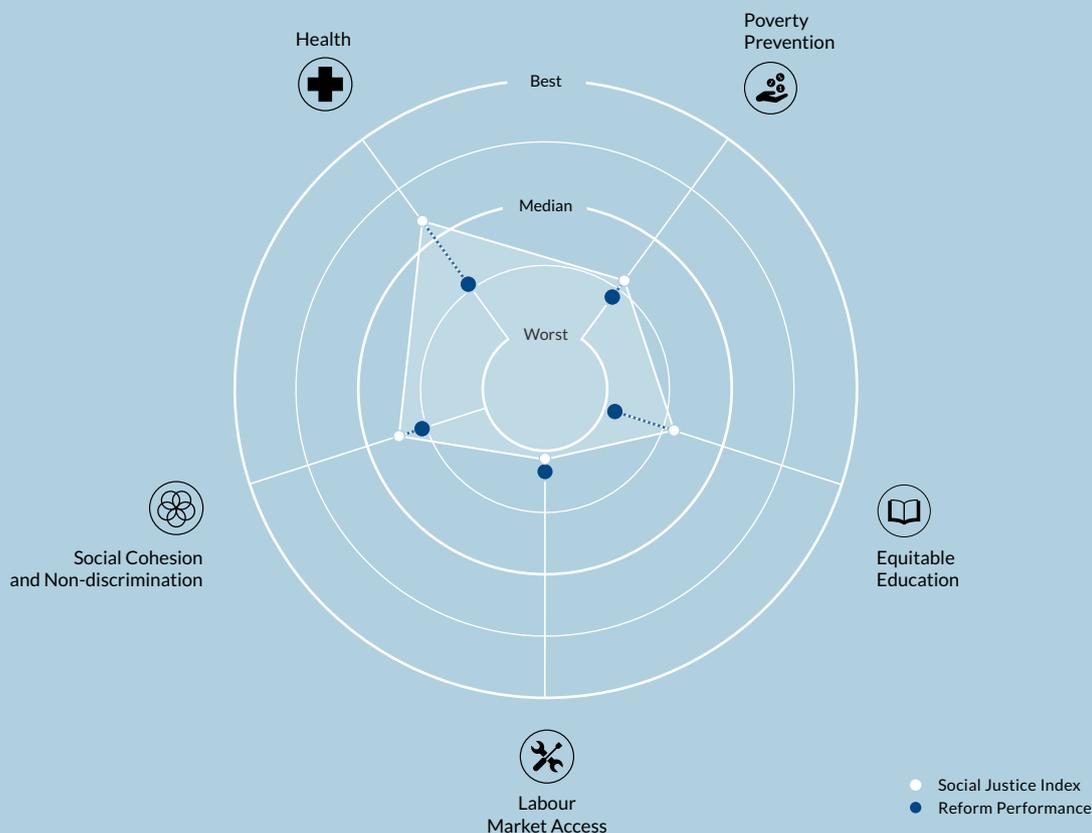


Findings by Country



How does the country rank in the EU?



Overall Findings

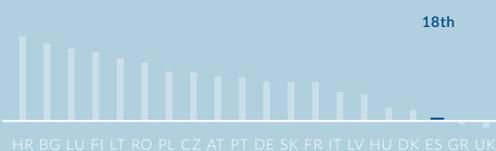
Need Overall, the need for reform in Spain is assessed as being the fourth highest among 23 EU member states.

The most pressing issue is Labour Market Access; the experts assess the need at 2.76, ranking Spain last out of 19 assessed countries. Within this dimension, they identify in-work poverty as a pressing issue (2.91, rank 17/18) and the need to increase job opportunities as high for all subgroups (2.73, rank 22/22). This accords with the findings of the 2015 Social Justice Index (SJI), which ranks Spain second to last out of 28 EU countries on the dimension of labour market inclusiveness.

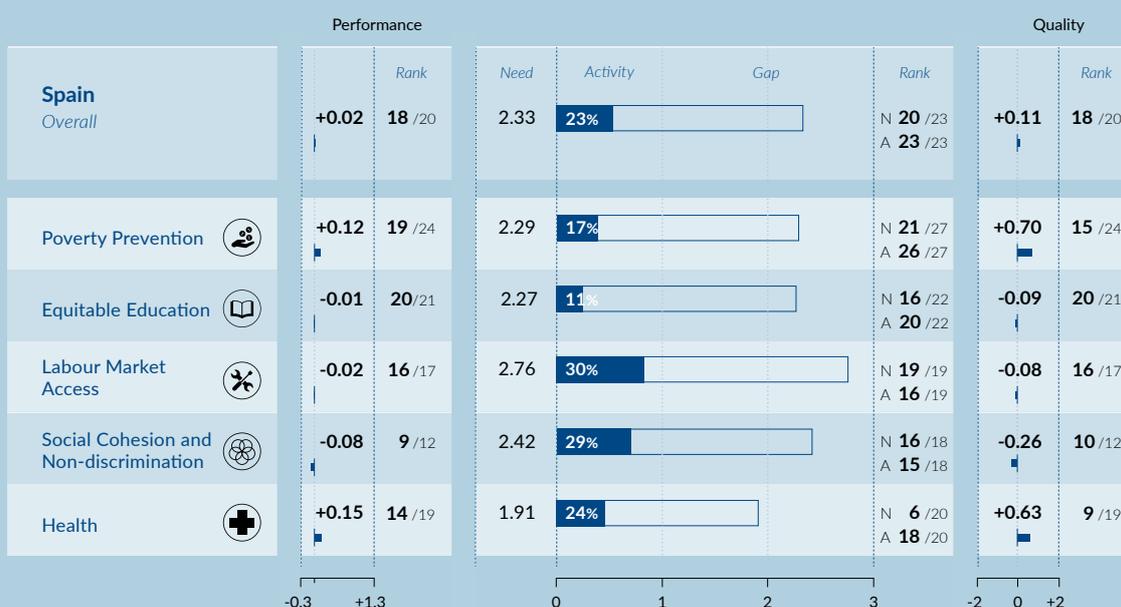
Furthermore, the need for reform is very high with regard to Social Cohesion (2.42, rank 16/18), Equitable Education (2.27, rank 16/22) and Poverty Prevention (2.29, rank 21/27). Spain only performs comparatively well with regard to Health (1.91, rank 6/20).

However, in addition to facing a number of policy challenges, Spain's performance in the SJI has also continually decreased since 2008. When it comes to social justice, the country is simply functioning poorly.

Overall Reform Performance Ranking



Overview of Reform Barometer Scores



Activity In addition to the high need for reform, Spain has the lowest activity rate of 23 EU member states, as only 23 percent of the need for reforms has been addressed. Activity is low across all five dimensions: The lowest rates are assessed for Poverty Prevention (17%, rank 26/27) and Equitable Education (11%, rank 20/22). Social Cohesion and Health receive more attention (29 and 24%, respectively), but the rates are still low when compared to other countries, ranking the country 15th out of 18 and 18th out of 20, respectively. When looking at the most pressing issue, improving Labour Market Access, high activity rates are discerned for increasing employment for the total population (78%) and the long-term unemployed specifically (77%). However, the overall activity rate for this dimension is just 30 percent, ranking Spain 16th out of 19 countries.

Quality The quality of the reforms introduced in Spain is assessed as being critically low (0.11, rank 18/20). While labour market reforms (-0.08, rank 16/17) and reforms in the education sector (-0.09, rank 20/21) are evaluated as being practically ineffective, reforms regarding social cohesion and non-discrimination (-0.26, rank 10/12) are even expected to be counterpro-

ductive. The quality of poverty-alleviation programmes is assessed as being higher (0.70), though the level is relatively low compared to other EU member states (rank 15/24).

Dimension Findings



Poverty Prevention

Need Generally, the need to introduce new policies aiming to prevent poverty among Spain's population is assessed as being high (2.29, rank 21/27). Based on the experts' assessment, children are at the greatest risk of poverty (2.72), while senior citizens fare comparatively well (1.69). Similar findings were also stated in the 2015 SJI. Moreover, the report found that the gap between generations has increased over the years. While the poverty rate among children has increased over the years due to falling income levels, old-age poverty has decreased. One expert comments: "Spain is one of the EU countries where child poverty is higher. It seems clear that the most urgent reforms to reduce child income poverty have to be implemented in the social benefits scheme."¹ Another expert adds: "The problem of child poverty is high on the agenda at central and regional levels, but so far there is no overall view as to what package of measures should be introduced. There is a recent initiative by the Catalan Parliament, signed by all political parties and relevant stakeholders, to take action. The economic crisis has had a devastating effect on low-income households in terms of employment loss as well as on the working poor. Any poverty-reduction initiative should consider the low-income problem of an increasing number of households."²

Activity While the need to take action in the fight against poverty is pressing, very little has been accomplished. The activity rate for the dimension of poverty is critically low (17%), ranking the country second to last. The activity rate is highest in the fight against child poverty, though still only about a third of the need for reform has been met (37%). The experts mainly report minor fiscal measures, such as the family benefit for dependent children ('Prestación familiar por hijo a cargo'), a fiscal deduction applied to income tax that is equivalent to €291 a year and only applicable to families on low incomes.

Multiple experts suggest that the minimum income must be increased at the regional level, and that the Spanish government should introduce a minimum income scheme at the national level. One expert comments on the improvement of the minimum income scheme: "Nowadays, the system depends on regional authorities, and the level and coverage is quite different by region. The Basque Country, Navarra or Asturias are doing quite well, but Murcia or Castilla-La Mancha present very weak results. The Ministry of Health, Social Services and Equality launched a programme in 2015 to study the minimum income scheme and to harmonise the system across Spain. But there are no new measures or proposals."³ Another expert voices similar concerns: "Minimum income programmes are completely decentralized, with serious problems of coordination and financing. This shortcoming, over and above natural regional differences, has produced a mosaic of highly varied schemes

¹ Luis Ayala, University Rey Juan Carlos, Madrid

² Margarita León, Universitat Autònoma Barcelona

³ Amadeo Fuenmayor, Faculty of Economics, University of Valencia

with a striking disparity of regulations and results and, above all, a certain widening of the differences the poorest citizens experience.”⁴

Quality Though only few concrete steps have been taken to combat poverty, the experts assess that they will have a moderately positive effect on poverty eradication in Spain (0.70, rank 15/24). However, one expert criticises the scope of policy reforms, stating: “There is no new measure concerning unemployment benefits. Nevertheless, as the crisis is continuing, unemployment benefit comes to an end for more and more people. After it, there is another benefit, much reduced and strictly applied (‘Renta Activa de Inserción’). But in this period (mid-2014 to 2015), the government has not introduced any improvement in the system to fight poverty.”⁵ One expert concludes that a holistic approach is much needed, stating: “The existence of a varied set of benefits has not helped to define an ultimate net of economic security. The coverage of certain households – especially those of the long-term unemployed – largely depends on the differing extent of regional minimum income schemes. A first issue in the reform of welfare programmes in Spain is therefore how to ensure a guaranteed income for any individual at risk of poverty.”⁶ Another states: “The ‘plan nacional inclusión social 2013–2016’ tries to mitigate the effects of the crisis and austerity politics, but given a worsening of the overall conditions – general poverty rate at 22 percent – it is highly unlikely that the plan will counteract the general trend. There should have been greater selectivity in the reduction of public spending in the worse years of the crisis (2010–2014). The first budget cuts precisely happened in social cohesion and integration policies targeting the most vulnerable groups.”⁷

Equitable Education

Need The need for improving education in Spain is assessed as being comparatively high (2.27, rank 16/22). When looking at the policy objectives, reducing the rate of early school leavers has the highest need, ranking the country 19th out of 21 on this objective. Ensuring the independence of learning success from children’s socioeconomic background is assessed as being the second-most-pressing issue for Spain (2.43, rank 8/21), and multiple experts state in their written comments that this matter should be one of Spain’s priorities in reforming the education system.

Activity Spain is awarded the third-lowest activity rate, just 11 percent. Three of six policy objectives in this dimension have activity rates of 0 percent or close to that: the aforementioned pressing issue of decreasing the dependence of learning success from a person’s socioeconomic background (0%), integrating refugees into the educational system (0%) and improving the structural conditions regarding financial and human resources in education (4%). While the three other objectives have higher activity rates (11 to 26%), it is still a poor performance compared to other EU member states as well as in the face of the challenges ahead.

⁴ Luis Ayala, University Rey Juan Carlos, Madrid

⁵ Amadeo Fuenmayor, Faculty of Economics, University of Valencia

⁶ Luis Ayala, University Rey Juan Carlos, Madrid

⁷ Margarita León, Universitat Autònoma Barcelona

Quality In the dimension of Equitable Education, Spain receives the second-lowest quality rating of 21 countries. The experts expect the reforms introduced by the government to be practically ineffective at the education level (-0.09, rank 20/21). One expert even goes so far as to state that the reforms of the past four years promote rather than decrease inequality in school.

Labour Market Access

Need Labour market access is the most pressing challenge for Spain. The experts assess the need to reform in this dimension at 2.76, ranking the country last out of 19 EU member states. This is not surprising, as Spain also performed poorly in the 2015 SJI, scoring only 3.68 out of 10, which ranks the country second to last out of 28 EU member states. Based on the experts' assessment, the need to reform is extremely high with regard to reducing in-work poverty (2.91, rank 17/18) and increasing employment (2.73, rank 22/22). New job opportunities are particularly needed for young and long-term unemployed people (3.00 each). Multiple experts also state that temporary work contracts are a challenging issue (2.64, rank 13/16), noting that the proportion of temporary contracts is particularly high in comparison to other OECD countries.

Activity Though the activity rate of 30 percent is the highest across the five assessed dimensions, it is still fairly low in comparison to other EU member states (16/22). Fifty-one percent of the need to increase employment has been addressed (12/22). Most initiatives are directed at the total population (78%), while some also target youth unemployment (62%) and long-term unemployment (77%). Only about a fifth of the need to reduce the number of temporary work employments on an involuntary basis and to alleviate in-work poverty has been addressed (21 and 19%, respectively).

Many experts explicitly mention the 'Spanish Strategy for Employment Activation' as an instrument of the government to increase employment. One expert explains: "As a result of the economic crisis, employment policy has undergone some reforms in both design and structure which have led to a profound change in the previous configuration. Pre-crisis policies had been based on 'passive' protection against unemployment, whereas the new policy design is based on giving the unemployed encouragement to work. The Spanish Strategy for Employment Activation 2014-2016 (La Estrategia Española de Activación para el Empleo 2014-2016) was the new scenario. The final aim of the strategy is coordinating and identifying the efforts needed from various actors to improve the effectiveness and efficiency of active employment policies."⁸

Quality The experts evaluated new policy initiatives as being practically ineffective (-0.08, rank 16/17). They do not expect labour market access in Spain to improve as a consequence of new legislation. One expert explains: "In 2012, a labour reform to reduce labour rights and to cut redundancy payments was passed. It was approved by Partido Popular (centre-right) with

⁸ María Milagros Paniagua, Institute for Fiscal Studies, Madrid

the opposition of the other political parties. The reform has had a positive impact on employment; but, on the other hand, the employment generated since 2012 has been more precarious, temporary and with lower wages. In sum, the reform has contributed to a deflation policy through wages.”⁹

Social Cohesion and Non-discrimination

Need Social cohesion and non-discrimination are in high need of reform. Based on the experts’ assessment as well as their written comments, the two most pressing issues in this dimension are income and wealth inequality (2.69, rank 18/22) and the rate of young people not in education, employment or training (NEET rate) (2.88, rank 13/15). One expert says that income and wealth inequality has even increased over the past few years and therefore remains in urgent need of reform, noting: “Income inequality has risen during this period. There was an income tax reform that mainly consists of reducing taxes for everybody. It was criticised in terms of being a tax reform for purely election purposes. Wealth inequality has risen sharply. The crisis has hit middle- and low-income families hard. But wealth taxation is very weak in Spain.”¹⁰ With regard to young people, the expert adds: “Young people in Spain are in a very bad situation: Migration has risen to unprecedented rates, youth unemployment has reached 40 percent, [and] it is usual for young people to live at their parents’ house until almost 30. There are several general plans, but there are no real or specific measures.”¹¹

Activity Similar to other dimensions, the activity rate is fairly low (29%, rank 15/18). More attention is being given to reducing the NEET rate, though it is still very little compared to other EU member states (39%, rank 11/15).

Quality The experts assess the quality of policy changes as being fairly low, and they even expect a moderately negative impact (-0.26, rank 10/12).

Health

Need Health is the one dimension in which Spain performs comparatively well. Overall, the experts assess the need for reform at 1.91, ranking the country 6th out of 20 EU member states. At the level of policy objectives, Spain ranks in the top eight across seven objectives. Only with regards to sustainable and fair financing of the health system is the need higher (2.50, rank 12/20).

With regard to the need to reform, one expert explains: “The creation of the National Health System has been one of the great achievements of our welfare state, given its quality, its universal vocation, the breadth of its services, its support in the progressive scheme of taxes, and [its] solidarity with the disadvantaged, which has placed them in the forefront of health as a global reference model. However, the absence of common rules on insurance throughout the national territory, uneven growth in the performance of the catalogue, the inadequacy of some of them to meet the socioeconomic real-

⁹ Obdulia Taboadela, University of A Coruña

¹⁰ Amadeo Fuenmayor, Faculty of Economics, University of Valencia

¹¹ Amadeo Fuenmayor, Faculty of Economics, University of Valencia

ity, and the sheer lack of rigour and emphasis on efficiency have brought the National Health System to a situation of serious economic difficulty unprecedented since its inception. It has lost effective management of available resources, which has resulted in an unsustainable public deficit.”¹²

Activity Similar to other dimensions, the activity rate is fairly low. Only a quarter of the need for reform has been addressed through government action (24%, rank 18/20). When looking at the policy objectives, the activity rate is also very low (27% and below). Only with regard to the health system’s efficiency is more being done (46%, rank 15/20).

Quality The experts expect the new policies to have a moderately positive effect on health in Spain (0.63, rank 9/19).

¹² Sara Darias-Curvo, University of La Laguna, Tenerife, Canary Islands