poor households with working members.

The complexity of social protection for the working poor means that if public policies are to be successful, they have to join forces and tackle simultaneously labour market inclusion, guaranteed household incomes and quality services. The current lack of communication between systems of social insertion and social protection guarantees the relative inefficacy of the fight against poverty, as demonstrated by the fact that between 2006 and 2008 the distribution of different benefits among poor households and non-poor households with at least one working member was very similar, while some benefits actually afford greater protection to non-poor workers.

1. Current situation of in-work poverty

The social importance of the working poor in the EU has been eye-catching over the last ten years, both from the perspective of social research and from the standpoint of different EU institutions.

As far as social research is concerned, on the basis of the ECHP from the second half of the 1990s and the European Commission's system of indicators from 2003, it has been possible to carry out a comparative analysis of the incidence and spread of in-work poverty in relation to household characteristics. An upshot of this, together with greater knowledge of the problems of the working poor, has been in-work poverty's gradual move onto the political agenda.

In this connection, recent publications attest institutional concern about the existence of working poor. For example, the **European Parliament (2007)** indicated that the rate of the risk of in-work poverty stood at 8 per cent, or 10 per cent in the case of Spain; and that this state of affairs depended on both individual variables (low pay, low skills, precarious and/or part-time employment) and the characteristics of the household where the worker lives, characteristics such as the number of members living in the household and their work intensity.

Along the same lines, the recent report of the **European Foundation for the Improvement of Living and Working Conditions (Eurofound, 2010)**, entitled "Working poor in Europe," points out that even if employment is the best social protection against poverty, it is not always the optimal solution to the problems caused by poverty in so far as, in addition to individual employment status, also to be taken into account are the income levels of households with working poor and the impact of social protection in the fight against poverty. The report encompasses the nature and extent of in-work poverty in the 27 EU member-states, among them Spain. In 2007, it states, in the EU as a whole the percentage of workers in a situation of poverty

amounted to 8 per cent of all those of an employable age (aged 18 and above), whereas in Spain the figure rose to 11 per cent. Like other south European countries, in Spain there is a high rate of poor households with working members. Moreover, in Spain the risk of poverty is not only high for the working poor, but for the population as a whole (19 per cent), as is also the case in Portugal and Greece (Table 1). As we shall explain below, the relative rate of working poor in Spain needs to be accounted for by bringing into relation three groups of variables: the characteristics of the labour market, employment segmentation and social protection.

Table 1: Synthetic indicators of in-work poverty (% of employed population above the age of 18) (2007)

	SPAIN	EU- 25	EU-15
In-work poverty			
Total	11	8	8
Men	12	7	7
Women	9	8	8
In-work poverty risk, by age			
18-24	7	9	10
25-54	11	8	8
55-64	12	7	8
In-work poverty risk, by education			
Low	16	14	14
Medium	11	8	7
High	5	3	4
In-work poverty risk, by household characteristics			
Single person	13	10	10
Single parent with dependent children	23	18	19
Two or more adults with dependent children	14	9	9
Two or more adults without dependent children	7	5	5
Households with dependent children	14	10	10
Households without dependent children	7	6	7
In-work poverty risk, by job characteristics of employed			
Working full year			
Working less than full year	10	8	8
Employee	14	15	15
Self-employed	7	6	6
Family worker	30	18	18
Full-time	52	31	27
Part-time	10	7	7
Permanent contract	14	12	11
Temporary contract	5	5	5
	12	13	13

Source: "Working poor in Europe". European Foundation for the improvement of living and working conditions. (2009)

For a first take on the situation of in-work poverty in Spain, we shall draw on the information given in the European Foundation report. In order to obtain a fuller picture, this information will then be

complemented with the information about EU social indicators provided by the Compendium 2009.

The European Foundation report highlights the fact that women are at lower risk of poverty than men whether in Europe as a whole or in Spain in particular since the report is concerned with the household where workers live. But this conceals the fact that female workers are much more vulnerable in the labour market and therefore enjoy worse conditions than men in terms of salaries, type of contract and working time. Unlike other countries, in Spain the younger the worker, the less likely he or she is to be a poor worker since Spanish young people are slow to leave the family home.

The same report includes a synthetic assessment of the main results concerning in-work poverty in Spain based on the study carried out by the University of Oviedo (Spain) (1). After analysing such variables as the presence of children in the home, work intensity, type of occupation, educational level, economic sector and type of contract, the following emerged as key factors for explaining in-work poverty in Spain:

- a) Existence of dependent relatives – wage earners who live in households under the poverty line can be found in greater measure in families with dependent children (14%), especially in single-parent ones (23%), or when the wage earner lives in a household where there are more than two adults with one or more children (14%);
- b) The probability that a wage earner lives in a poor household decreases as the work intensity increases: 10% of full-time workers are working poor, compared with 14% of part-time workers;
- c) Type of occupation: manual workers, especially skilled workers in agriculture, unskilled workers and workers in the services sector, have a higher probability of becoming working poor;
- d) Educational attainment: workers with low levels of education are more likely to be working poor (16%) compared with workers with a medium and high educational level (11% and 5% respectively);
- e) Sector of economic activity: a high proportion of poor households and low earnings are associated with the agriculture and fishing sectors, also in the hotels and restaurants, domestic and cleaning services, which are characterised by temporary work and job rotation.

The same report's summary points out that "the risk of being working poor is higher in the southern EU countries – Greece, Italy, Portugal and Spain – as well as in some new members countries including Poland and Baltic countries". Thus Spain takes its place as one of the EU countries with highest rates of in-work poverty, a fact which obliges us to ponder the characteristics of the labour market and the role of social protection, points which will be given detailed analysis in sections two and three. An initial explanation for the high relative rate of in-work poverty in Spain might be sought in the confluence of a market where collective bargaining has led to a high degree of segmentation with the low protective intensity of the system of social protection.

¹ García Espejo, I and Ibáñez, M. (2006), "Working poor and low salaries in Spain: An analysis of occupational and households factors related to different situations of poverty". Spain: University of Oviedo.

Further explanation in this two-fold direction is forthcoming from the European Commission's 2009 Compendium of social indicators, which makes it possible to analyse the characteristics of Spain's segmented labour market. More particularly, some of the differential indicators, though not directly related to in-work poverty, are factors which shore it up. The following is a list of some of these indicators:

1. **Gender segmentation** or gender pay gap is perhaps the most important indicator and is reflected in salaries. Between men and women average gross hourly earnings differ by around 15%. When the education variable is taken into account, that difference increases to 20% and above, regardless of educational levels. Differences between men and women are equally marked in regard of work intensity: in 2008 employment rates (measured as employment equivalent to full-time employment) stood at around 24.1%, although it should be pointed out that since 2000 that rate has fallen significantly from 33%. Also to be highlighted is occupational segregation which in 2008 meant an imbalance to the detriment of women of 27.3%; this rate has been stable since 2000 and is similar to rates in other EU countries. Meanwhile, segregation by productive sectors reached a rate of 21% in 2001.
2. Looking after children and dependent persons in general has an unmistakable impact on levels of activity and part-time work. The situation in Spain is particularly eye-catching because, for example, the percentage of people between the ages of 15 and 64 who would like to work but are inactive or only employed part time on account of their care obligations reaches 60% those with such obligations; and it is women who are mostly affected, amounting to 7.9% of the total population compared with 0.2% of men. This care load either impedes access to the labour market or reduces work intensity, women being the group most affected. On top of this there is a general rigidity regarding access to flexitime: only 15.3% of workers enjoy flexible timetables compared with the EU-27 average of 31%. There is too the exceedingly limited offer in terms of care services such as nurseries or centres for dependent elderly people. The creation of ninety thousand jobs in the long-term care sector between 2008 and 2010 has opened up a considerable seam of direct job creation in the social services, at the same time liberating women to enter the labour market or, in the case of part-time workers, to intensify their work time.
3. Mobility in the Spanish labour market is relatively limited when measured by **transitions by type of contract**. Thus in 2007, the year before the crisis, the great majority of those with a permanent contract (87%) remained in the same situation. There is however some mobility in the transition from temporary work to permanent work (26%) or to unemployment (11%), while more than half of workers on temporary contracts remained in the same situation (56%). As is to be expected, there is barely any mobility among the self-employed. On the other hand, there is relatively high mobility from unemployment to a temporary contract (24%), a rate very similar to those in Luxembourg, Netherlands and Sweden.
4. In Spain, the **undeclared economy** is a clear segmenter of the labour market. With a rate of 21% of GDP in 2004, there is only shallow knowledge of its impact except for the fact that it affects women more than men, and foreign workers more than national ones. In this niche are to be found a part of agricultural day-labourers and those employed in the home, building, hotel and restaurants, and the food industry.

After using the living conditions survey to update the information about the characteristics of the working poor in Spain in 2008, we are in a position to confirm the social profiles of this type of poverty, profiles which do not yet reflect the impact of the economic and financial crisis which did

not hit Spain until spring 2008. Table 2 gives the results of that exercise and enables various important conclusions to be drawn regarding the segmentation of Spain's labour market:

- a) The higher rate of poverty in households with part-time workers is confirmed.
- b) Having a temporary contract triples the poverty rate of a worker with a permanent contract.
- c) The poverty rate of a Spanish worker or an EU migrant worker is three times higher than for workers from non-EU countries.
- d) Working in such sectors as domestic service, agriculture, hotels and restaurants increases the rate of working poor.

This segmentation is reflected in incomes before social benefits: while in poor households with dependent employed the average income is 4,130 Euros, in all households the average is 11,498.5 Euros, and in households with dependent employed 16,542 Euros. It is these low incomes which, together with low-intensity social benefits, explain why it is so difficult for this group to emerge from poverty, a point that will be given more detailed consideration later.

Table 2: In-work poverty in Spain (2008) (%)

Sex	Eurostat (1)	INE (2)
Men	11.4	12,5
Women	6.5	10,1
Work intensity		
Working full time	9.4	10,9
Working part time	11.8	16,9
Professional situation		
Employer	29.1	30,6
Self-employed	29.8	28,5
Salaried worker	5.8	14,2
Home helper	47.0	44,4
Type of contract		
Permanent contract	4.1	4,8
Temporary contract	12.0	16,9
Occupation		
Tradesmen and hotel and restaurants	11.4	15,1
Food industry worker	13.9	16,1
Non-qualified workers in services and domestic service	12.2	16,7
Agricultural labourers	33.3	35,0
Industrial and building labourers	15.4	17,0
Nationality		
Spanish	8.8	10,7
Rest EU	7.2	16,4
Rest Europe	13.2	14,0
Rest world	23.6	26,3

Educational level		
Primary education	17.6	19,0
Secondary education (to 16)	13.6	15,9
Secondary education (to 18)	8.6	10,2
Medium education	6.9	9,7
Higher education	4.1	6,0
Total	9.4 % 1.501.880	11,5 2.286.627

Source: Author's analysis based on Survey on Income and Living Conditions 2008 (INE).

- (1) Eurostat methodology.
- (2) National Institute fo Statistics (INE) methodology.

2. Main causes of in-work poverty and labour segmentation

There is a broad consensus that the best means of reducing or avoiding poverty and social exclusion is employment. But it is not always enough: the employment may not be of sufficient quality or form part of highly segmented labour markets where employment is characterised by precariousness and poor working conditions. The achievement of a virtuous circle between access to employment, adequate remuneration and sufficient social protection and quality public services (health, nurseries, dependency care) is a strategic goal of protection and active social inclusion policies. The **SPC (2009)** expresses itself in similar terms: "having a job remains the best safeguard against poverty and exclusion. However, recent employment increases have not sufficiently reached those furthest away from the labour market, and jobs have not always succeeded in lifting people out of poverty".

There are two interrelated approaches to analysing the causes of in-work poverty: the analysis of low salaries and of in-work poverty. We take the first approach to be structural and a sine qua non for coming to understand in-work poverty. In many ways in-work poverty is a consequence of the model of economic globalisation based on labour market segmentation and wage restraint, if not actual wage reduction. To put it another way, it is through the analysis of the labour market in relation to global capitalism that in-work poverty may, in the last instance, be explained, even if such an explanation is not sufficient to account completely for such a complex phenomenon. For its part, the focus on in-work poverty not only bears in mind the type of work but also household characteristics and the role of social protection. Important, recent work has been done in Spain taking each of these approaches, approaches which are often mutually complementary and are sometimes treated together (**Gutiérrez, Guillen, Peña-Casas, 2008; García Espejo and Ibañez Pascual, 2007**)(²). In the following discussion we shall draw on both approaches in order to analyse the causes of in-work poverty in Spain in relation to the labour market and the characteristics of households.

² The University of Oviedo is the Spanish leader in research into the working poor thanks to its sizeable research team ("Working poor: employment and households") created in 2005 with support from the 6th Frame Programme of the European Commission and from the Spanish National R&D&I Plan. The other members of the team are Ana Guillén, Ramón Peña-Casas, Isabel García Espejo, Marta Ibañez, Aroa Tejero y Carmen Suárez.

Since the second half of the 1990s, and above all in the last few years, analyses of **low-wage work** in Spain have gained in importance from the point of view of economics. Authors such as **Jimeno and others (2000)**, **Cantó (2002)**, **Ayala and Sastre, 2002, 2008a, 2008b**, among others, have made plain the dual nature of in-work poverty in the sense that on the one hand its existence gives low qualified workers the chance of a job, while on the other it has negative consequences for the efficient functioning of the labour market, employment quality, social equity and poverty. These authors highlight the high incidence of low wage work and its persistence in time, both factors which impact household poverty.

As long ago as 1995 the incidence in Spain of low wage workers (measured as the percentage of workers with wages lower than two-thirds of the median salary) amounted to 19.3 per cent of workers (according to the European Survey of Salary Structure) or 18.4 per cent (according to the ECHP), with wage poverty rates being between 70 and 80 per cent higher for women than for men. This high incidence in Spain of low wages is concentrated in well-defined groups: women, young people, low-qualified workers, temporary workers, part-time workers, and in productive sectors like the textile industry, hotel and restaurants and dressmaking.

When analysing the factors that explain this situation from the perspective of the labour market, without considering for the moment social protection or household characteristics, in the Spanish case the institutions occupy a particularly prominent place. Empirical evidence (**Fernández, Meixide, Simón, 2003**) confirms that neither the minimum wage (low enough in itself) nor unemployment benefits explain the high incidence of low wages. Rather, what is most conducive to wage poverty is the structure of collective bargaining. While it is true that the wage scales of collective bargaining are above the minimum wage, wage differences across sectors and territories are so high that wage dispersion is not compressed and the floor is rather low. In other words, collective bargaining in Spain does not limit the use of low wages; rather it leads to wage dispersion and therefore favours the incidence of poverty wages. This fact should be taken into account in the event of the current, relatively centralised system of collective bargaining's being substituted in the future by a fully decentralised system where bargaining takes place at the level of the company. For a non-regulated decentralisation of wage negotiation could increase still further wage dispersion and the segmentation of the working poor.

In much the same direction other authors like **Muñoz del Bustillo and Antón (2009)** have more recently analysed the incidence of low wages by taking as their measure or indicator of low wages those workers paid less than 60 per cent of the median salary, distinguishing between net and gross salaries, and taking into account work intensity of the number of hours worked. On applying this indicator to the Spanish labour market, these authors found that between 1996 and 2005, a ten-year period of high economic growth in Spain, real wage levels had remained practically stationary. There had only been an increase per worker of 0.47% and between 2000 and 2005 real salary levels actually fell by 0.45%. Put another way, the great increase in employment in Spain from 12 million to 19 million people over that ten-year period was accompanied by a wage moderation which affected the lowest levels of the labour market and consequently exacerbated the inequality of primary incomes.

This context of economic growth and wage stagnation (analysed for the period 1994-2004 on the basis of the ECHP) explains why the gross wage distribution for all those working in Spain has, according to the Gini Index, remained practically constant both in terms of total wages and total hourly wages. Over the same period it has been shown that the incidence of poverty is segmented according to such variables as gender, age, dedication (part or full-time), type of contract, type of employer, occupation, size of company, educational level and employment

situation in the previous year. Thanks to this approach we may appreciate the difference in the incidence of poverty between the low wage approach and the in-work poverty approach, which brings into combination individual employment and the situation of the household where the workers live. Because of their interest, we include in **Annexe 1** the results of the analysis carried out by the authors cited above. The conclusions are obvious: being a woman, being young; having a part-time job, a temporary contract or no contract at all; working in the private sector, in agriculture, in hotel and restaurants, in domestic service or small companies; being poorly qualified; having been inactive or unemployed in the previous year—all these are factors conducive to low pay in Spain and, accordingly, to in-work poverty. The incidence of low pay for 2004 was higher than the mean (13.7%) in those autonomous regions with higher general rates of relative poverty like Extremadura (21.7%), Andalusia (18.5%), Murcia (19.5%), Galicia (17.8%) and Canary Islands (16.7%).

Low pay represents a clear poverty risk, but it should also be related to different variables if its incidence and distribution is to be understood. The incidence of poverty among people in work (see **Table 3**) hardly changed between 1994 and 2004. Indeed, the rate of incidence among people in work for the period stood at around 11 per cent, with minor variations; this rate of poverty was half of that for the population as a whole but more than a quarter in the distribution of poverty risk per employment status. The last year analysed on the basis of the 2008 Survey on Income and Living Conditions (SILC) (the last available) confirms this trend. The lower incidence of the rate for 2008 is due to the use of a more restrictive definition of poor worker, namely, having worked for at least seven months in the relevant year for fifteen hours a week.

The high incidence of poverty among self-employed workers (32.8% compared with 7.8% for dependent employed workers) may be questionable given the high degree of income concealment in this sector; but it is also true that there exist some groups of self-employed workers (for example the street vendors of the Romany community) with similar or even higher rates, but the SILC does not contemplate the ethnic variable. However that might be, the growth in employment's failure to cut significantly the incidence of the working poor is obviously due to the segmented labour market and the policy of social protection, both of them factors of a largely institutional nature.

Table 3: Incidence of poverty according to different characteristics (1994-2008) (%)

	1994	1998	2000	2004	2008 (1)
Employed	11.0	10.1	8.3	11.2	9.4
Dependent employed	7.1	6.9	7.2	7.8	5.8
Self employed	26.1	22.4	12.5	32.8	29.8
Unemployed	36.5	36.0	39.2	39.9	29.0
Retired	16.0	11.6	16.2	24.6	21.7
Other inactive	22.8	20.7	22.4	30.2	35.3
Total poverty rate	19.6	18.2	18.0	19.9	19.7

Source: 1994-2004, Muñoz del Bustillo and Antón; 2008 author's analysis.

(1) Eurostat methodology.

In connection with economic analysis, also worth mentioning is the contribution of the labour economics group of the University of Alcalá (**Toharia, Albert, García Serrano, Malo, Davia, Arranz, 2007**) which, on the basis of the SILC for 2004, confirmed the previous analyses (see **Annexe 2**) by differentiating relative (60% median equivalent income) and severe (40% of median equivalent income) poverty rates. Thus, these authors confirmed the clear segmentation of the poverty risk in the case of poor workers: being a non-qualified manual worker, having a temporary contract, working in companies with fewer than 10 employees, working in agriculture, building, hotels and restaurants, personal services, or in certain autonomous regions segments in-work poverty in Spain. As a result, the relative poverty risk of a worker with a temporary contract more than triples that of a worker with a permanent contract, while the risk of those working less than 15 hours per week more than doubles that of those working more than 30 hours.

In the same connection and going deeper into this interrelationship, the social research group of the University of Oviedo (**Gutiérrez, Guillén, Peña-Casas, 2008**) confirmed empirically the fact that one feature of the economic models of OCDE countries is the incidence of income inequalities, before pointing out that the Lisbon Strategy has favoured the social visibility of the working poor in a context which attaches greater importance to labour market participation than to the conditions and results of that participation, conditions which are in turn influenced by the characteristics of the **working poors' households** and the institutional framework of the labour market and social protection (**Gutiérrez, García Espejo and Ibáñez, 2009**).

As far as household characteristics are concerned, the most important are its size and composition, and the participation of its members in the labour market. As we saw in Table 1, the poverty rate is much higher (24%) in households with only one parent and dependent minors than in households with two adults and dependent minors (14%) and, even more so, with two childless adults (7%). But it is participation in the labour market and social protection policies which most determine the incidence of in-work poverty. It is not, for example, the same to work full time or part time, or to have a temporary contract or a stable, permanent one. When the variables concerning type of home are brought into relation with variables concerning labour market participation, the results cannot be clearer. As **Gutiérrez, Guillen and Peña-Casas** remark, in the EU as a whole, in households without dependent minors the poverty rate is only 5% where all adults work, 10% if some or other adults do not work full time, and 30% if no adult works. If there were minors in those households, the corresponding rates would be 5%, 40% and 63% respectively.

As far as the **impact of social policies** is concerned, it depends in many ways on the type of welfare regime. The Spanish welfare state is a hybrid of Bismarckian, social-democratic and liberal welfare regimes, with the protective intensity of its social benefits as its hallmark. The comparative study conducted by **Gutiérrez and Guillén (2007)** shows how in 2004 the poverty rate before social transfers was relatively similar in four such different social welfare regimes as Spain, Germany, Sweden and United Kingdom (see **Annexe 3**). However, once social transfers are taken into account, Spain becomes the country with the highest poverty rates, doubling those of Sweden and much higher than Germany's. Thus, in 2004 the poverty risk in Spain for working males over the age of 16 practically doubled the same risk in Germany, Sweden and UK. In contrast, the rates were very similar in the same countries for working women over the age of 16 due to factors related to the household.

Thus it is that the combination of primary incomes and social benefits translates into different models of in-work poverty. Spain is a country where the low intensity of its social benefits

generates the greatest incidence of in-work poverty among the four models of welfare regimes analysed.

When analysing in-work poverty, as low incomes are put into relation with the household situation a broad array of social situations is opened up. Thus, in line with García Espejo and Ibáñez (2007), and working from the SILC for 2004, at one end of the scale we come upon workers receiving salaries below 60% of the median (9.5% of salaried workers), almost 22% of whom live in poor households, and 6.6% of salaried workers living in poor households, of whom only 25.7% are low paid, at the other. As García Espejo and Ibáñez observe, “the majority of those who have low earnings are not poor as their household is not (78.3%); and the majority of wage-earners who live in poor households do not have low incomes (74.3%)”.

As far as the analysis of the causes of in-work poverty is concerned, emphasis should be given to the importance of factors related to the segmentation of the labour market and in-work poverty such as the gender variable and the factor of immigration, which we referred to at greater length above.

With respect to the gender variable, research in Spain (for example, Palacio and Simón, 2002) confirms the fact that the differences in pay between men and women—one factor of labour segmentation—is in good part due to the tendency for women to be concentrated in labour structures with relatively low wages. But gender is not the only factor which influences differences in pay: segregation by establishment and occupation also plays a part.

The recent studies of **Cantó, Gradín and Del Río (2008)** prove that if we consider households where at least one woman is a dependent employed, the removal of wage discrimination would translate into a significant cut back in levels of inequality and, above all, severe poverty. It is precisely in the lowest income deciles that the rates of female employment are also very low either because of difficulties finding work or because of a greater presence of women from this group in the informal economy. In single-parent households where the woman is the head, if female salaries were brought into line with male salaries, the poverty rate would drop from 35.4% to 25.5%, affecting 28% of this type of household.

The relationship between labour segregation and native and immigrant wage structures in Spain has been studied recently by Simón, Ramos, Sanromá (2008). When immigrants from developed countries and developing or low-pay countries were compared, the latter were found to have lower educational qualifications, shorter professional trajectories and less experience, and a greater incidence of temporary contract and part-time work. This goes a long way to explaining why the salaries of immigrants from developed countries are more than 16% higher than those of Spanish nationals, and why the salaries of the latter are more than 29% higher than those of immigrant workers from developing countries. The employment of this last group in sectors like agriculture, hotel and restaurants, domestic service and building, together with a high level of temporariness (around 70%) accounts for that segmentation which generates high rates of in-work poverty.

3. Presentation and analysis of social policies in Spain to combat in-work poverty

3.1 Development of social policies combating in-work poverty

Official bodies in Spain like the **Economic and Social Council (CES, 2009)** highlight the growing risk of poverty for workers in Spain and point out that the risk is conditioned more by work intensity and continuity in work than by having a job in itself. However, despite its importance the problem of the working poor is not yet firmly on the political agenda. Since summer 2008 it is Spain's high rates of unemployment which have led public policies to focus on two objectives: social protection for the unemployed and fomenting entry into the labour market. That is why Spain, strongly conditioned by rampant unemployment, is tackling the situation of the working poor either indirectly or within the package of general measures intervening in the labour market and improving social protection.

As we have said, the existence of a high relative rate of working poor in Spain is the consequence not only of the incomes model prevalent in the labour market but also of the existing model of social protection. The particular combination of both gives us some idea of the extent and incidence of the working poor. In line with Spanish poverty analysts (**Ayala and Sastre, 2007; Ayala, Martínez, Navarro and Sastre, 2008**), who confirm our argument in the previous section, in general terms it may be stated that not only was there no correspondence between the growth of employment and income distribution, but state redistribution policies have had a limited and uneven effect on the reduction of poverty. As for the former, the scant correspondence has to do with the type of work created, with the marked segmentation of the labour market being an explanatory factor of great importance. As for the latter, the little effect is due to a model of social spending which until very recently has been one of contention. In this regard, the poverty analysts state that "the increase of social benefits has been considerably lower than in previous periods and the protective intensity offered is today less than it was two decades ago. This has resulted in the lower incidence of the benefits system on the indicators of inequality." A case in point is protection for the working poor, which we shall now proceed to analyse.

That is why the social and institutional importance of Spain's working poor is not reflected in the same way in social protection policies. There are three main reasons for that: a) in Spain, as in most EU countries, employment and labour inclusion policies have priority over income transfer policies, as a consequence of which increased employment flexibility has not been accompanied by a parallel policy of social protection; b) as we saw in our 2009 Spain report on minimum incomes, protective intensity in matters of social protection was contained, when not reduced, and that hindered the diminishment of relative poverty in the context of the high economic growth between 1996 and 2007; c) as **Tejero and Suárez (2009)** point out, there is no specific, tailor-made social protection measure or programme aimed at improving the lot of the working poor. The social protection available to this group must be analysed in the context of the social protection available for the households in which they live. It is consequently the characteristics of the household—size, composition, employment, presence of minors or dependent persons, among others—which, given certain combinations of incomes from employment and social benefits, give rise to particular models of poverty.

In short, the prioritisation of the labour market and job creation, the weakness of the minimum income system in terms of protective intensity, and the different protection afforded to households

(with a preference for those with highest levels of social protection) are factors which account for the extent and incidence in Spain of poor households with working members.

That leads us to consider institutional factors as the explanation for the lower incidence of social benefits on the reduction of in-work poverty. The problem resides in the institutional fragmentation and differential categorization of situations requiring protection, as we pointed out in our 2009 report on minimum incomes (**Rodríguez Cabrero, 2009**) and as experts in the matter have confirmed (**Arriba and Guinea, 2008**). The Spanish social service system is a broad but incomplete and low-intensity, last-resort safety-net. To be more precise, it makes no room for the specific protection of the working poor. Only the Basque Guaranteed Income and Social Inclusion Act of 2008 legislates precisely for the protection against “poverty associated with low wages”, given that in the Basque Country the working poor are the main social group which does not enjoy sufficient income. No specific provision for such top-ups is made in the state social security system.

In their analysis for 2004, **Gutiérrez and Guillén (2007)** underlined the higher incidence of social benefits in non-poor households with some or other dependent employed with respect to poor households with some or other dependent employed. Above all, they showed how for that year the quantity of benefits was much higher in non-poor households with working members than in poor households with working members, with variations ranging from above 80% in regard of invalidity pensions to 60% in regard of pensions and unemployment benefits. It is differences such as these which help to explain why, without going into further detail, the Spanish social protection system is highly effective at reducing severe poverty, but not relative poverty.

3.2 The impact of the social provision system on the reduction of in-work poverty

There have been some recent Spanish studies of the impact of social benefits on the poverty of the working poor. The research mentioned above of **Gutiérrez and Guillén (2007)** y and **Tejero and Suárez (2009)** demonstrates the low impact of social benefits on the reduction of relative poverty levels among workers living in poor households. Tejero and Suárez bring to the fore two aspects that we shall corroborate. The first is the similar proportion of poor and non-poor households with some or other dependent employed which receive social benefits; this percentage is a first indicator that social benefits are aimed at the population as a whole, without any discrimination in terms of poverty. The second is the impact of benefits in accordance with household characteristics: homes with children need between 60 and 90% of the median salary if they are to emerge from poverty, while social benefits are scarcely able to substitute income from wages.

In this report we have updated to 2008 the distribution and impact of social benefits in our comparison of different types of household. **Table 4** shows the distribution of benefits according to benefit type. It allows us to deduce that the percentage of households receiving benefits is very similar across all types of household. With the exception of unemployment benefit, the take-up of the different social benefits by households with poor workers is lower. With respect to take-up of retirement pensions, there is a noticeable difference between households with poor workers (9.7%) and those with non-poor workers (16.6%), as also in the case of invalidity pensions. On the other hand, this type of household shows higher take-up of grants for study.

Table 4: Distribution of social benefits by household type

--

Type of benefit	All households	Poor households	Poor households with at least one dependent employed	NON poor households with at least one dependent employed	All households with at least one dependent employed
Unemployment	11.52%	11.43%	12.99%	12.35%	12.44%
Retirement	34.08%	44.12%	9.71%	16.63%	15.71%
Bereavement	2.66%	3.10%	1.41%	2.43%	2.29%
Sickness	3.31%	2.72%	2.48%	3.79%	3.61%
Invalidity	5.06%	6.05%	4.00%	3.85%	3.87%
Study grants	3.29%	3.26%	5.49%	3.96%	4.16%
Family	4.17%	2.26%	2.78%	5.67%	5.28%
Social service	0.77%	0.70%	0.61%	0.73%	0.72%
Housing	0.98%	0.90%	0.49%	1.20%	1.11%
Other social benefit	56.28%	65.80%	34.39%	42.29%	41.23%
Total households	100.00%	100.00%	100.00%	100.00%	100.00%
Total households	16,580,451	3,447,465	1,569,777	10,119,381	11,689,158

Source: Author's analysis based on Survey of Income and living conditions 2008 (INI)

Whereas the distribution of social benefits gives us a rough idea of the “extensive” impact of the fight against poverty in poor households with at least one dependent employed, an analysis of the “intensive” impact according to household type and the amount of benefit provides us with clearer differential results in so far as the low protective intensity of social benefits in poor households with at least one dependent employed explains the practical impossibility of emerging from poverty. **Table 5** shows the results of a comparative analysis of poverty rates in all households, poor households at least one dependent employed, and non-poor households before and after social benefits.

In **Table 5 and Graph 1** we can see how the impact of social benefits on all households halves the poverty rate before social benefits (38.4%) to 19.7% once social benefits are added; this is particularly so in households with a single adult and two adults, where the rates are halved. However, the capacity to cut the poverty rate in households (monparental) with one adult and a child or two adults with three or more children is extremely limited. In the former case, the poverty rate falls from 45% to 38.2%, in the latter from 49.5% to 44.4%. In non-poor households with dependent employed, social benefits cut the poverty rate down from 15.3% to 9.4%, above all in households with two adults or with children, although in the latter case, the poverty rate only drops from 34.8% to 32.4%.

As far as poor households with dependent employed members are concerned, social benefits only represent 12% of total household income, with a mean of 557.63 Euros per annum. In this type of home with children, the benefits are also very low; that is to say, in addition to a starting income before benefits equivalent to a quarter of the income of households with working members and only 36% of the mean household income, the impact of social benefits is very low and does not help affected households emerge from poverty. Thus, the low protective intensity of social protection blocks up the exit from poverty. Regional minimum income schemes do not view this group as a risk group except in the Basque Country. It is therefore the social services departments of town halls which cater to them in the form of emergency monetary or material aid with a view, for example, to partially cover immediate needs or provide emergency housing.

Table 5

TOTAL HOUSEHOLDS RECEIVING SOCIAL BENEFITS				
Household type	Before social benefits	After social benefits	Mean benefit	Number of

SPAIN

	Poverty rate	Mean income	Poverty rate	Mean income		individuals
One adult	62.20%	7,430.01 €	31.70%	13,069.29 €	5,639.28 €	2,969,510
Two adults	52.10%	10,200.79 €	20.00%	15,603.41 €	5,402.62 €	9,169,456
More than two adults	38.70%	11,190.68 €	10.80%	15,551.60 €	4,360.92 €	9,801,128
One adult and child	45.00%	9,274.94 €	38.20%	10,881.39 €	1,606.45 €	668,608
Two adults and one child	21.50%	14,330.75 €	15.50%	15,513.02 €	1,182.27 €	5,939,854
Two adults and two children	26.60%	13,121.28 €	21.80%	13,855.59 €	734.31 €	9,516,702
Two adults and three or more children	49.50%	11,033.60 €	44.40%	11,772.07 €	738.47 €	1,168,492
Other households with children	37.30%	10,937.27 €	21.60%	12,927.30 €	1,990.03 €	5,773,711
TOTAL	38.40%	11,498.47 €	19.70%	14,530.51 €	3,032.04 €	45,007,460

POOR HOUSEHOLDS WITH SOME DEPENDENT EMPLOYED						
Household type	Before social benefits		After social benefits		Mean benefit	Number of individuals
	Poverty rate	Mean income	Poverty rate	Mean income		
One adult	100.00%	4,003.78 €	100.00%	4,015.88 €	12.10 €	99,395
Two adults	100.00%	3,651.09 €	100.00%	4,191.01 €	539.92 €	147,221
More than two adults	100.00%	2,571.51 €	100.00%	4,073.54 €	1,502.03 €	231,257
One adult and one child	100.00%	5,004.21 €	100.00%	5,243.35 €	239.14 €	34,625
Two adults and one child	100.00%	5,076.48 €	100.00%	5,452.84 €	376.37 €	193,521
Two adults and two children	100.00%	4,194.99 €	100.00%	4,393.84 €	198.85 €	487,302
Two adults and three of more children	100.00%	5,040.65 €	100.00%	5,421.62 €	380.97 €	86,278
Other households with children	100.00%	4,662.59 €	100.00%	5,551.94 €	889.35 €	224,918
TOTAL	100.00%	4,130.00 €	100.00%	4,687.62 €	557.63 €	1,504,517

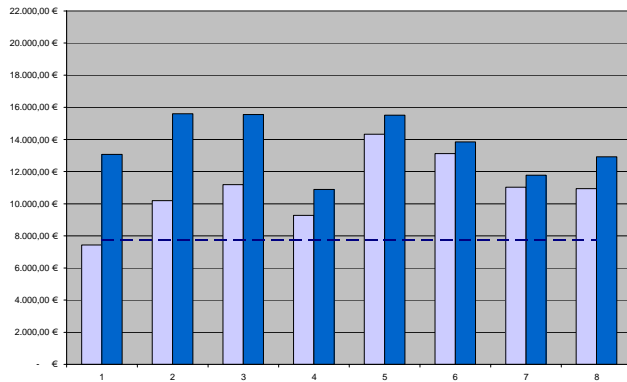
NON-POOR HOUSEHOLDS WITH SOME DEPENDENT EMPLOYED						
Household type	Before social benefits		After social benefits		Mean benefit	Number of individuals
	Poverty rate	Mean income	Poverty rate	Mean income		
One adult	10.60%	17,73.78 €	9.60%	18,112.40 €	338.2 €	1,030,358
Two adults	8.50%	20,617.26 €	4.50%	21,699.18 €	1,081.92 €	3,299,727
More than two adults	17.70%	15,298.37 €	6.00%	18,024.72 €	2,726.35 €	3,877,201
One adult and one child	24.50%	12,086.47 €	20.90%	12,916.37 €	829.90 €	165,711
Two adults and one child	10.70%	17,339.75 €	8.00%	18,041.23 €	701.48 €	2,428,866
Two adults and two children	19.00%	14,913.17 €	16.30%	15,346.40 €	433.23 €	3,004,195
Two adults and three or more children	34.80%	13,702.90 €	32.40%	14,042.89 €	339.99 €	270,266
Other households with children	20.60%	13,733.43 €	11.70%	15,095.71 €	1,362.28 €	1,929,699
TOTAL	15.30%	16,542.85 €	9.40%	17,814.44 €	1,271.59 €	16,006,022

In addition to social protection policies or economic benefits, like society as a whole people who form part of poor households also enjoy free access to the health system and vocational training.

Work time intensification policies have a very limited reach among this group since they target niches of precarious labour and, in many cases, the informal economy. On the other hand, the social policy of social protection for long-term care is affording the social services some relief from the care burden, but half of the 540,000 beneficiaries have opted for non-professional at-home care, which does not generate employment directly.

If the formulation of policies countering gender discrimination is making fairly rapid headway in Spain, as well as work-family reconciliation policies, progress on the ground is rather slower given the segmentation of labour markets and the pressure exerted by a high unemployment rate which limits improvements in employment quality.

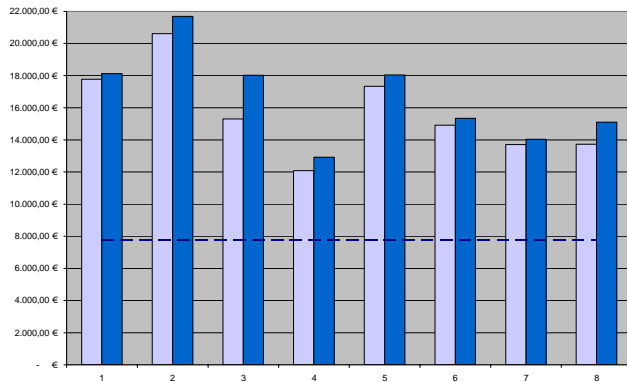
Graph 1: Total households



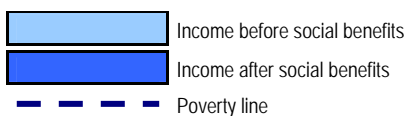
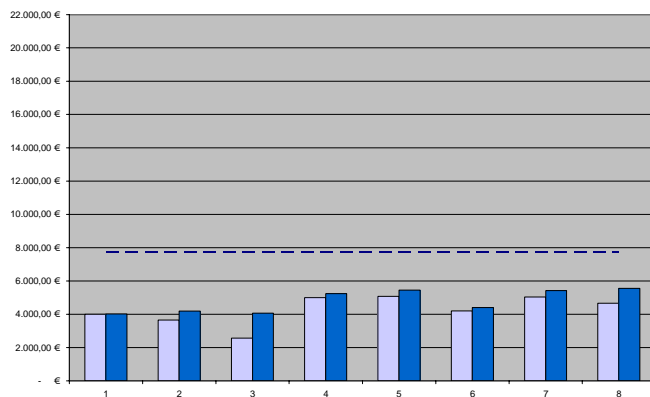
Households characteristics

1. 1 adult.
2. 2 adults.
3. Other households with adults.
4. 1 adult and 1 dependent child.
5. 2 adults and 1 dependent child.
6. 2 adults and 2 dependent children.
7. 2 adults and 3+ dependent children.
8. Other households with dependent children.

Non-poor households with some employed



Poor households with some employed



4. Conclusions

The analysis and understanding of the incidence and extent of low-pay and poor workers are different but closely interrelated phenomena which are influenced critically by institutional, individual and labour-market related factors. The institutional factors are decisive because they contribute to modulate the structure of inequality which emerges from the labour market. Our analysis of the Spanish case has shown how collective bargaining and the system of social benefits are factors which explain the high incidence of in-work poverty. Collective bargaining introduces big wage differences into the same productive sectors, as a result of which low wage floors, gender inequality, precarious contracts and part-time work cause the in-work poverty rate to rise. For its part, the system of social benefits has little impact on the reduction of the relative poverty rate among the working poor and is comparatively less intense than systems in other EU countries.

This general observation has been confirmed by the analysis performed in this report. Thus we are in a position to verify the following:

- a) The poverty rate among the Spanish working poor was one of the highest in the EU in 2007, surpassed only by Greece. Between 2004 and 2007 it had remained relatively stable, while it had decreased in part between 1994 and 2004. The information for 2008 confirms this trend. The incidence of poverty in this group is intensest among part-time workers, those with temporary contracts, non-EU immigrants, the low-educated, those who work in traditional production sectors, and those who have low professional qualifications.

Over the last few years, Spanish social researchers have been analysing the reasons for the existence of households with dependent employed members. This research shows that from the second half of the 1990s to today, Spain's economic growth has been accompanied by a growing moderation in real salary levels which has mainly affected groups in the most precarious labour markets. It also shows that a household's work intensity, that is to say, the participation of its members in the labour market, together with the existence or otherwise of dependent persons, conditions the poverty of the household and its members.

Spain's public policies are not directed specifically at social protection for poor households with dependent employed workers. In fact, this report underlines two facts: firstly, the take-up of social benefits is lower in poor households with employed members than in other types of household, whether poor, with employed members in general, or non-poor with employed members; secondly, the lower protective intensity of social benefits in households with working poor compared with other types of household explains, together with low salaries, why it is difficult to emerge from poverty—one only needs to consider that the average benefit for a household with working poor is 557.60 Euros per annum compared with the average of 1,271.60 Euros for households with working members. On the other hand it is true that the problem is not low social benefits but the household's median starting income which in households with working poor is 4,130 Euros per annum, a figure quadrupled by the average of 16,542.8 Euros in all households with workers.

Finally, anti-discrimination policies and policies fomenting training, health service Access and long-term care all form part of measures to improve social protection and the quality of working life; but they are policies aimed at the working population in general, and we do not have enough knowledge of their effects on the group which concerns us here.

References

- Arriba, A & Guinea, D. (2008), "Protección frente a la exclusión a través de la garantía de rentas". En A.Arriba (coord): Políticas y bienes sociales. Madrid: Foessa.
- Ayala, L. & Sastre García, M. (2002), "La movilidad de ingreso en España: estructura y factores determinantes". V Encuentro de Economía aplicada.
- Ayala, L. & Sastre García, M. (2007), "Políticas redistributivas y desigualdad". En Política económica en España, 837.
- Ayala, L. & Sastre García, M. (2008,a), "La movilidad de ingresos en España: estructura y factores determinantes". En L. Ayala (coo.): Desigualdad, pobreza y privación". Madrid: FOESSA.
- Ayala, L. & Sastre García, M. (2008, b), "The structure of income mobility: empirical evidence from five EI countries". *Empirical Economics*, 35-3.
- Ayala, L., Martínez, R., Navarro, C., Sastre, M. (2008), "Desigualdad y pobreza en España: tendencias y factores de cambio". En L. Ayala (Coor.): Desigualda, pobreza y privación. Madrid: FOESSA.
- Cantó, O. (2002), "Income mobility in Sapin: how much is there?". *Review of Income and Wealth*, nº 646.
- Cantó, O., Gradín, C., Del Río, C. (2008), "Cambio laboral y pobreza: pobreza y mujer". En L. Ayala (Coor.): Desigualda, pobreza y privación. Madrid: FOESSA.
- CES (2009), "Memoria sobre la situación socioeconómica y laboral. España 2008". Madrid: CES.
- Eurofound (2010), "Working-poor in Europe". Eurofound: Dublin.
- European Parliament (2007), "The role of minimum income for social inclusion in the European Union". Brussels: EPCEA.
- Fernández, M., Meixide, A., Simón, H.J (2003), "El trabajo de bajos salarios en España". Madrid: FEDEA. *Estudios de Economía Española* 152.
- García Espejo, I. & Ibáñez Pascual, M. (2007): " Los trabajadores pobres y los bajos salarios en España: un análisis de los factores familiares y laborales asociados a las distintas situaciones de pobreza", *EMPIRIA, Revista de Metodología de Ciencias Sociales*, nº 14.
- Gutiérrez, R. & Guillén, A. (2007), "Protecting the working-poor in Spain: a comparative overview". 5th International Research Conference on Social Security. March 2007.
- Gutiérrez, R., Guillén, A. y Peña-Casas, R. (2008), "Desigualdad salarial y trabajadores pobres". En A. Guillén, R. Gutiérrez y S. González (eds), *Calidad del trabajo en la Unión Europea. Concepto, tensiones, dimensiones*. Madrid: Thomson-Civitas.
- Gutiérrez, R., García Espejo, I., Ibáñez, M. (2009), "La dinámica de la pobreza de los trabajadores", I Congreso Anual Red Española de Política Social-Espanet. Oviedo (Spain)

Jimeno, J.F., Cantó, O., Cardoso, A.R., Izquierdo, M., Farinha, C. (2000), "Integration and inequality: lessons from the accessions of Portugal and Spain to the EU". Madrid: DEFEA.

Muñoz del Bustillo, R. Antón, J.I. (2009), "Low wage work in high employment growth economy, Spain 1994-2004". MPRA, Paper nº 13847.

Palacio, J.I. y Simón, H.J. (2002), "Segregación laboral y diferencias salariales por sexo en España". Madrid: Fedea. Documento de trabajo 151.

Rodríguez Cabrero, G. (2009), "Assessment of Minimum Income Schemes in Spain".

Simón, H, Ramos, R., Sanromá, E (2008), "Labour segregation and immigrants and native-born wage distributions in Spain: an analysis using matched employer-employee data". Spanish Economic Review, n.10.

SPC (2009), "Growth, jobs and social protection progress in the EU. A contribution to the evaluation of the social dimension of the Lisbon Strategy". Brussels.

Tejero, A. & Suárez, C. (2009), "La protección social de los trabajadores pobres en España". Paper presented in I Annual Congreso of Spanish Network of Social Policy (Espanet).

Toharia, L, Albert, C., García Serrano, C., Malo Ocaña, M.A., Davia, M.A., Arranz Muñoz, J.M. (2007), "Empleo e inclusión social. Madrid: Ministerio de Trabajo y Asuntos Sociales.

Annex 1: Low-wage workers by occupational and individual characteristics in Spain (1994-2004) per cent (Gross wages)

	1994	1998	2004
Total low-wage workers	15,0	15,2	13,8
Sex:			
Man	8,7	8,1	6,1
Women	27,4	27,4	25,6
Age:			
16-24	39,7	40,9	35,3
25-49	11,8	11,7	11,9
50-64	12,1	11,6	10,5
Working time:			
Full-time	10,8	10,6	7,6
Part-time	73,7	75,9	70,2
Type of contract:			
Indefinite contract	-	6,0	9,2
Fixed-term or short term contract	-	24,9	25,9
Casual work with no contract	-	73,5	-
Other working arrangement	-	46,7	-
Type of employer:			
Private	19,0	18,4	-
Public	3,8	4,7	-
Firm size:			
1-4	43,7	34,2	25,3
5-19	18,4	16,8	12,2
20-49	11,4	10,3	9,6
50-99	13,6	11,5	6,3
100-499	7,3	8,3	-
500 or more	7,1	3,3	-
Education			
Illiterates and no formal education	28,6	23,0	25,7
Primary education	19,1	18,6	20,4
Lower secondary education	21,6	20,9	17,3
Vocational training, level one	17,6	19,6	-
Vocational training, level two	11,3	14,4	19,7
Secondary education, second level	8,2	12,6	15,1
Three-year university degree	5,3	6,1	-
University degree (four to five years) and post-graduate	3,4	3,7	7,4
Main situation previous year:			
Employed	11,9	11,0	12,6
Unemployed	35,1	36,6	56,5
Inactive	48,1	41,2	47,3

Source: 1994-2004, Muñoz del Bustillo y Antón.

Annex 2: Poverty risk rates related to occupational characteristics (%). 2004

	Relative poverty rate	Severe poverty rate
Professional situation:		
Employer	30,3	15,7
Self-employed	31,8	17,3
Wage-earner	8,5	2,6
Family support	37,4	22,4
Working time:		
0 hours	18,7	5,6
1-15 hours	19,8	9,9
16-30 hours	12,5	4,9
> 30 hours	7,4	2,0
Occupational category:		
Non manual qualified worker	2,6	1,1
Non manual unqualified worker	8,2	2,1
Manual qualified worker	10,4	3,0
Manual unqualified worker	15,2	5,1
Type of contract		
Indefinite	5,3	1,2
Short-term contract	16,4	6,1
Firm size		
1-10	11,1	3,2
11-19	13,2	4,1
20-49	9,8	3,9
50 + workers	7,4	1,5
		1,3
Branch of activity:		
Agriculture	28,1	10,6
Building industry	14,2	1,7
Hotel and catering industry	14,9	4,1
Personal and cleaning services	14,9	2,4
Autonomous Communities		
Total Spain	11,9	4,7
Highest poverty rates:		
Extremadura	24,5	9,8
Andalusia	18,3	7,4
Murcia	17,7	8,7
Castilla-La Mancha	17,1	5,1
Lowest poverty rates:		
Madrid	5,0	1,9
Basque Country	6,4	2,4
Navarra	9,5	5,5
Catalonia	8,2	4,0

Source: Toharia y otros, 2007.

Annex 3: Basic indicators on poverty in Germany, Spain, Sweden and UK

Germany	Spain	Sweden	UK
At-risk-of-poverty rate before social transfers (pensions included in social transfers) (2004)			
Males	32	40	40
Females	40	43	47
At-risk-of-poverty rate after social transfers (2004)			
Males	13	19	10
Females	18	21	12
At-risk-of-poverty rate after social transfers by household type (2004)			
Single person	23	39	23
1 adult younger than 64 years	23	23	22
1 adult older than 65 years	23	52	24
Single parent with dep.children	38	40	19
Single female	26	46	25
Single male	20	28	21
2 adults < 65 years	8	12	6
2 adults-at least one 65/> years	11	30	6
2 adults with 1 dependent child	14	14	8
2 adults with 2 dep. children	10	24	5
2 adults with 3/> dep. children	24	39	14
3 or more adults	11	11	1
3 or more adults /dep. children	15 ^a	22 ^a	1 ^b
Households without dep. ch.	14	19	13
Households with dep. children	17	23	10

^a 2003

^b 2002

At-risk-of-poverty threshold: set at 60 % of the national median equivalised disposable income (after social transfers).

At-risk-of-poverty rate before social transfers: the share of persons whose household equivalised disposable income, before social transfers, is below the risk-of-poverty threshold. Pensions (retirement and survivors' pensions) may be or not counted as income before transfers (pensions may be or not excluded from social transfers).

Source: R.Gutiérrez & A.Guillen (2007), Protecting the working poor in Spain : A comparative overview.