

# Young people, particularly those low qualified, bear the brunt of social inequalities in Spain



This week Spain celebrates the *Fiesta Nacional*, and we mark the occasion by sharing our research data, findings and analysis to provide a snapshot of the country's living and working conditions. Eurofound has been monitoring and reporting on living and working conditions in Spain, in comparison to other EU Member States, since before its accession to the EU in 1986.

Spain has continued to record relatively strong economic growth and rapid job creation for the fifth consecutive year, giving the Spanish economy a much-needed boost in the aftermath of the economic crisis. Strong job creation has led to a significant increase in the number of people in employment and a resulting decline in the unemployment. Most recent data, however, shows there is some slowdown in job creation and the unemployment rate has yet to recover to the pre-crisis level, remaining the second highest in the EU. This is one of the main social concerns, particularly in the context of growing economic uncertainty, and unemployment remaining a principal cause of poverty.

The situation of young people is of particular concern, with a high early school leaving rate and a youth unemployment rate of 38.6% recorded in June 2019 - more than double the EU average. Although the early school leaving rate has been decreasing, it is still the third highest across the EU28 at close to 20%, and well above the EU average of 10.7%. This contrasts with a relatively high share of young people completing tertiary education. Spain, like other EU Member States, faces growing levels of automation and digitalisation, which are predicted to reduce the number of employment opportunities available for the large cohort of young unskilled workers.

Regarding the well-known segmentation of the Spanish labour market in terms of indefinite and temporary employment, the situation has only slightly improved over the years. And again, the highest concern is with youth, with more than 70% of young workers in Spain engaged on temporary employment contracts, which is significantly higher than EU averages.

Though hourly wages have recovered to above pre-crisis levels, there has been a significant rise in the numbers engaged in part-time work. This has helped many to improve their economic situation and find a path to out of unemployment, however, part-time work for those working short-hours or in low wage employment is one of the main reasons for in-work poverty. Spanish income inequality remains high compared to the EU average, with the richest 20% of households in the country earning an income 6.5 times that of the poorest 20%, above the EU28 average of 5.1.

Prolonged high rates of youth unemployment, relatively low educational attainment levels, low wages (particularly for part-timers) and a high level

of temporary employment are some of factors driving young people to engage in platform work as a source of employment, or indeed to supplement a low income. While new forms of employment offer additional ways to be integrated into the labour market, there has been a growing debate about some types of platform work, particularly with regard to the employment status of workers, their social protection and rights, and compliance with other regulations.

Spanish courts have recently ruled in favour of the existence of an employment relationship between the platform and the worker. This is an area of negotiation adept for social partners, particularly in a country with relatively strong social dialogue and collective bargaining practices. Social partners are best placed to find the right balance to seize the opportunities of the platform economy and avoid the deterioration of working conditions and the social protection of workers.

The long-lasting impact of the crisis, which has not yet fully recovered, particularly in terms of working hours and income inequality, may have had a pronounced impact on trust, with just 25% of Spaniards trusting national government and state institutions, as detailed in Eurofound's research *Societal change and trust in institutions*. This low figure was recorded in 2016, before more recent political turbulences which may have further exacerbated discontent.

Despite a welcome recovery in the job market and rapid economic growth in recent years, social recovery cannot yet be considered fully achieved, particularly if the country wants to be resilient to future changes in the economic cycle. Many young and low skilled workers still face relevant problems, and the aforementioned issues have not helped to increase the level of trust in the institutions tasked with addressing these challenges.

Read more of Eurofound's research on Spain: