

Spain: Inequality soars to record levels

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The victory of Mariano Rajoy's right-wing Popular Party in Sunday's general election is set to dramatically worsen the ongoing pauperisation of much of Spain's population.

The outgoing Socialist Workers Party (PSOE) had already overseen a significant rise in social inequality as a direct consequence of the austerity measures it imposed at the behest of the financial oligarchy, which earned it the deserved contempt of working people.

Figures published just prior to the election showed that income inequality between the richest and poorest was the highest in Spain since the European Union's official statistics agency, Eurostat, started analysing income distribution in 1995. The income distribution gap has grown since 2007, the start of the global economic crisis, and soared in 2010.

Eurostat's latest research used two indicators of social inequality—the s80/20 ratio index and the Gini coefficient. The first measures how the income between the richest 20 percent of the population and the poorest 20 percent changes over time and the second is an estimate of the level of inequality in a country where a value of 0 expresses total equality and a value of 1 maximum inequality.

In Spain, the s80/20 index showed that the income of the richest 20 percent compared to the poorest 20 increased slowly over the 15 years from 1995 to 2009, from a figure of 5.4 to 6.0, but jumped by nearly a whole 1 point in 2010, up to 6.9. The average in Europe is 4.9.

In 2009, Spain was fourth along with Portugal in the table of income disparities in EU countries, with only Lithuania (6.3), Romania (6.7) and Latvia (7.3) being more unequal. Now, with a figure of 6.9, Spain ranks second.

The Gini coefficient showed that Spain has returned to the same figure of 0.339 in 2010 as it had in 1995 (the EU average is 0.30). This figure is made worse

when it is compared to economies such as Germany with 0.292, France with 0.298, and Italy with 0.315.

Following the eruption of the global crisis in late 2007, the PSOE government implemented a €15 billion austerity package that cut child benefits, slashed salaries by up to 15 percent, raised the retirement age from 65 to 67, attacked pensions, introduced labour reforms that worsens labour and pay conditions and lifted the ban on employing workers indefinitely on temporary labour contracts.

These measures were brought in amid widespread hardship and unemployment levels of close to 5 million (21.52 percent of the workforce) and 50 percent among 18-to-25-year-olds. The latest report from the National Institute of Statistics shows that the third quarter of the year (July to September) saw unemployment increase by 144,700 people, meaning that in just a year more than 400,000 people have lost their jobs, an 8.8 percent increase. Added to this is the fact that 1,425,200 families have all their members unemployed, an increase of 57,700 since the second quarter.

The dramatic effects of these social conditions can be seen in the latest report published by the Catholic relief organisation Caritas, which shows it received 6.5 million requests for help (a 4.3 percent increase). Of these, 2 million were applications for the essential basics of food, housing and health care. Thirty percent were first-time applicants, and the remaining 70 percent are in a situation that “worsens due to lack of solutions.”

It is also significant—taking into account that those hardest hit by the crisis so far have been migrant workers—that the rise in the number of Spanish-born citizens applying for relief has reached 50 percent, up from 40 percent last year.

The PSOE had made much of the idea of “shared sacrifice” between employees, employers and retirees in the face of the economic crisis—a claim repeated by

Rajoy's PP. But the fact is that while Spanish workers have seen their living standards plummet, the country's super-rich have increased their wealth considerably over the last year.

By far Spain's richest person, and in seventh place in the Forbes rich list, Amancio Ortega is head of the Inditex/Zara clothing empire. He increased his wealth from \$25 billion in 2010 to \$31 billion this year (it was \$18.3 billion in 2009). Ortega's former wife, Rosalía Mera, the third richest person in Spain, increased hers from \$3.5 billion to \$4.2 billion. Spain's second richest person, Isak Andik, also involved in the clothing industry—he founded the Mango group—saw his wealth increase from \$4.8 billion to \$6.1 billion.

Even given that much of Spain's economic crisis resulted from the collapse of the real estate and construction industries and insolvency of the banking sector, six of the country's top ten billionaires are involved in those areas. They have been able to increase their combined wealth from \$11.3 billion to \$12.3 billion in one year. The wealth of Manuel Jové Capellan, founder of the real estate company Fadesa, is estimated at \$3 billion and that of Alicia Koplowitz, who inherited her father's construction company Construcciones y Contratas (Conycon), stands at \$2.3 billion. The wealth of Alicia's sister, Esther, who now runs the company (renamed Fomento de Construcciones y Contratas) is slightly less, at \$1.9 billion.

Also included in the top ten are Mercadona supermarkets chairman Juan Roig (\$2.9 billion), construction company ACS chairman Florentino Pérez (\$1.9 billion), steel businessman José María Aristaín (\$1.7 billion) and the executive chairman of Spain's Santander banking group, Emilio Botín (\$1.5 billion)

In September, and with a great press fanfare, PSOE leader José Zapatero had introduced a wealth tax, claiming that it would tackle the fortunes of the rich. It was a cynical election ploy designed to head off opposition to the austerity measures he was introducing at the same time. Zapatero knew full well that the super-rich will not pay it. According to reports, he suspended a virtually identical tax in January 2008 after phoning up the super-rich, one by one, and finding out that, using legal loopholes, none of them had ever paid a penny. According to the former head of Zapatero's Economic Office, David Taguas, the new tax will only

affect the wealthier middle classes: "The rich have never paid wealth tax. In 2007 there were only 130,000 taxpayers with estates ranging from €700,000 to €2.5 million (\$1-\$3 million); among them there were no rich."



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