

# New data on the crisis in the lives of vulnerable people

Number 04 - March 2011

*This Newsletter 04 continues with the analysis of the situation faced by the most vulnerable people due to the crisis. We believe that this research is essential to raise awareness- with a time perspective- of the main economic, social, family, environmental and personal issues they have to deal with, and how they evolve; it is also important to facilitate the search for solutions according to their different circumstances and profiles.*

*The sample of 1,049 people is representative of the 32,032 people participating in Social Intervention Programs across the country, which are objectively "in the most vulnerable social situation" and whose updated information is available on the Social Intervention, the Red Cross' database. Almost 75% of them (786) had also participated in the previous survey, in July 2010. This allows us to assess the changes that took place in the last 6 months (the telephone survey was conducted in December 2010). The error of this sample is 1% for a confidence level of 95%.*

**The problem of unemployment in the EU has improved ...** In the European Union, the employment rate has stabilized in the latter half of 2010 **until 9.6% of the workforce** and now shows signs of recovery in several Member States (although the actual number of employed people, 221.3 million, is still 5.6 million below the second quarter of 2008. **Unemployment stands at 23.1 million people, although long term unemployment is increasingly higher in all population groups**, but in a different measure: from the total amount of unemployed, nearly 5 million were so for a period of 6 to 11 months. **The crisis has increased the risk for non-EU immigrants and low-skilled people.** Youth unemployment, 5.2 million, has grown by nearly 1.2 million related to the minimum level, in spring 2008 (an increase of nearly 30%), but has a tendency to decrease from September 2009. **The youth unemployment rate in the EU now stands at 20.4%.<sup>1</sup>**

**... and it is worsening in Spain.** According to the latest Labor Force Survey (EPA), in the fourth quarter of 2010 there is a recorded decrease of occupation of 138,600 people, up to 18,408,200 occupied. The annual rate of change of employment is -1.28%.<sup>2</sup> Active population lowers in 16,700 people only during this quarter. As a result, the number of unemployed persons increases by 121,900, bringing the **total to 4,696,600 unemployed. The unemployment rate grows more than half a point and stands at 20.33%. The unemployment rate of the foreign population over 16 years is 30.40%.** Meanwhile, the activity rate<sup>3</sup> is below 60%, 0.9% down from the previous quarter. The evolution of the labor market has been more favorable for women than for men in this quarter, both regarding occupation and unemployment. Employment increases in the age group 35-44 years-old and those over 55 years-old, while decreases among young people, standing at 42.80% (doubling the European rate). **The number of households with all adult members unemployed increased by 35,600 in this quarter, and stands at 1,328,000.<sup>1</sup>**

<sup>1</sup> Being in employment is generally an effective way to secure oneself against the risk of poverty. People living in households with a low work intensity (people aged 0 to 59 living in households where the adults worked less than 20 % of their total work potential during the year prior to the survey) were more likely to be exposed to social exclusion. In 2008, 9.0 % of the EU-27 population lived in households with low work intensity.

**Official figures show that unemployment is growing, as well as the number of people that gets into a vulnerable position, while the chances of those already affected by poverty and social exclusion are worsening as well.**

As we see in this new Newsletter 04, the unemployment rate of the most vulnerable people (42.2%) is more than twice the overall average; this figure is partly reflecting the general trend, and the effect of risk factors associated with these people, as well. We highlight three key aspects: the first is the high incidence of long-term unemployment (more than half of the people have been out of work for more than a year, and 25% have been in this situation for over three years); the second is that these unemployed people are not receiving unemployment benefits or minimum incomes (78.2%); the third is that 15.7% of them are working in the underground economy, an average of 20.8 hours weekly.

Another important finding is the high percentage of people living in relative poverty. For the first time (and experimentally) we have calculated this indicator among respondents in terms of three thresholds. **Setting the threshold at 60% of the national median equivalised disposable income by household composition -700 Euro per month- the respondents' at-risk-of-poverty-rate raises to 91.3% (20.8% is the national rate).** By calculating the poverty threshold at 50% of the median income -646 Euro per month/"high-poverty"- the rate is to 83%; considering the poverty threshold at 40% of the median income -566 Euro per month / "very-high poverty"- the rate stands at 72.8%.

This is also the first time that this Newsletter includes **the calculation of the Material Deprivation Indicator<sup>2</sup>**, which is one of the three core indicators agreed by European governments to measure poverty within the EU2020 Strategy (the other two are: the abovementioned At-risk-of-poverty-rate and the share of persons living in households with low work intensity).<sup>3</sup> With this survey's data, **the Material Deprivation rate stands at 62.7%; that is, nearly 6 times higher than the overall rate (11.3% in 2009).**

A persistent economic risk leads to problems in multiple dimensions, including housing, interpersonal relationships, self-esteem and mental health.<sup>4</sup> This Newsletter analyses 5 cluster groups of vulnerable

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[http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Living\\_conditions\\_statistics#At-risk-of-poverty\\_rate\\_and\\_threshold](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Living_conditions_statistics#At-risk-of-poverty_rate_and_threshold)

<sup>2</sup> Material deprivation refers to a state of economic strain and durables strain, defined as the enforced inability (rather than the choice not to do so) to pay unexpected expenses, afford a one-week annual holiday away from home, a meal involving meat, chicken or fish every second day, the adequate heating of a dwelling, durable goods like a washing machine, color television, telephone or car, being confronted with payment arrears (mortgage or rent, utility bills, hire purchase installments or other loan payments). The material deprivation rate is an indicator in EU-SILC (EUROSTAT) that expresses the inability to afford some items considered by most people to be desirable or even necessary to lead an adequate life. The indicator distinguishes between individuals who cannot afford a certain good or service, and those who do not have this good or service for another reason, e.g. because they do not want or do not need it. The indicator adopted by the Social protection committee measures the percentage of the population that cannot afford at least three of the following nine items: to pay their rent, mortgage or utility bills; to keep their home adequately warm; to face unexpected expenses; to eat meat or proteins regularly; to go on holiday; a television set; a refrigerator; a car; a telephone.

[http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Glossary:Material\\_deprivation\\_rate](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:Material_deprivation_rate)

<sup>3</sup> EU2020 is the European Strategy of Growth launched by the European Union in 2010. The Union has set five ambitious objectives - on employment, innovation, education, social inclusion and climate/energy - to be reached by 2020. Each Member State will adopt its own national targets in each of these areas. Concrete actions at EU and national levels will underpin the strategy. [http://ec.europa.eu/Europe2020/index\\_en.htm](http://ec.europa.eu/Europe2020/index_en.htm)

<sup>4</sup> Williams, K.D.; J.P. Forgas and W. von Hippel (2005), *The Social Outcast: Ostracism, Social Exclusion, Rejection and Bullying*. Psychology Press. These authors studied aspects of what is generically called "ostracism", ie to be left out of social activity against one's will. They conclude that social exclusion destroys self-esteem and creates anxiety, because it suggests that the person who is ostracized "has done something wrong." Therefore, people feel invisible, irrelevant, and, according to research neuroscientists, feel "hurt": the same areas of the brain -that react when you receive a physical pain (dorsal anterior cingulate cortex and insula)- are activated by ostracism. See also Williams, Kipling D. (2011), "The Pain of Exclusion," in *Scientific American Mind*, January / February. Other studies have recently determined that exposure to large amounts of social stress changes the way the immune system responds to external threats. These changes may pave the way for many diseases or infections; thus to eliminate social stress should become a priority for many people. Slavich, George, Baldwin M. Way, Naomi I. Eisenberger and Shelley E. Taylor (2010), "Neural sensitivity to social rejection is associated with inflammatory responses to social stress", *Proceedings of the National Academy of Sciences of United States of America*, No. 1009164107, 2 August, <http://www.pnas.org/content/early/2010/07/26/1009164107.full.pdf+html>

people, according to their composition, occupational situation, poverty and deprivation levels, and other key problems they face.



## Primary Findings

### Growing concern with regard unemployment in the last semester, at a higher rate than in the overall population

- 45.6% of respondents consider unemployment to be the most important problem, which represents an increase of 8.6 percentage points since July 2010 (37%). This is a higher increase than in the national average -3.9 percentage points- according to the CIS Barometer<sup>5</sup>.
- There is also growing concern with regard the economic situation expressed by 34.7%, 7.2 percentage points increase over July 2010 (27.5%). The figures for October and May 2009 were respectively 25% and 28%. In the case of the overall population, and compared with the same subject, there is a decline of 3 percentage points between July and December 2010, according to the CIS Barometer.

### Stagnated expectations for the future: 57% believe their situation will not change in the short to the medium term (50% in July 2010)

- When asked about what they expect for the future 2 / 3 months, 57% of respondents answer that their situation will not change (7 percentage points higher than in July); there is a decrease of those who believe that their situation will improve (from 34% to 25%) and of those who believe it will worsen (from 13% to 11%).
- As for the outlook to 12 months, those who believe that life in general will remain the same (35%) and those who claim not to know (3 percentage points more than in July) are increasing.

### Skepticism, uncertainty and pessimism with regard to the economic and employment situation in Spain

- A raise in the shares of those who believe will be the same (30%, 23% in July 2010) and of those who say “they do not know” (10%, 8% in July 2010).
- A decrease in the shares of those who believe that their situation has improved (23%, -29% in July 2010) and of those who believe it will worsen (37%, 41% in July 2010).

### Pessimistic assessment of the crisis on their lives

- A raise in the share of respondents who believe that the crisis has influenced a lot their economic / financial situation last year (60%, 56% in July 2010).
- 36% considered that the degree of influence has been little or none (40% in July 2010).
- A growing number of people claim that their living situation has worsened because of the crisis, with respect the previous survey.

### 528 Euro is the average monthly income

The percentage of respondents who provided information about their income (derived from both formal and informal work) amounted to 91.7%.

- 80% referred to a monthly income below 800 Euro.

<sup>5</sup> Centro de Investigaciones Sociológicas, Barómetros mensuales.  
[http://www.cis.es/cis/open/cm/ES/1\\_encuestas/TiposEncuestas/barometros.jsp](http://www.cis.es/cis/open/cm/ES/1_encuestas/TiposEncuestas/barometros.jsp)

- 15.7% declared no income at all.
- 35% stated they got less than 500 Euro per month.

**91.3% is living in relative poverty, below the poverty line (20.8% national average).**

This information corresponds to 855 persons, with information available about their household composition (1.6% error for 97% confidence level).

- 91.3% live in the relative poverty, with the threshold at 60% of median equivalent income per person by household composition (700 Euro per month per household).
- 83% live in high poverty, with the threshold at 50% (646 Euro per month).
- 72.8% live in very high poverty, with the threshold at 40% (566 Euro per month).

**Housing problems remain high, affecting three times more people than in the overall population. Steep increase registered in the number of homeowners who lost their houses because they couldn't afford the mortgages services. More people who had to regroup with relatives, or share their housing with others. For the first time, it is significant the number of people who say that their family has returned to their country of origin.**

- According to the Living Conditions Survey of the National Statistical Institute (2010), 7.7% of the Spanish households have had late payments related to the main housing expenses -mortgage or rent, gas bills, electricity, community expenses...- in the last year. In the survey sample, the share is 22.5%. Among them,
  - 55.9% cannot pay the rent;
  - 24.6% cannot afford the electricity, gas, telephone or community expenses;
  - 15.3% share housing with other families in similar situations;
  - 10.6% had to go to live with relatives.
- A remarkable **6.8% of people have lost their homes**, compared to 2% in July 2010.
- **2.5% told that their family has had to return to their country.**
- Regarding homelessness, there are more people living in shelters (1.7%) and sleeping at rough (2.1%).
- Half of those affected have not sought assistance.

**The Material Deprivation Indicator is very high, 62.7%, 5 times higher than for the overall population.**

- The rate of Material Deprivation for the overall population is 11.3% (2009). The rate registered by this survey is 5 times higher, 62.7%.
- 82.1% cannot cope with unexpected expenses (overall rate is 36.7%);
- 76.8% cannot go on a week-holiday away from home (overall rate is 39.7%);
- 41.9% cannot maintain the heating in winter (overall rate is 7.2%). These are the worst data regarding the economic capacity.
- Other information: 21.3% cannot afford to pay their debts (excluding mortgage) (overall rate is 7.7%);
- 24.8% cannot eat foods with proteins every two days (although this is 10 times the national rate to 2.5%).
- 40% cannot afford owning a car;
- The 38.7% cannot buy a computer.
- As positive data, more than 93% have washing machine, telephone (landline or mobile) and color TV.

**The participants with greater material deprivation are foreign men and women taking part in the "Social difficulties program". Deprivation is higher among unemployed persons (mostly men), but in other occupational categories, it's higher among women.**

- The groups most affected are the men in the program Immigrants (and therefore foreign) and women's program Combating poverty and social exclusion
- They belong to the Immigrant Women Program.
- By category of employment, unemployment is the major cause of this deprivation (affects more men).
- In the other occupational categories (employed, salaried, self-employed, unemployed, retired, "never worked"), the percentage of women in situations of material deprivation is higher than men.

**Family support is the mainstay that people with no income (17.4%) have to meet basic needs.**

- 50.8% of people without income depend on the family to meet living expenses.
- Only 5.4% went to NGOs to get clothing and footwear. 57.9% seek help from relatives and 31.1% use other resources.
- Families provide resources for food, cleaning and transport, by more than 50%.

**The unemployment rate in the population duplicates the overall average (42.2% and 20.3% respectively). The percentage of people working in the underground economy amounts to 15.7%, with an average of 20.8 hours per week.**

- Only 26% have permanent contracts, 12.5% have part-time contracts and 24.5% do not know what type of contracts they got.
- Among the employed, the percentage of skilled and unskilled workers decreases, reaching 20% (32.2% in July), and the percentage of workers in the Services Sector is now 8.8% (10% in July).
- Most employees are working in domestic service and care, 39.2% (38.4% in July 2010).
- The percentage of rural workers increases to 10.6% in December 2010 (7.5% in July).
- Finally, the percentage of jobs that respondents could not classify rises to 13%.

**Fewer layoffs, but a growing fear that "Maybe I am going to be the next to get sacked".**

- Among the employed, 73.6% (75% in July 2010) has not changed jobs in the last year.
- When employees are asked if there have been recent layoffs at their workplace, the majority said "no", and 21% answered "yes" (compared with 23% in July).
- The share of employed persons who feel their job is threatened continues to increase and is now 41%, compared with 34% in July 2010 and 23% in October 2009.

**Most of the surveyed population is unemployed, and without unemployment benefits. This situation is the reverse of the overall situation of the unemployed.**

- According to INE's EPA (Active Population Survey) of December 2010, 47% of the unemployed received unemployment benefits, 48% had welfare benefits and 5% had active insertion income.
- Among the sample population, **only 23.5% received unemployment benefits and 11% have some type of non-contributory pension** (minimum integration income or basic income, disability benefit, post-unemployment assistance).

**More than half of the unemployed people are "long-term unemployed" (more than a year off) and 25% over 3 years in unemployment, while the overall rate stands at 4.6%.**

- 78.6% of unemployed people are seeking work very actively, but **only 12.9% of the unemployed have had a job offer in the last month** (half that in June 2010.)
- The reasons for unemployment are several, being the most frequent: termination of the contract (22.1%); lack of (updated) work permits (10.6%); underground economy, that is people

are working, but they are not registered as they don't have a contract (8.1%); business closing down (7.7%) and "cannot find any work", alleged by 29.1%.

### **The profile of long-term unemployed is predominantly young, foreign men (65.8%).**

- The average age of long-term unemployed is 39.2 years-old, 57.7% of them being men (63% in July 2010) and 65.8% of foreign nationality (62% in July).
- In this group of long-term unemployed, the average number of family members per household is 3.17.
- 49.9% have secondary education or higher.

### **9 out of 10 respondents did not enjoy leisure activities or training. Greater inactivity in these areas compared to July 2010.**

- Rates of participation in leisure, cultural or social activities, reflected in the previous newsletters, remain low.
- In December 2010 the social life of the surveyed is still very inactive:
- 90% (86.5% in July 2010) do not go to bars, cafes and restaurants;
- 89% never frequent pubs, nightclubs, casinos or bingo (86%)
- 96% do not enjoy cinemas, theaters or concerts (96% in July);
- 85% (86% in July) do not attend adult education, vocational training centers, and Internet cafes or similar;
- 29% attend churches regularly, majority of them being women (60.8%).

### **The social, primary network is meaningful only for half of respondents (only 26% can have someone to lend financial help).**

- 88% of respondents almost never meet with members of their homeland communities; they almost never attend associations or informal gatherings in parks either.
- Only 33% (34% in July 2010) have friends or relatives who always or very frequently visit them, or could be visited.
- 51% (52% in July) have always (or almost always) got someone who expresses affection and care.
- 51% (49% in July) have always (or almost always) got someone who encourages them to express your ideas and thoughts
- 55% (52% in July) have always (or almost always) got someone to tell them problems, but only 26% (24% in July) are can count on a significant financial help.

### **The most serious families' issues: they cannot make ends meet; they have bad health; they suffer recent deaths of relatives or friends**

- As in July 2010, the biggest issue is that the family is still unable to make ends meet (54.8%);
- Secondly, personal health problems (38.9%) and problems arising from serious illness or death within the family (28.7%).
- Other difficulties that stand out are quarrels over money issues (25.4%), outstanding debts (23.5%) and documentation problems (15.3%).

### **Stress, worries and negative feelings (this state of mind affects mainly affects working-age women).**

- People who report feeling tense or nervous sometimes or always down to 37% (38% in July 2010), and the percentage of people saying "sometimes or always" I have my head full of worries", reaching 49 % (50% in July).
- Drops to 31% (33% in July) the percentage of people who never or rarely are able to be calm and relaxed.

- Remains at 18% of people who “always or almost always” expressed they lost interest in their appearance.
- 45% sometimes or always experience sudden feelings of great anxiety or fear.
- Down to 58% those who claim “often or always” to have hope for things (61% in July), and 67% (68% in July) those who “often or always” enjoy a good book/ good radio/good television program.
- That is, there is a stalemate soul, into patterns of gravity, and detected a slight tendency to improve.



**Respondents are divided into 5 groups, depending on their risk levels and the program they belong to. Groups 3 and 5 share a significant deterioration, in comparison with July 2010. All of them are included in the “Program to combat poverty and social exclusion”, which is third in number of participants, after the “Seniors” and “Immigrants” programs.**

**Group 5. "Spanish and foreign people in social exclusion" (high risk / very high risk / extreme risk).**

- Mean age, 38 years, 33% are women and 52.4% are foreign.
- 64.1% unemployed. Average monthly income: 427.9 Euro.
- No income: 26%. Deprivation index: 82%.
- Problems: cannot make ends meet (76.6%), quarrels about money and debts, severe diseases within the family and poor health, alcohol or drug problems (11.7%), problems of cohabitation and child custody, plus domestic violence (7.8%).

**Group 4 "Immigrants, with children, with problems of income and documentation" (high and extreme risk)**

- Mean age, 34.5 years, 26.6% are women and 100% are foreign.
- 55.2% unemployed. Average monthly income: 458 Euro.
- No income: 27%. Deprivation index: 71.5%.
- Problems: cannot make ends meet (60.1%) followed by documentation problems, quarrels about money, outstanding debts and poor health.

**Group 3, "People with children and serious material deprivation" (moderate risk, with worsening economic and multidimensional situation)**

- Mean age, 40.7 years, 45.4% are women and 45.4% are foreign.
- 50% unemployed. Average monthly income: 479 Euro.
- No income: 19%. Deprivation index: 76.3%.
- Problems: cannot make ends meet (69.7%), quarrels about money and debts, their own health and serious illness, alcoholism and drugs (9.9%) custody issues, domestic violence (7.9%), partner’s cohabitation problems.

**Group 2, "Immigrants in poverty, multidimensional risk (moderate risk, with worsening unemployment)**

- Mean age 37.3 years, 51.9% are women and 100% are foreign.
- 60% unemployed. Average monthly income: 491 Euro.
- No income: 20%. Deprivation index: 73.1%.

- Problems: cannot make ends meet (65.9%), quarrels about money and debts, diseases and their own health, partner's cohabitation and child custody problems, lack of residence or work documentation.



**Group 1, "Seniors in poverty and disease" (moderate risk)**

- Mean age 74.9 years, 73.3% are women and 98% are Spanish.
- Average monthly income: 657 Euro.
- No income: 3%. Deprivation index: 31%.
- Issues: personal health (72.4%), loneliness, severe illness and cannot make ends meet.