

## Spain's Slow Rehabilitation

by Pia Miller-Aichholz & Sophie Weresch

The unemployment rate in Spain is down to 18,91% after some almost ten tough years following the economic crisis and a peak of 26,1% in 2013. The situation is improving, but there are many factors of considerable impact involved.

Lola Martínez works in an unemployment office of Argüelles in Madrid. She is among the lucky who have an indefinite term contract. Most of her colleagues are not that fortunate. They have contracts for a few months. They never know if and how many times their fixed-term contracts will be renewed. "Young people nowadays are used to this", says Lola Martínez, who is now in her fifties. When she started to work, it was normal to have an indefinite term contract.



*Oficina de Empleo in Argüelles, Madrid / Photo: Sophie Weresch*

### **Difficult times call for attractive incentives**

"There are tax and social security incentives for concluding permanent contracts", says Iván Antonio Rodríguez Cardo, associate professor for Labor Law at Universidad de Oviedo in Madrid. The Spanish government, under the guidance of PM Mariano Rajoy of the conservative Partido Popular, has set several wheels in motion in the past years to improve the situation. In 2012, Rajoy introduced a Labor Market Reform, which will stay in place until Spain's unemployment rate has dropped beneath 15 % again. It determined support payments up to 4500 euro over a period of three years for companies with less than fifty employees, if they entered into indefinite contracts with unemployed people beneath the age of 30 and above the age of 45 years. Youth, older people and women are especially affected by unemployment.

However, according to Iván Cardo, more than 70 % of employment contracts signed in 2016 were fixed-term contracts. In his eyes, two main factors are responsible for that phenomenon. Firstly, Spain's production cycle during the year is divided into multiple sectors, of which many are seasonal or based on activities of limited duration – for example tourism, construction work and agriculture. “Secondly, the reluctance of employers to permanent contracts. Employers have argued for years that it is very expensive and difficult to end a permanent contract.” Fixed-term contracts are advantageous because they leave no doubt about the legal circumstances of terminations and are often used in probationary periods. Rajoy's labor market reform sought to make it easier and more economical for companies to end long-term contracts. For example, compensation in case of termination was lowered.

### **The reason why**

“This office is special, because many students, who have completed their studies with superior university degrees – doctors, technicians –, come here. They look for work in Spain for a year and then leave the country”, says Mrs. Martínez. The renowned private *Universidad Pontificia Comillas* (Comillas Pontifical University) is a seven minute walk away. A construction-boom in the 1980s and 1990s encouraged people to become technicians. For years now, the money much needed to improve Spain's infrastructure, padded politicians' pockets, so jobs in construction are scarce. Much to their luck, Spain is active in the construction business worldwide, therefore they find jobs in Latin America and countries such as Saudi Arabia. The Kingdom's enormous construction projects over the years include the world's biggest infrastructure project, expected to open in 2019: Riyadh Metro, which includes six lines covering 176 kilometers and is expected to cost 22 billion US dollars.

The economic crisis seems also to have left its mark on Spain's almost traditional strike-culture. In the past years, the total days of work missed because of strikes have decreased by almost 90 % since 2008, while motivation to work increased. Since unemployment rates went up by almost 20 % during the economic crisis, “looking for a job was and is not an option, but a necessity”, says Iván Cardo.

### **One country's poison is another country's meat**

“In the field of tourism, we are soaring”, says Lola Martínez. After the numerous terror attacks and the unrest in Turkey and North Africa, “a major rival”, Spanish and European tourists are afraid of spending their holidays there and come to Spain instead. “At the moment, I have two positions to offer in a travel agency. They are looking for people who speak a little Italian and a little English.” Apart from agencies, also hotels and restaurants are looking for more employees. Of course, in the tourism sector it is vital to speak at least a little bit of English, a skill, which is especially rare the further south of Spain tourists go. According to Eurostat, there is a distinct North-South-divide in Spain's unemployment rates. In the North, closer to the European mainland, as well as on the very touristic Balearic Islands, unemployment rates are noticeably lower than Spain's national average. In Andalusia, which is the most Southern part of Spain, the unemployment rate in 2015 was almost 1.5 times the national rate.

The unemployed who want to improve their chances on the labor market by taking courses, but often at their own expense – languages courses, for example. But then there are *Escuelas Taller*, *Casas de Oficios* and *Talleres de Empleo* – Workshop Schools, Craft Houses, aimed at unemployed under the age of 25, and Employment Workshops, aimed at those above 25 and people with disabilities. In a year, they learn a certain craft and receive a lot of practical training as well, to be ideally-prepared to enter the world of work. Those schools are funded by public grants, and co-financed by the European Social Fund.

## Uncertain factors

What adds to the high unemployment rate, are people from Latin America, who are entitled to the Spanish citizenship, after they have officially lived in Spain for more than two years. One must also be aware there is a dark figure of unemployed – people like Enofe from Nigeria, who came to Spain in search of a better life five years ago.



*Enofe came to Spain from Nigeria in 2012, in search of a better life. / Photo: Sophie Weresch*

“The living circumstances here are much better than in Africa, because here you have medical care and you can go to school for free. In Africa education is really expensive.” Enofe’s family was not able to support his further education after he had finished secondary school.

“In 2014, I had a job offer, but I couldn’t accept it, because working without valid documents is not possible.” Just like Enofe, many who come to Spain do not have any documents and because of that they are not officially registered as unemployed. Often, they end up on the streets of Madrid, begging to be able to survive. “But I believe one day I will be able to find a job and work, because I am a child of god”, says Enofe, with a motivated smile. His name means “one who is rich”.

Additional sources: eurostat; Royal Decree-Law 3/2012; INFORME TRIMESTRAL DE ANÁLISIS DEL MERCADO DE TRABAJO Número 118 Septiembre 2016