13. Women in Segmented Labour Markets and Continental Welfare States: the Case of Spain*

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At first glance, a significant improvement seems to have taken place in the position of women in the Spanish labour market over the past three or four decades, during which women's economic activity rates have continued to increase. In the third quarter of 1995, the female labour force as a proportion of the total labour force had reached 38.3 per cent, and 36.4 per cent of the female population aged 16 or over (INE, 1995a:44). Whereas previously most economically active women left the labour market when they got married or had their first child, by the mid-1990s many young women were remaining in the labour force after marriage or the first delivery (CES, 1994:11). In comparative terms, part-time work is (still) less widespread in Spain, accounting for 16 per cent of female employment in 1995, 3 per cent of male employment, and 7.5 per cent of total employment (INE, 1995a:244). This means that, even if the proportion of women who are in the labour force in Spain is lower than in most European Union (EU) member states, most Spanish women in paid employment have full-time jobs which may provide them with a higher degree of economic independence than in EU member states where part-time employment is much more widespread (MTSS, 1995:935; OECD, 1995:210). In all countries, women are over-represented among workers earning the lowest salaries. In Spain, low earners are protected by a statutory national minimum wage which is the same for all sectors and all jobs, and which can be supplemented under collective agreements, although the rate is lower for workers under the age of 18 (OECD, 1994:148).

The progress made by women in the Spanish labour market is, however, not so marked as initial observation might lead us to think. The first reason is that the labour market is not homogeneous but segmented into different sectors, each composed of a different type of worker and with its own way of operating. Women are under-represented in the sector in which workers enjoy the best working conditions, and are over-represented in the sectors where working conditions are the worst. A second reason is that, in Spain, the welfare state is heavily 'transfer-oriented' (the main benefits are monetary transfers for people who fail to earn an income in the labour market); very few personal social services are provided. Thus, individuals who have caring responsibilities (usually women) receive little assistance from the state to enable them to combine their professional and family responsibilities.

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Segmented labour markets

As in other EU member states, most people in Spain achieve economic independence through paid work, in the absence of a universal system of income support (O’Connor, forthcoming).

Pérez-Díaz and Rodríguez (1994) have argued convincingly that the Spanish labour market occupies four different ‘spaces’: 1 – permanent workers; 2 – temporary workers; 3 – workers in the informal economy; and 4 – people who do not perform waged work. These four spaces are populated differently by men and women.

In the mid-1990s, space 1, which is also called the ‘core’, consisted of almost 6 million workers with long-term permanent jobs, that is around two-thirds of workers in the formal economy. Some (slight) gender differences existed with regard to permanent employment. In the first quarter of 1995, permanent employment accounted for 66 per cent of male employment and 62 per cent of female employment (INE, 1995a:236). Core workers are entitled to very high severance payments and receive higher salaries than other workers. Permanent contracts were strongly promoted in the former right-wing authoritarian political regime (1939–75), when most family needs were believed to be satisfied by the salary attached to the permanent male breadwinner’s job rather than by social policy (Pérez-Díaz and Rodríguez, 1994).

Space 2 is composed of around 3 million workers with fixed-term contracts, that is about one-third of the workers in the formal economy. Already by the early-1990s, the proportion of temporary waged workers in relation to total waged workers in Spain was 32.2 per cent, by far the highest proportion among EU member states (OECD, 1993:74–5). Some slight gender differences also exist in this regard, since, in 1995, temporary employment accounted for 34 per cent of male employment and for 38 per cent of female employment (INE, 1995a:236).

To erode the high severance payments and the higher salaries associated with permanent contracts is politically very difficult, because permanent workers constitute the majority of workers, the majority of trade union members, and a significant number of voters. Therefore, the different governments in post-authoritarian Spain have only attempted very timid reforms of the regulations governing permanent jobs. Fixed-term contracts were introduced in 1984 for all types of activities, whether temporary or otherwise (with much lower employers’ contributions to social security than for permanent contracts). The number of fixed-term contracts has risen sharply since 1984, and the vast majority of employees taken on since then, many of whom are young people, have signed temporary contracts. In 1995, fixed-term employment accounted for 87 per cent of total employment of the 16–19 age group, 74 per cent for those aged 20–24, and for 53 per cent for people aged 25–29 (own calculations based on INE, 1995a:}
237-8). In general, these workers earn lower salaries than permanent workers, due, among other reasons, to their short employment record and to discrimination. They also receive less training. Fixed-term contracts are more common in some sectors of the economy (agriculture and construction) than in others (manufacturing). Nevertheless, it should be stressed that permanent and temporary workers may be working for the same firms or state departments and may even be performing the same jobs (Dolado and Bentolila, 1992; Bentolila and Dolado, 1993, 1994; Jimeno, 1993).

The turn-over of workers with temporary contracts is high for three reasons. First, redundancy pay for temporary contracts is low or non-existent. Second, a person can be employed on a temporary basis for a certain number of years. Afterwards, the firm has either to offer a permanent position or dismiss him/her (and take on another temporary worker after a mandatory waiting period). This latter option is the most usual, since the conversion rate of temporary into permanent contracts is very low (about 10-15 per cent). Third, the fact that temporary workers are often protected by unemployment benefits after dismissal makes it easier for employers to dismiss them, and for temporary workers to accept the dismissal. Therefore, being temporarily employed and unemployed for intermittent periods has become a 'permanent' condition for many young workers (Dolado and Bentolila, 1992:15; Bentolila and Dolado, 1993:117-19).

Space 3 is the informal economy. In the mid-1980s, an estimated 1.5 to 2.5 million people were working in the informal economy (Pérez-Díaz and Rodríguez, 1994:31). Women make up a significant proportion of informal workers, which includes not only those officially registered as unemployed but also individuals who are permanently or temporarily employed in the formal economy and are moonlighting (Bentolila and Blanchard, 1990:239).

Space 4 comprises, among others, the registered unemployed, fluctuating between 2 and 3.5 million people since the 1980s (Pérez-Díaz and Rodríguez, 1994:32). The Spanish unemployment rate was 22.7 per cent of the labour force in 1995. Here, gender differences are very marked, since the female unemployment rate was 30.0 per cent, compared to 17.9 per cent for men (INE, 1995a:334). Both the female and male unemployment rates are by far the highest in EU member states. In Spain, some of the registered unemployed are entitled to unemployment benefits because they have previously worked and paid social security contributions.

Workers in sector 1 are more likely to be unionised than workers in the other sectors. Generally speaking, in post-authoritarian Spain the main unions have defended the interests of core workers, that is, by protecting security of employment and higher wages, as illustrated by the collective bargaining process. Although trade union membership as a proportion of wage earners is among the lowest in the EU (11 per cent
in 1990) (OECD, 1994:184), the laws regulating work council elections and collective bargaining confer a lot of importance on the unions. Collective bargaining is often studied in Western Europe as a process dominated by ‘insiders’, who are some of the longest serving employees, protected by high redundancy pay and familiar with the way firms operate. Insiders defend their interests and disregard the interests of ‘outsiders’ (the unemployed seeking jobs). It has been argued that, in the Spanish case, the insiders are not only long-serving employees but only those with permanent job contracts. Due to the average short duration of fixed-term contracts and to the fact that temporary workers are less unionised than core workers, it is very unlikely that temporary workers will participate in the committees involved in collective bargaining. If the firm or the sector is in trouble, temporary workers can always be paid less, forced to work longer hours, and/or easily dismissed (Dolado and Bentolila, 1992; Bentolila and Dolado, 1993, 1994).

Spain as a continental welfare state

According to Esping-Andersen’s (1990) typology of welfare states in industrial capitalist countries, Spain, together with Italy, France and West Germany, among others, belongs to a continental type, where social rights are linked to occupational categories and status, through employment-related insurance schemes. Workers (and their dependants) are the beneficiaries of the main social programmes, and the redistributive effects of social policy are minimal.

In Spain, participation in the labour market is the main route of access to welfare state benefits, since, generally speaking, most rights have historically been given to workers (and their dependants) who have contributed to the system (Guillén, 1992:12). The two main exceptions to this general rule are health care and compulsory education (for young people aged 6–16), which provide universal coverage.

Adult women have gained access to welfare not only via labour market participation but also via marriage, or more broadly speaking via family ties (Lewis, 1992:161; Orloff, 1993:308). Nevertheless, it is important to note that, in the past, marriage provided access to very few benefits in Spain (mainly to health care and survivors’ benefits). Similarly, today widow(er)’s pensions are the only important benefit to which women (and men) are entitled via marriage. Moreover, as elsewhere, benefits acquired through marriage are less generous than those acquired through labour market participation (Orloff, 1993:315). For example, in Spain on 31 December 1994, the average widow(er)’s pension (acquired via marriage) was 42,988 pesetas (£226), while the average contributory old age pension (acquired via labour market participation) was 69,281 pesetas (£365) (INSS, 1996:248).

The Spanish welfare state plays only a minor role in facilitating women’s participation in the labour force, because the welfare state is
heavily transfer-oriented and offers very few personal social services (Guillén, forthcoming). This point can be illustrated by the example of policies directed to one group of the population in need of care: children under six years old, the age when compulsory schooling starts.

Four main policies exist in Spain to support young children: maternity leave, child allowances, tax relief for dependent children, and childcare services. Working mothers who have a previous employment record and have contributed to social security for at least 180 days within the five years preceding the birth are entitled to sixteen weeks uninterrupted paid leave. The number of years of contributions and the level, which is proportional to the salary, are used to calculate the so-called regulatory base (base reguladora). The amount received during maternity leave is 100 per cent of the regulatory base. The right of reinstatement is guaranteed. Since 1989, if both parents perform waged work, the father may take up to four of the final weeks of the leave (in this case the mother must return to work). There is also provision for up to three years of unpaid parental leave for working mothers or fathers. In this case, reinstatement is only guaranteed during the first year. The right to a job of equal status is guaranteed during the other two years. The period of leave is taken into account in calculating employment rights (Guillén, forthcoming). Given Spain's economic state of development, these provisions are relatively generous, which is not surprising for two reasons. On the one hand, the Spanish welfare state provides substantial benefits for workers (not for citizens). On the other hand, as is also the case in other continental welfare states, such as Germany, parental leave is a substitute for childcare, rather than a supplement to it (O'Connor, forthcoming).

In Spain, child allowances (except for disabled children) are means-tested; the income threshold established in the means-test is low (slightly above the national minimum wage), and they are paid at a relatively low rate in comparative terms (Guillén, forthcoming). Child allowances (prestaciones familiares por hijo a cargo) amounted to 36,000 pesetas (£190) per year in 1995 per dependent child under 18 years. These allowances were given to family units whose yearly income was lower than 1,080,540 pesetas (£5,687). The income threshold increased 15 per cent for each dependent child after the second.

Child allowances for disabled children are not means-tested, and their annual level is higher: 72,000 pesetas (£379) in 1995 for each dependent child under 18 years with a degree of disability, more than 33 per cent; and 408,840 pesetas (£2,152) for each dependent child over 18, if the degree of disability is more than 65 per cent, or 613,260 pesetas (£3,228) if the degree of disability is more than 75 per cent and the child needs the help of another person for basic daily activities. This means that child allowances do not serve as an important monetary transfer which can be used to pay for childcare. The same could be said with regard to tax relief for dependent children. Relief is granted on
personal income tax (impuesto sobre la renta de las personas físicas) for each dependent child, defined as a child up to the age of 30, who lives with parents and whose income does not reach a certain level. In 1996, the tax relief amounts to 21,000 pesetas (£113) for each of the first two children, 26,000 pesetas (£137) for the third child, and 31,000 pesetas (£163) for the fourth child and following children.

As for the care of children under six, most childcare policies concern pre-school programmes for children aged four or over. As shown in Table 13.1, in the academic year 1992–93 the proportion of children who attended state-funded pre-school programmes was relatively high for four and five year-olds. By contrast, the proportion of children aged three or under cared for in state-funded centres was very low. The Table also shows that children under three are not taken care of in private centres either.

Table 13.1 Childcare provision as a percentage of total population by age group in Spain, 1992–93

<table>
<thead>
<tr>
<th>Age</th>
<th>% in childcare</th>
<th>Public centres</th>
<th>Private centres</th>
</tr>
</thead>
<tbody>
<tr>
<td>under 1</td>
<td>0.6</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>1 year old</td>
<td>2.8</td>
<td>1.3</td>
<td>1.5</td>
</tr>
<tr>
<td>2 years old</td>
<td>8.7</td>
<td>3.0</td>
<td>5.7</td>
</tr>
<tr>
<td>3 years old</td>
<td>46.0</td>
<td>24.3</td>
<td>21.7</td>
</tr>
<tr>
<td>4 years old</td>
<td>97.1</td>
<td>66.1</td>
<td>31.0</td>
</tr>
<tr>
<td>5 years old</td>
<td>100.8*</td>
<td>67.7</td>
<td>33.1</td>
</tr>
</tbody>
</table>

* The percentage is more than 100 because some children are registered in more than one centre.


In sum, parents of children under six receive some assistance from the state: parental leave as a substitute for childcare; means-tested child allowances; low tax relief for dependent children; and limited childcare services for children aged two or under. The main exception to this general rule is the relatively generous supply of childcare services for four and five year-olds. These services are conceptualised by policymakers not as gender equality programmes (with the aim of promoting the participation of mothers in the labour force) but as educational programmes for the benefit of young children, especially those who come from less privileged families (Valiente, 1995).

The limits to progress

Although in the past three or four decades the number of women in the labour force in Spain has increased significantly, women are entering a segmented labour market, in which, in comparison to men, they are
under-represented in the core, and over-represented in temporary employment, in the informal economy, and particularly among the registered unemployed. Given the very high rates of female unemployment, and the large number of women who do still not perform waged work and are not registered as unemployed, a critical division continues to be made among the Spanish female population of working age between those who perform waged work and those who do not. This is different from other countries, where the majority or a significant number of women are waged workers. In Spain, many more women are beginning to participate in the labour market by registering as unemployed instead of entering paid work. In addition, given the large proportion of temporary contracts, a major division exists within the group of women (and men) in paid employment between those who have a permanent contract and those who do not.

In their attempts to participate in economic activity, women in Spain, as in other continental welfare states, receive little support from a welfare state which is heavily transfer-oriented and provides very few personal social services. It cannot be argued that women have a subordinate position in the Spanish labour market only because a significant number of them perform (unpaid) care work for others, and because these caring responsibilities are in some cases conflictual or incompatible with paid work. In fact, some women are not performing any caring tasks, while others act as carers for limited periods in their lives. The reasons accounting for the different positions of men and women in the labour market are numerous. Nevertheless, other things being equal, a welfare state which provides personal social services facilitates female labour force participation because it saves women from having to care for others on an unpaid basis. This is precisely what continental welfare states were not designed to do historically.

References


CES (Consejo Económico y Social) (1994) *La situación de la mujer en la realidad socio laboral española*, Madrid, CES.


contemporary society, the increasing number of female workers is not yet reflected in critical freedom or liberation of women who do not work outside the house. In many cases, women are still not considered in the public sphere. The situation of women who do not have adequate access to employment or a decent income is critical. The lack of state intervention in women's lives remains a significant problem, even though there has been some progress in recent years within Spain, there are still many challenges to overcome.

Spain, from a historical perspective, is one of the few countries where women have not been able to achieve full equality. This is partly due to the persistent influence of traditional values and attitudes, which have been slow to change. The integration of women into the workforce and society is a complex process that requires governmental and societal support. Many women in Spain continue to face barriers to employment, education, and access to services.


INE (1995a) Encuesta de población activa, resultados detallados, tercer trimestre 1995, Madrid, INE.


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