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Oliver Bruttel

Spain Between Resignation and Hope

Findings of a Representative Survey of the Spanish Population

The economic and financial crisis has hit Spain harder than practically any other country in Europe. Even if there are occasional reports that the Spanish economy is improving slightly, the unemployment rate remains at 25 per cent – and is as high as 54 per cent among Spain's young people. The data presented in this article, which were obtained via a representative survey of the Spanish population, paint an ambivalent portrait of a country that is hovering between resignation and hope. Above all, the findings clearly show how little confidence the people of Spain have in their government's ability to solve the current problems and how adamantly they reject proposed economic reforms.

Before the onset of the global economic and financial crisis, the Spanish economy was on a continuous upswing, with rates of economic growth that were far above the average in other Western European countries and with clearly declining unemployment. In the mid-1990s, the unemployment rate in Spain was about 20 per cent among the entire work force and about 40 per cent among workers under the age of 25. By mid-2007, this level had been reduced by more than half, with an unemployment rate of only eight per cent among the total work force and 18 per cent among young workers under age 25.¹ This economic growth, however, was primarily fuelled by excessive lending practices on the part of the financial sector, which – thanks to the real estate bubble and the related boom in the construction industry – culminated in the “pseudo-blossoming of the Spanish economy”.²

Subsequently, the real estate bubble burst, leaving numerous Spanish banks teetering on the brink of collapse. In the years since, Spain has been struggling with the most severe recession the country has experienced over the past decades. In July 2014, the seasonally adjusted unemployment rate, as defined by the European Office of Statistics, was about 25 per cent among the total Spanish labour force. A staggering 54 per cent of young workers

under age 25 were without work. In comparison: the unemployment rate for the entire eurozone is currently about 12 per cent among the total labour force and 23 per cent among young people. After years of economic contraction – the Spanish economy contracted by 1.6 per cent in 2012 and 1.2 per cent in 2013 – there are now some signs that the economy may be starting to slowly recover, with growth predicted at 1.1 per cent this year and 2.1 per cent in 2015.³

The population's view

The Allensbach Institute (*Institut für Demoskopie Allensbach*) commissioned a Spanish cooperation partner in late 2013 to conduct 1,000 face-to-face interviews in Spain.⁴ The survey included questions on people's own experiences of the crisis, how they assess their own financial prospects, and their views on the overall economic situation. The findings are representative of the total Spanish population aged 15 and over. First of all, the macroeconomic indicators are also reflected in the population's subjective assessments: 31 per cent of the Spanish say that their lives have been strongly affected by the eurozone crisis. In contrast, the same is said by 19 per cent of the population in France, eight per cent in Great Britain, and a mere two per cent in Germany.⁵ The strong

1 Eurostat: Harmonised unemployment rate.

2 H. Dieter: Nach der El-Dorado-Dekade: Spaniens Weg in die Krise und die heutige gefährliche Rettungspolitik, in: SWP-Aktuell, No. 42, Stiftung Wissenschaft und Politik, Berlin 2012, p. 2.

3 European Commission: European Economic Forecast, Spring 2014.

4 The survey was conducted within the framework of a research project sponsored by the Robert Bosch Foundation.

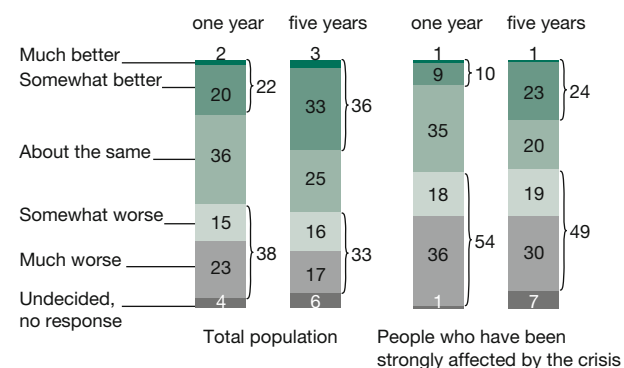
5 Alongside the survey in Spain, representative surveys were also conducted simultaneously, i.e. in the third quarter of 2013, in Germany, France and Great Britain. The present paper refers to these surveys in cases where the Spanish findings can be better appreciated when viewed in a European context.

Oliver Bruttel, Allensbach Institute, Germany.

Figure 1
Doubts about Spain's economic recovery

Spain, population aged 15 and over, in %

Economic development expected in:



Question: "How do you view the economic development here in Spain? One year from now/five years from now, do you think that the economic situation in Spain will be much better, somewhat better, about the same, somewhat worse or much worse than it is today?"

Source: Allensbach Archives, IfD Survey 6130.

impact of the crisis on the Spanish population is also evidenced by people's assessments of how their own financial situation is developing: 68 per cent of all Spaniards say they are worse off financially now than they were five years ago.

Not surprisingly, the Spanish people also assess their current financial situation quite negatively: 40 per cent say their own financial situation is not very good or bad, while only 20 per cent say their financial situation is good or very good; 39 per cent say their situation is "50-50". In Germany and Great Britain, only 13 per cent of the population describe their financial situation as not very good or bad, while the corresponding share in France is 24 per cent.

Limited confidence that the economic situation will improve

Even if the experts anticipate a slight economic recovery in the coming year, the Spanish population has only limited confidence that an economic upswing is on the horizon. Specifically, only two per cent expect the economic situation in Spain to be much better a year from now, while 20 per cent anticipate a slight improvement. The predominant expectation, held by 38 per cent, is that the Spanish economy will continue on its downward trajectory and will either be much worse or at least somewhat worse in one year's time. Confidence is also limited when it comes to medium-term development: 36 per cent expect the economic situation to be better five years from

now, as compared to 33 per cent who believe the economy will continue to get worse over that same period of time. Above-average scepticism is found among those people who have been affected most strongly by the crisis. More than half of the people in this group expect that the economy will continue to get worse over the course of the coming year and 49 per cent are also sceptical about medium-term development (Figure 1).

Doubts about the macroeconomic recovery go hand-in-hand with Spanish workers' uncertainty about their own personal economic prospects: 46 per cent of Spain's jobholders are worried that they could lose their job, whereas only slightly more than one out of three assumes that their job is secure. By way of comparison, more than two-thirds of German jobholders believe their jobs are secure and only 17 per cent are worried about the possibility of losing their job. In Spain, worries about a possible job loss are particularly pronounced among those jobholders who describe their own financial situation as not very good or bad: 64 per cent of these persons are worried about losing their job, as compared to 22 per cent of those who describe their own financial situation as good or very good.

At the same time, people who are currently unemployed are sceptical about their chances of finding a new job in the near future. Only 30 per cent of Spain's unemployed workers expect that they will find a job in the next few months, while 51 per cent are sceptical about that. Confidence that their employment prospects will change in the near future is particularly low among unemployed persons aged 45-59 and among those who have already been out of work for two years or more. Among those in these groups, 67 and 65 per cent, respectively, are sceptical about their chances on the labour market.

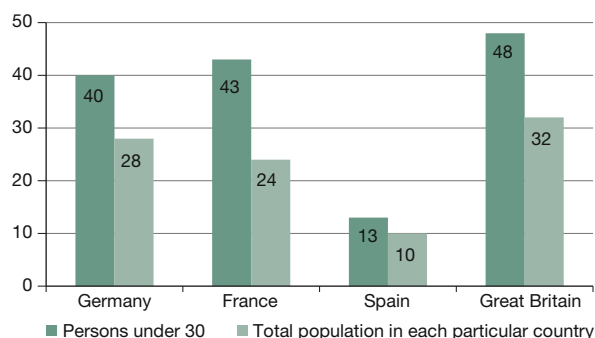
The economic losers: the young generation

Given Spain's difficult economic situation, the future prospects of the young generation are assessed negatively by a predominant share of the Spanish population – and also by young people themselves: 41 per cent of all Spaniards believe that the young generation's future prospects are fairly bad, while an additional 46 per cent even say they are very bad. Among young Spaniards under age 30, the findings are practically identical, at 41 and 43 per cent, respectively. Only about one out of ten respondents rate the future prospects of Spain's young people as good. This finding stands in stark contrast to the situation in Germany, where 61 per cent of the population assess the future prospects of the young generation as good. Among young Germans under age 30, the corresponding share is practically the same (64 per cent).

Figure 2

The financial situation of young people

Population in each country, in %



Question: "If you compare your financial situation with your situation 5 years ago: Is your financial situation better now than it was 5 years ago, or is it worse, or would you say: no difference?"

Source: Allensbach Archives, IfD Surveys 6128, 6129, 6130 and 11013.

Of course, the Spanish population's view in this regard is also shaped by people's experiences in their own surroundings; 86 per cent know someone in their own family or among their friends and acquaintances who is under 30 and currently unemployed. Only 12 per cent say they know no one under 30 who is out of work.

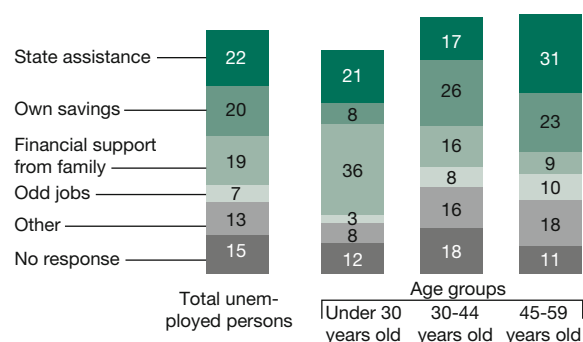
Due to the high rate of unemployment among young people along with the lack of career opportunities for recent university graduates, the young generation in Spain is far less likely than their contemporaries in Germany, France or Great Britain to report having made financial gains over the past few years, as is generally reported to an above-average extent by persons in this generation once they have entered the work force. Only 13 per cent of young Spaniards under age 30 say their financial situation is better now than it was five years ago, as compared to 10 per cent of the total Spanish population. In contrast, the share of young people in Germany, France and Great Britain who say they have made financial gains over the past five years ranges from 40 to 48 per cent. These percentages are clearly higher than those ascertained for the total population in each particular country, where the corresponding shares range from 24 to 32 per cent on average (Figure 2).

Likewise, young Spaniards are also restrained when it comes to their personal prospects for the future. Although young people generally tend to look to the future with more confidence than the population on average, only 38 per cent of young Spaniards think they will be better off financially five years from now. Among the total popula-

Figure 3

How the unemployed are paying their living expenses

Spain, in %



Question: "How are you mainly managing to get by at the moment, how are you paying for your living expenses: from your own savings, with the help of financial support from your family, with state assistance, by doing odd jobs or by some other means?" Multiple responses possible.

Source: Allensbach Archives, IfD Survey 6130.

tion, the corresponding share is 23 per cent; 30 per cent of persons under age 30 expect their financial situation will stay the same, while an additional 17 per cent expect they will be worse off five years from now. Considering the negative assessments of current financial situations, as already mentioned above, the fact that such a large share expects no change is in itself grounds for pessimism, for in this case, stability ultimately means remaining stuck in a bad situation.

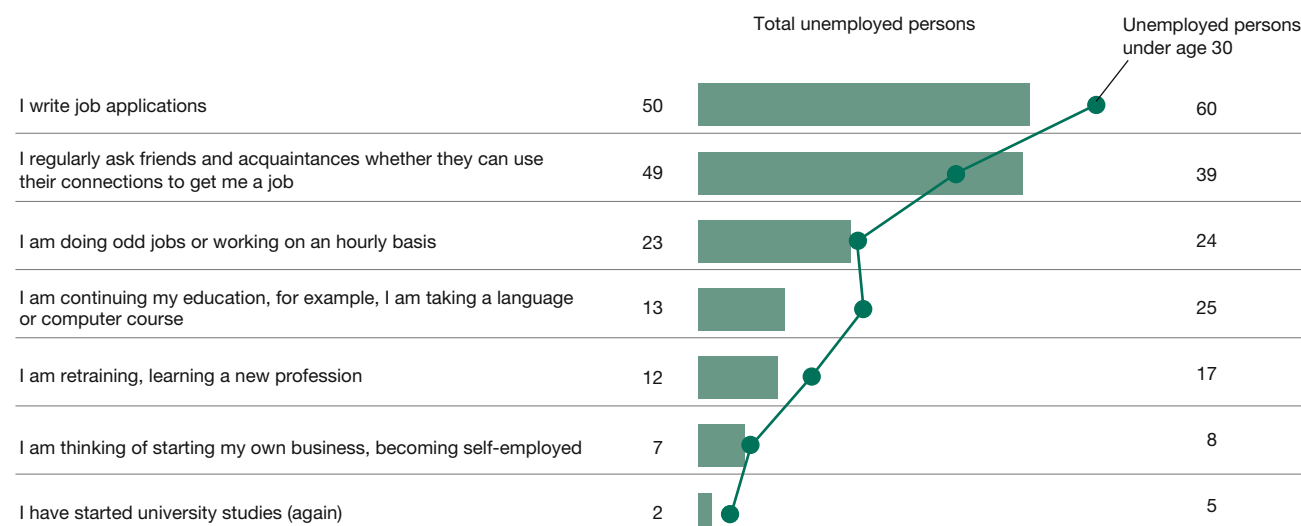
Constraints on daily life

For the lion's share of Spain's unemployed persons, being out of work has forced them to adopt a frugal lifestyle: 63 per cent of unemployed Spaniards agree with the statement, "I live as economically as possible, do not spend much". Spain's unemployed youth agree with this statement to a below-average degree. This finding is also related to the fact that their own families are more likely to be helping them to cover their living expenses than is the case among older unemployed people. Moreover, younger unemployed persons can save on housing expenses by moving back in with their parents or not moving out of their parents' homes in the first place. One out of six unemployed Spaniards under age 30 are currently availing themselves of this possibility. Yet even among Spain's somewhat older unemployed persons (aged 30-44), almost one out of ten have moved back into their parental homes or delayed moving out.

On the whole, when it comes to how they are paying for their living expenses, Spain's unemployed young people

Figure 4
Personal strategies for dealing with unemployment

Spain, unemployed persons, in %



Question: "On the whole, how are you dealing with the situation? Which of the things on this list apply to you?" Presentation of a list.

Note: Excerpt from the responses.

Source: Allensbach Archives, IfD Survey 6130.

depend to a far above-average extent on financial support from their families: 36 per cent of unemployed persons under age 30 are getting by primarily with financial support from their families, 21 per cent with state assistance, and 8 per cent are living from their own savings. Unemployed persons aged 30-59 say much more frequently that they are dipping into their own savings and thus depend less often on financial support from their families. Unemployed persons aged 45-59 depend to an above-average degree on state assistance to cover their living expenses (31 per cent), a finding which is most likely attributable to Spain's unemployment benefit system (Figure 3).

The option of working abroad

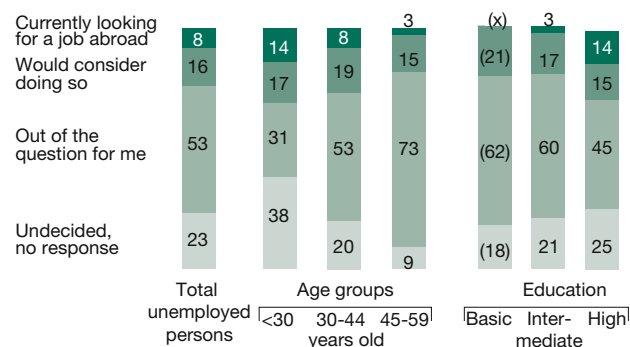
Despite cautious predictions as to how the Spanish economy and individual financial situations will develop in future, resignation and passiveness still tend to be the exception rather than the rule among Spain's unemployed: 25 per cent of unemployed Spaniards have given up hope of finding a job via the application process and believe they have no chance without the right connections. This sense of resignation is found considerably more often among older people who are out of work than among younger job-seekers. Only 17 per cent of unemployed persons under age 30 have given up hope of finding a job via official channels, as compared to one out of three un-

employed persons in the 45-59 age group. A wait-and-see attitude is also fairly uncommon. Only 18 per cent are confident that the economy will improve if they wait a while and that they will find work again once it does. Younger unemployed persons tend to rely on this strategy more often than their older counterparts.

When asked how they are dealing with being unemployed, an above-average share of younger unemployed Spaniards say they are writing job applications and are furthering their education: 60 per cent of the unemployed under 30 regularly write job applications, as compared to 50 per cent of unemployed persons in all age groups. Twenty-five per cent of unemployed persons under age 30 are continuing their education, 17 per cent are retraining for a new profession, and five per cent have taken up or resumed university studies (Figure 4). In Spain 33 per cent of young unemployed people are availing themselves of at least one of the three educational opportunities ascertained in the survey, whereas the corresponding share is only 16 per cent among unemployed persons aged 30-44 and 13 per cent in the 45-59 age group. In contrast, older unemployed people tend to rely more heavily on informal contacts: 56 per cent of unemployed persons aged 30-44 and 50 per cent of unemployed persons aged 45-59 say they are looking for work via friends and acquaintances, whereas only 39 per cent of unemployed young people are doing the same.

Figure 5
Looking for work abroad

Spain, unemployed persons, in %



Question: "Are you currently also looking for a job abroad, or are you perhaps not doing that now but would consider doing so, or is working abroad out of the question for you?"

Notes: () = less than 50 cases; x = less than 0.5 per cent.

Source: Allensbach Archives, IfD Survey 6130.

Another option is to look for work abroad. A total of eight per cent of Spain's unemployed are currently looking for work abroad. An additional 16 per cent would consider looking for a job abroad, even if they are not currently doing so. Thus, almost one out of four unemployed Spaniards would be willing to work abroad. Openness to this option is particularly pronounced among the young generation: 14 per cent of unemployed persons under age 30 are already looking for work abroad and an additional 17 per cent would consider doing so. Unemployed persons aged 45-59 are considerably more reluctant to consider this option. In this respect, educational levels also play an important role. Unemployed people with a higher level of education are looking more actively than those who are less well-educated: specifically, 14 per cent of unemployed Spaniards with a high level of education are currently looking for work abroad, as compared to only three per cent of those with an intermediate level of education (Figure 5).

For those unemployed Spaniards who are currently looking for work abroad or who would consider doing so, Great Britain and Ireland are the most interesting countries: nine per cent of Spain's unemployed can imagine working in one of these two countries. Germany, France and the United States were each cited by four per cent of respondents and three per cent would consider working in Latin American countries. Except for the British Isles, which are especially attractive to unemployed persons under age 30, there are no appreciable differences between the age groups when it comes to which countries are preferred.

Reasons for the crisis in the population's view

The crisis in the individual eurozone countries was caused by various factors, some of which were similar throughout the eurozone, while others were applicable only in specific countries. Thus, for example, the crisis in Ireland and Spain was primarily sparked by the bursting of the real estate bubble. In Greece, Portugal and (again) Spain, the crisis was spurred by companies' decreasing competitiveness and the rising public debt incurred in the course of combating the crisis. In Cyprus, it was the banks that were in need of fresh capital.

Of course, the vast majority of the population has little insight into the complex economic factors and connections that gave rise to and fuelled the crisis in the individual countries and in the eurozone as a whole. Moreover, the population generally has only limited interest in economic topics. Be that as it may, in view of the continuous coverage of the crisis in the media, the citizens of Europe have indeed formed their own opinions as to its causes.⁶

Despite many differences when it comes to individual details, the citizens of Spain, Germany, France and Great Britain primarily identify two main causes of the crisis: risky dealings by the banks, which were not subject to sufficient state oversight, and the crisis-stricken countries themselves, which are believed by some to have lived beyond their means and taken on too much debt. Of course, the people's assessments in this regard are at least partly influenced by the experiences of their own countries. Thus, for example, a considerably greater share of the populations in Great Britain and Spain cite the high-risk financial activities by the banks and insufficient state control of the banking sector as the main reasons for the crisis. This is especially true in Spain, where 63 per cent of the population attributes the crisis to insufficient control of the banks by the state. Fifty-five per cent of the Spanish population places the blame on the policies of the Spanish government, while 50 per cent cite the high-risk banking activities. In Great Britain, two of the three reasons cited most frequently pertain to the role of the banks: specifically, 40 per cent criticise the banks' high-risk dealings and 36 per cent are convinced that insufficient state control of the banks was one of the main reasons for the crisis.

In comparison with the populations of France, Spain and Great Britain, the German population tends to a relatively

⁶ For a content analysis of media reporting on the eurozone crisis in various European countries, see: H.-W. Nienstedt, H.M. Kerpplinger, O. Quiring: The Euro Crisis: Roots, Responsibilities and Solutions, A First Analysis, paper presented at the annual conference of the International Communication Association, London 2013.

Table 1

Reasons for the crisis in the view of the population

Population aged 15 and over in each particular country, in %

	Germany	France	Spain	Great Britain
High risk financial activities by the banks	84	49	50	40
Many member countries lived beyond their means and incurred too much debt	82	61	41	42
Countries were admitted to the eurozone that did not fulfil the entry requirements	75	52	20	27
The economic differences between the eurozone countries are too great	71	53	34	26
The state did not control the banks sufficiently	68	50	63	36
The financial markets exert too much influence on politics	53	54	41	22
Lack of centralised management and control in the EU	35	30	34	10
The eurozone is too large, has too many members	33	30	15	11
That the member states do not have a common economic and financial policy	32	33	25	15
The common currency, the euro	20	30	27	18
The policies of the German government	11	12	27	7
The policies of the French/Spanish government	–	38	55	–

Question: "In your opinion, what are the main reasons for the current crisis in the euro zone?" Presentation of a list.

Source: Allensbach Archives, IfD Surveys 6128, 6129, 6130 and 11013.

greater degree to attribute the crisis to the behaviour of the countries most affected. Although the Germans place a large share of the blame on the banks – 84 per cent cite risky financial activities by the banks as one of the main reasons for the crisis – a similarly large share of the German population (82 per cent) is also convinced that some member countries lived beyond their means and incurred too much debt. Three-quarters of the Germans believe one of the main reasons for the crisis is that countries which did not fulfil the entry requirements were admitted to the eurozone. The last two points are obviously strongly influenced by the situation in Greece, which continues to play a dominant role in how the German population perceives the situation in the countries that have been hit hardest by the crisis. Particularly in the case of Spain and Ireland, however, the high deficit ratios and levels of indebtedness which these countries are currently battling were not the result of unsound financial policies on the part of the Spanish and Irish governments, but are instead the consequence of the new debts incurred in the wake of the banking crisis. Before the onset of the crisis, the deficit ratios in Spain and Ireland were clearly below the average in the other euro countries, including Germany.

In contrast, the populations of all four countries are less likely to attribute the crisis to inadequate "governance" of the eurozone. Only about one-third of the populations in Germany, France and Spain view the lack of centralised management and control in the EU as problematic; in Great Britain, this factor is cited by a mere ten per cent. Similarly small shares of respondents believe the crisis

was caused by the fact that the member states do not have a common economic and financial policy (Table 1).

In total, German respondents cite a greater number of reasons for the crisis, which reflects the by far more intensive coverage of the crisis and its causes in the German media. In Germany, the media have focused on the reasons for the crisis considerably more often than the French, Spanish and British media have.⁷

Difficulties in implementing economic policy reforms

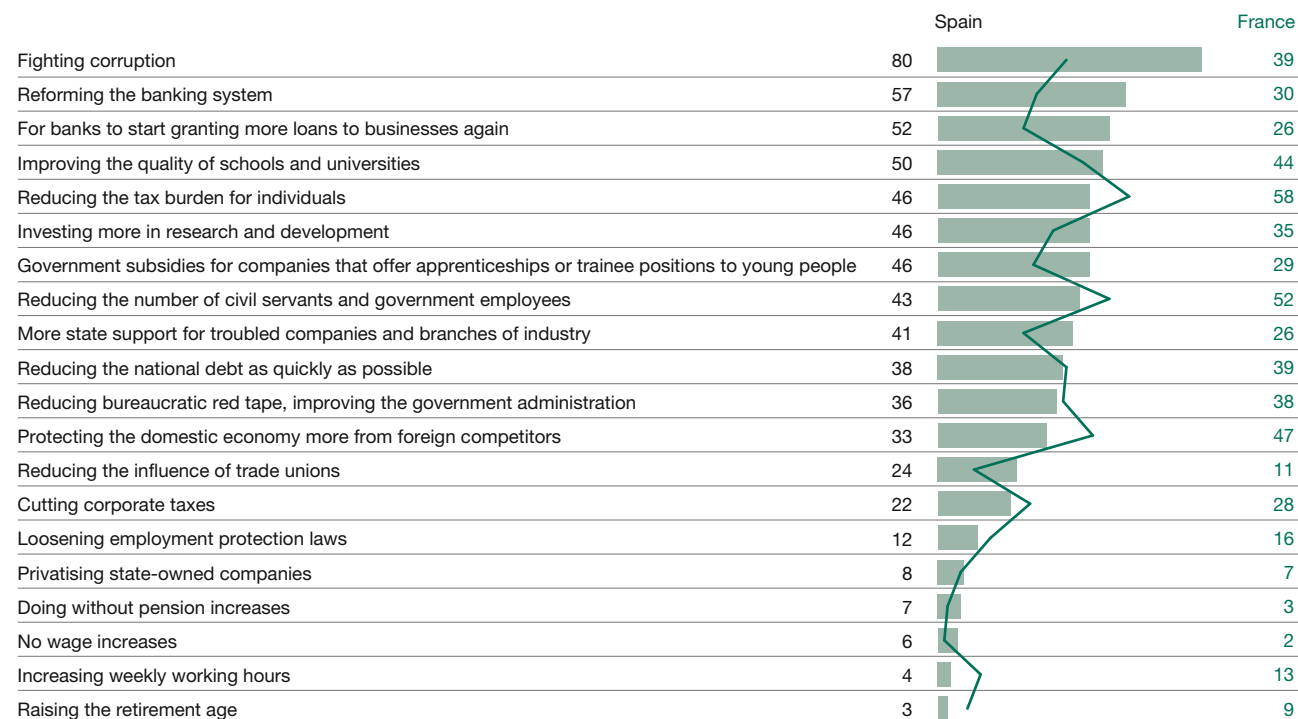
A number of Europe's crisis-stricken countries have received various kinds of financial support in order to ensure their solvency. Initially, this assistance came in the form of bilateral loans and credit guarantees; subsequent support was provided via the European Financial Stability Facility (EFSF) and the European Financial Stabilisation Mechanism (EFSM), and since mid-2013 exclusively via the European Stability Mechanism (ESM). The funds were provided on the condition that the affected countries would implement various financial and economic policy measures. The Spanish population tends to be sceptical about the reforms imposed by Brussels: 48 per cent of Spain's citizens are convinced that the EU measures are more harmful than helpful to Spain. Only one out of four Spaniards believes the measures are helpful on the whole.

⁷ See H.-W. Nienstedt, H.M. Kepplinger, O. Quiring: The Euro Crisis, op. cit.

Figure 6

Measures the population believes are necessary in order for their country's economy to improve

France and Spain, population aged 15 and over, in %



Question: "What measures do you think are especially important in order for France/Spain to overcome its economic problems? In your opinion, which of the measures shown here on this list are necessary in order for the French/Spanish economy to improve?" Presentation of a list.

Source: Allensbach Archives, IfD Surveys 6130 and 6132.

The Spanish population's scepticism towards the conditions stipulated by the EU Commission – and also towards the reforms proposed by their own national government – is understandable in view of the people's opinions on the issue of which measures are necessary in order for the economy to improve. The measures that the EU Commission – and in part also the national governments and economic experts – consider to be of primary importance and most advisable are precisely those measures which the population rates as least helpful: for example, only six per cent of the Spanish population believes that freezing wage increases is one of the keys to economic recovery. Other possible reforms, such as doing without pension increases, privatising state-owned companies, raising the retirement age, increasing weekly working hours and loosening employment protection laws, are cited as necessary measures by only a small minority of the Spanish population.

In the view of Spain's citizens, the measures most needed to overcome the country's economic problems are of a completely different nature. Thus, the predominant measure on the people's agenda is fighting corruption: 80 per cent of the Spanish think this is an especially important

measure for improving the economic situation, followed by reforming the banking system (57 per cent) and encouraging the banks to start granting more loans to businesses again (52 per cent). The strong emphasis on these kinds of measures is understandable given the Spanish population's views as to the main reasons for the crisis. A relatively large share of the population also seems to think the economy can be improved by providing state support for segments of the population and branches of industry that are having difficulties. Thus, 46 per cent of the Spanish population thinks the government should provide subsidies to companies that offer apprenticeships or trainee positions to young people, and 41 per cent favour more state support for troubled companies and branches of industry (Figure 6). The findings obtained for France reveal a similar pattern.

On the whole, these findings clearly reveal the dilemma facing the Spanish government. The necessary austerity measures and long-term structural reforms – similar to the German government's "Agenda 2010" policy – are rejected by broad swathes of the population. Instead, the population supports an array of classic economic stimulus measures, along with an expansive spending policy.