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Who have been the most harmed by the crisis? Evidence from Spain

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Abstract. The aims of this research are to assess the initial impact of the current economiccrisis on poverty and social exclusion in Spainand to identify the most vulnerable sectors of society. We apply Probit models to Spanish Income and Living Conditions Surveys of 2007 and 2009 to analyze income poverty and financial functioningsofbasicmaterial deprivation linkingpecuniary and health aspects. Our results show an increment of poverty, above all, extreme poverty, and a worsening of the deprivation risk not only for those with a weaker position in the Spanish labour-market, butfor employers and self-employed, as well.In addition, we found changes in risk factors such as educational leveland age. These findingsshould be taken into account when designing the regulatory reforms of social policies and labour market regulations.
Keywords. Poverty, Probit models, material deprivation.
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1. Introduction

Keynes (1936, 132) highlighted the failure to provide for full employment and the arbitrary and inequitable distribution of wealth and income as outstanding faults of an economic society. His response was to defend government interventions togenerate greater levels of income equality and lower poverty rates. But this is a debatable issue for policy makers as the controversy about the measuresneeded to overcome the current crisis proves. Testing the impact of economic downturns on social well-being could reveal some of the fundamental issuesinvolved in the decision process.

In this sense, Pedersen and Schmidt (2010) find an impact on well-being from the level of income only for a group of Southern European countries. Moreover, according to the existing literature, the effects of the crisis on well-being could depend on the socio-economic characteristics of the country, including income levels and structure and societal norm to work. So, the negative effect to be testedshould be deeper for societies with some or several of the following features: higher income levels (Noh, 2009), high long-term unemployment rates (Clark, 2006 & Liem and Rayman, 1982), strong societal injunctive norm to work (Stavrova et al., 2010) and less egalitarian income structure (Karsten and Moser 2009).

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According to the Organisation for Economic Co-operation andDevelopment (2011a), Spain is placed under the OECD average in terms of median equivalized disposable household income but close to it. Its long-term unemployment ratehas quickly risen with the economic recessionandit is higher than the OECD average. Moreover, the inequality of the Spanish income distribution is higher than the OECD average according to the Gini index (OECD 2011b) andits Mediterranean social model is characterized by a rather low coverage of unemployment benefits (Sapir 2005a; Sapir 2005b) and low levels of social expenditure in contrast with the European context (Ayala Cañón, 2010). Therefore, Spanish society well-being could be severely and quickly hit bythe crisis, above all if we take into account that the beginning of the economic downturn brought about a marked and incessant rise of unemployment that stand out when compared to OECD countries and, therefore, it increased tension on public expenditures. A deep controversy on the actions to take on it has been raised and theireffect on povertyof the most vulnerable collectives has been brought to the debate. It should be taken into account that the poverty rates in Spain have hardly experienced any change since middle of 90's despite the strength showed by employment until the outbreak of the crisis (Ayala Cañón, 2010). Hence, Spanish society had already a serious social cohesion deficit before the crisis (Laparra, 2010).

As it is well known, poverty is a multidimensional concept, which involves material deprivation,as well as social and cultural deprivation. Income poverty, measured through the percentage of population under the income threshold, is only one of the explanatory factors of material deprivation which could lead to social exclusion, that is, the deprivation of several essential needs ofpeople (see, among others, Ayala Cañón et al., 2011; Nuñez, 2009 and MartínezLópez, 2007). It must be highlighted, at this point, that not all the social exclusion situations result from incomepovertycircumstances, at least in more severe forms, as social exclusion involves a situation of marginalisation. Moreover, attending to material deprivation, a low income does not always imply a low level of well-being since people or households could receive non-monetary or undeclared incomes or they could use the wealth accumulated in previous periods. Our research focuses on this area.

Welinklabour market and employment status (variables which clearly reflect the crisis of the Spanish economy), household structure, and social, personal and material resources with the measurement and characterization of income poverty andbasic material deprivation risk in financial dimensions. Assessing the impacts of economic downturn on these dimensions and identifying the most vulnerable collectives could shed light on policy decisions in several areassuch as labour market, education, unemployment protection system or other social policies such as the health system. In addition,it should be taken into accountthat, according to Ayllón (2012), in Spain the experience of poverty in a given year increases in itself the chances of experiencing poverty in the future.So, avoiding the onset of poverty should be crucial.

As far as we are aware, only Laparra (2010) and Cantó (2010) have tried to addressthis issue using data compiled by a survey ofFundaciónFomento de EstudiosSociales y de SociologíaAplicadaandtheLabour Force Survey, respectively. We use the Spanish Income and Living Conditions Surveysof 2007 and 2009. Following Latif (2010), Clark (2006) and Clark & Oswald (1994), we apply Probit regressions to determine the very initial impact of the current crisis on income poverty and on other financial dimensions of the basic needs of multidimensional poverty. We choose to focus our analysis on these features of social exclusion since they are quickly affectedby economic downturn and, therefore, they allowus examine the possible future implications on other

dimensions. At the same time, they link pecuniary and health aspects of well-being including the impossibility of access to medical treatment due to economic reasons. It should be taken into account that the universality of health-care in Spain does not in itself ensure the adequate access to health services for all the social clusters (Arriba, 2008). To analyse the deprivation we have utilized, in addition, the household equivalized income and the capability to deal with unexpected expenses and mortgage or rent payments since housing is crucial to avoid poverty and social exclusion. Ayala Cañón (2008) stressed the upturn of households financial difficulties, especially in what refers to the housing burden, even before economic downturn began.

The remainder of the paper is organized as follows. Section 2 briefly reviews the literature on this field of research. Section 3 explains the intuition behind the methodologyandpresents the data, and Section 4 discusses the results, while a final section summarizes and concludes.

2. The effects of the crisis on povertyand social exclusion: a review of the literature

Financial crisis manifests itself in the real economy through the contraction of the flows of spending, investment,and international trade and, therefore, affects income levels and, as a consequence, the labour markets. Unemployment and job insecurity rise and, hence, poverty levels are affected.

The link between unemployment and poverty has been amply examinedin economic literature(Freeman, 2003; Gallie & Paugam,2001; Hauser & Nolan,2001; Haveman & Schwabish, 2000; Romer, 2000; Danziger & Gottschalk, 1995; Tobin, 1994; Juárez, 1994; Foerster, 1994; Callan & Nolan, 1994; Blank & Card, 1993; Blank 1993, 1996 and 2000; Cutler & Kantz, 1991; Atkinson, 1989; Blank & Blinder, 1986; Duncan1984).

In a similar way, OECD (1997) finds that employment status is the most important factor in determining relative income and poverty. Moreover, Kolev (2005) links poverty to unemployment and to job quality and OECD (2007: 50-1)points out that 'the weakness of employment is the main cause of poverty' and 'job insecurity, involving alternating periods of employment and non-employment exposes people to poverty' even though it clarifies that 'employment is not an absolute bulwark against poverty'. Furthermore, PedrazaAvella (2012) following Atkinson (1998), stresses that the increase of precariousworkers leads to new categories of people under a risk of deprivation and social exclusion

Nevertheless, apart from poverty, unemployment can have another adverse consequence:the damage to health(Goldsmith et al.,1996; 1997; Liem & Rayman 1982), which could have a bearing on social exclusion riskabove all if medical treatments are not affordable.In any case, the negative implications on well-being are not limited to unemployment status. Extreme job insecurity, quality of job, financial and work stress, labour force, employment and hierarchy status, educational level, and job prospect status can affect life satisfaction, subjective mental health, physical health, and well-being of individuals (Green 2010; Pedersen & Schmidt 2010; Latif 2010; Clark, Knabe & Rätzel 2010; Karstenand Moser 2009; Cole et al., 2009; Mustard et al.,2003; Di Tella et al.,2001; Graetz, 1993). In this sense, many studies have shown that socioeconomic status indicators, such as joblessness, income, occupation, and education, are correlated with sickness and mortality (Schmitz 2010; Kuroki, 2010; Stuckler, et al. 2009; Economou et al.,2008; Scutella & Wooden, 2008; Bélandet al., 2002; Humphries and Van Doorslaer, 2000; Lynch et al., 2000; Mustard et al., 1997; Korpi, 1997;

Gerlach and Stephan, 1996; Winkelmann & Winkelmann 1998 and 1995; Stefansson, 1991; Svenson, 1987; Jennings et al.,1984; Donovan & Oddy, 1982).

In addition, we have to take into account that, according to Clark (2006), the lower levels of individual well-being due to unemployment depend on unemployment duration. So, the negative effect of unemployment on well-being would be deeper for societies with higher long-term unemployment rates (Liem & Rayman, 1982). Spain is in this category.

For this country, the European Commission statesthatunemployment is a key driver of poverty (2009, p. 16) and OECD (2009) shows that close to 50% of jobless households in Spain were relatively poor, compared with 37% on average across the OECD. Cantó (1997),Ruiz and Martínez (1994), Escribano (1990), Bosch et al.,(1988) and Ruiz (1987) also bind poverty to unemployment in Spain. Nevertheless, MartínReyes et al., (1989, p. 44) discovered a reduced correlation between poverty and unemployment rate but higher correlation coefficients between poverty and inactivity.Empirical studies also showed that inequality decreased and poverty didn't increase as unemployment rose in Spain (Oliver, et al.,2001; Alonso 1998; Álvarez et al., 1996) owing to the role played by the family on income redistribution (Carabaña & Salido, 2007: 164; García & Toharia 1998; García et al., 1999; Garrido & Toharia, 1996; Ayala Cañón et al.,1996).

More recent literature on the Spanish economy showed, inaddition, thattemporary contracts, which have greatly increased in number in the last few decades, imply an increment in the poverty risk in not only short-term but in long-term(Ayala,2008). In this sense, Martínez López (2010) identified long-term unemployment and temporary contractingas factors of basic deprivation vulnerability.Moreover, Ayllón (2012) highlightedthe educational level and the occupation status in the labour market as determinants of poverty in 1994-2001 period[1]; whilst Ayala Cañón et al. (2011) stressed the marked influence on poverty risk and multidimensional deprivation exerted by the educational attainment and the labour market status in 2005[2].

From a territorial perspective, Ayala Cañón (2008) highlighted the significance of the regional dimension of poverty in Spain. More recently, Jurado Málagaand Pérez Mayo (2010) stressed the regional disparities in living conditions of persons and households in Spain and the existence of regional peculiaritieswhich increase the higher poverty risk derived from a differentdistribution of educational, labour or demographics factors.

This brief review of the literature clearly points outthe scarcity of studies on the current Spanish situation and, therefore, stressesthe significance of the question tackled by our research: measuring the short-term socioeconomic and well-being effects of the current crisis. Furthermore, it justifies the methodologyandthe inclusion in our analysis of variables referring to unemployment, occupation status and regional dimensions.

3. Methodology and data

As it is well known, aneconomic crisis, even at the outset, does not affect the whole society equally. Therefore, it is important to assess, before taking shock measures, the intensity of the poverty problem andthe collectives most harmed by the downturn, in order to identify factors that could act as protector shields against it.

At this point, we must bear in mind the difference between povertyandinequality: poverty deals with the dissatisfaction of the basic needs of a part of society andinequality focuses on the distance between the society members. It is true that inequality leads to poverty; but it is not the only factor of poverty.

That is, inequality is a cross element of the impoverishment factors (Fresno, 2007). So, before testing the evolution of poverty in Spain, we look for possible inequality changes through thewell-knownGini Index. Then, we use the Head account ratio to measure variations on the intensity of income poverty. That is, we check the share of the population whose income is below the poverty thresholdsof 60 %, 50% and30% of the median equivalizedincome (the latter is computed to evaluate extreme poverty).

To focus on our main purpose, the characterization of most vulnerable collectives, from not only an one-dimensional perspective but from a multidimensional perspective, we carry out Probit models toobtain poverty profiles based on features of individuals such as their level of education, status in the labour market, region of residence, etc. To do this, we have defined the following binary variable that measures if an individual is poor or not

$$p_i = \begin{cases} 1 & if\ y_i < z \\ 0 & otherwise \end{cases}$$

where y_i is the annual net income of individual *i*and*z* is the poverty line which is equal to 60% of median equivalized disposable income.

The probability that an individual will be poor is calculated by the Probit model (see Greene, 2002)

$$prob(p_i = 1) = \Phi(\mathrm{X}_i\beta)$$

Where X is the vector of independent variables that affect this probability and $\boldsymbol{\beta}$ is the vector of coefficients of the Probit model.

We have applied this methodology to characterise changes in income poor profilesand we haveextended our analysis to other financial exclusion dimensions becausethey affect the basic material needs fulfilment.So, we have estimated two Probit models using as dependent variables the capacity tomanage unexpected expenses and the delays in payment of mortgage or rent in the last 12 months. We focus on these variables because these normal, reoccurring activitiescan be hampered or prevented by the possible fall of income, but the existence of non-monetary or not declared incomes or of the accumulated wealthcould maintain the level of well-being in a way that the income fall does not lead to deprivation in these areas. We have completed our analysis estimating a Probit model on the probability of not having access to medical or dental care due to monetary reasons since social exclusion has a health dimension which can be affected bynot only falls in income of a person, but social policies restrictions as well. In addition, as previously mentioned, the universality of health-care in Spain does not ensure by itself the adequate access to health services for all the social clusters.

Our data come from SpanishIncome and Living Conditions Surveys of 2007 and 2009 in which the income datawere collected the year before making the survey and, therefore, they refer to 2006 and 2008. So, they allow us to test the very initial impacts of the economic downturn on the pecuniary and healthdimensionsof well-being. To focus on the pecuniary dimension of well-being, we have utilized the annual equivalized net income which is calculated using the modified OECD equivalence scale. We express the equivalized net income in constant euros at 2006 prices to make comparisons.

4. Results

The financial markets liquidity crisis in the summer of 2008 quickly travelled to the Spanish labour market, which destroyed 2.4% of jobs. Indeed, the unemployment rate reached 13.9% in the last quarter of the year. Nevertheless, the

averageequivalized household income was 2.8% higher than that of our reference year in real terms. As the Table 1shows, Spanish income distribution does not suffer any significant change and the Headcount ratio decreases slightly if we use the 60% of median equivalized disposable income as poverty line. Nevertheless, if we consider the 50% of median equivalized disposable income as threshold, poverty increased by 1.06% in relative terms. An even more worrying fact is the rise of a more profound poverty in Spain (Table 1): the percentage of people under extreme poverty, that is under the 30% of the median of the equivalized household income, increased 25% from 2007 to 2009 according to theIncome and Living Conditions Survey. So, the social exclusion risk had risen in the early days of the economic crisis in Spain, at least in its income dimension.

[Table1]

As these results could mask a change in the poverty profiles, we test the possible influence of the individual labour market status on the probability of being income poor by using Probit regressions on available data. We insert other personal and social variables of individuals in the models too, as it is usual in these kinds of studies. Our results are compiled on the Table 2.

If we pay attention to personal and social characteristics, the results show a decreasing probability of being income poor with respect to the age of the individual in 2007. Moreover, the probability of being income poor increased for divorced or separated people and decreased as the education level of the individualswentup.As regards to individual labour status, people with a part-time job;the wage earners with temporary contracts; employers; self-employed; unemployedwho have never worked or have been wage-earners;long-termunemployedandinactivehad a higher income poverty risk in Spain.

[Table 2]

Where a person resides has a strong influence on the probability of falling into poverty risk in Spain: Extremadura, the Canary Islands, Castile-La Mancha, Murcia,andAndalusia were the Autonomous Regions with higher marginal effects in 2007 compared to Madrid which has been our reference. Nevertheless, those residingin Navarre or Cantabria showed a lower income poor probability. These Autonomous Regions had their unemployment and inactive rates lower than those of Madrid. Extremadura, the Canary Islands, Castile-La Mancha, Murcia, and Andalusia were in the opposite situation.

Findings for Income and Living Conditions Survey of 2009 data stress the greater protectionextended by age against income poverty. This result turns over the conclusion of Ayala Cañón (2010) who pointed out a revival of income poverty amongst elder people in the 15 years previous to the crisis.So, especial attention should be paid to the treatment of public pension system for retirement, above all in crisis time.

In addition, the weakening of the link between higher educational levels and protection against poverty found by Ayala Cañón (2010) for Spain in previous periods is also reversed with the economic downturn. The collectives most hit by job destruction have been those with lesser educational level. So, the distance between categories has widened. At this point, it should be taken into account that almost 45 percent of Spanish workforce hasno more than the first level of secondary education[3], which is the compulsory education level.Therefore, Spain should make a great effort in this area and reform its education system to keep people within it and adapt the teaching to the labour market needs.

On the other hand, workers with part-time jobs suffered a worsening of their vulnerability. The significance of this evolution is clearly evident if one considers that crisis has markedly increased part-time work in Spain. Moreover, the higher probability of being income poor of employers and self-employed has increased

now 7.98 and 3.52 percentage points, respectively. We must take into account that the shortage of financing has hit the Spanish small and medium enterprises hard.Furthermore, all the unemployed categories have suffered an increase of their poverty probability and the inactivegroup has a higher risk, too.

These results can be better understood if one considers, firstly, the low social cover suffered by self-employed in Spain and, secondly, that the Spanish unemployment benefit varies depending on the contribution made to the system – work days accumulated – and on the prior employment status of the unemployed. Furthermore, the amount of benefit decreases as time goes on. Moreover, others Spanish welfare payments are linked to income being no higher than 75% of the monthly minimum wage and provide no more that 80% of PIMEI (Public Indicator of Multiple Effect Income) which is lower than minimum interprofessionalwage.In short, the Spanish unemployment protection system is not capable of preventing poverty risk. Therefore, its revision, along with the reform of active employment policies, is essential.

As far the impact of place of residence on the income poverty probability, we must stress that Navarre performed better than the rest of the Autonomous Regions in 2009. Nevertheless, people from Andalusia, Murcia and the Canary Islands have suffered a growth of their risk by 4.84, 1.56 and 1.03 percentage points, respectively. So, the economic downturn has increased the Spanish regional gaps in poverty terms.The regional disparities in terms of productive structures and labour market could explain this result. Nevertheless, the inability of social decentralization policies designed to narrow the Spanish territorial fractures or,at least, prevent them from increasing, has manifested itself[4].

The Tables 3 and 4 show the main features ofanother two dimensions of social exclusion in turn related to income and dwelling: the capacity to cope with unexpected expenses and the delays in payment of mortgage or rent in the last 12 months. These handicaps could isolate people from society, as the problem of an increasing eviction rate has proved in Spain in the last few months.

[Table 3]

Our findings show a weakening of the protection of marriage against thefirst social exclusion dimension and more difficulties for the divorced and separated individuals, temporary workers, unemployed previously wage-earners, unemployed for more than 6 months, unemployed who had never worked,and inactive people. Moreover, people from the Canary Islands andAndalusia suffered a worsening situation compared with people from Madrid. On the other hand, the educational levelprovides a strongershield against this risk and employers and unemployed previously self-employed improve their position.

As far asthe delays in payment of mortgage or rent in the last 12 monthsis concerned (see Table 4), the results highlight a worsening of the status of divorced or separated, part-time workers, temporary contract workers,and unemployed previously self-employed. The probability of delay in these payments grows for those who reside in the Balearic Islands. Nevertheless, education strengthens protection against this social exclusion dimension since university graduates have 4.45% less of probability of falling into it.

[Table 4]

As previously mentioned, social exclusion has a health dimension too. We add it to our analysis (see Table 5) taking into consideration the inability of meeting medical needs owing to economic reasons which has grown from 2.8% in 2007 to 4.2% in 2009.

[Table 5]

In 2009, the risk of health deprivation grew for divorced or separated, unemployed previously self-employed, unemployed previously wage-earners,

andunemployed for more than 6 months: 4.3%, 9.9%, 2.3%and 1.6%, respectively. The level of education shows a higher protection one more time reaching a negative marginal effect of 3.8% for university graduates.

6. Conclusions

Economic literature has widely analysed the links between personal and labour market status and well-being levels through income and health dimensions. Both of them are vectors of social exclusion, which reflects the poverty dimensionsand the limits in the exercise of basic rights.

Our findings show that,in the first steps of crisis in Spain,although income did not suffer a decrease, the percentage of persons under the threshold of 50% of the median equivalized disposable income grew,and so did extreme poverty. According to our results, separated or divorced, less qualified persons, part-time workers, temporary workers,and unemployed who have never worked were more vulnerable collectives facingincome poverty andfinancial deprivation before the beginning of the crisis.As it could be expected, the first impact of financial depression on the real economy entailed a worsening of the well-being of these groups. In addition, employers, self-employed, inactives,and all unemployed categories, especially unemployed for more than six months, have also suffered a rise of deprivation risk. Furthermore, the crisis has widened the regional disparitiesand stressed the inadequacies of the design of social policies intended to create territorial convergence. The deficiencies of labour market regulations and unemployment protection system to fight against deprivation risk are evident, as well.

Nevertheless, we should highlight that educational level has become stronger as a protection factor against deprivation in Spainandthe elderly have stopped to be a risk collective compared with younger clusters.Theselastfindingsconstitute significant changes with respect to previous periodsandshould be taken into account in future social policies reforms, too.

Endnotes

[1]This research is based on the Spanish component of the European Community Household Panel (1994-2001 period).

[2] This research is based on 2005 Spanish EU-SILC

[3] Data available at http://www.ine.es (Labour Force Survey)

[4]It should be taken into account that, in this line, Ayala (2008) had stressed uncertainty about the effect of territorial decentralization of basic social services on inequality and poverty and JuradoMálaga and Pérez Mayo (2010) had realized specific actions to reduce the higher differential risk for a same personal situation derived from a regional factor since territorial convergence only was recorded in Spain in 80's.

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TABLE 1:*Income Inequality and Poverty*

	Mean	Median	Gini	Head Account Threshold*		
				30%	50%	60%
2007	13663.18	12047.62	0.3090	4.14%	12.88%	19.71%
2009	14047.06	12514.96	0.3049	5.18%	13.02%	19.56%

Note: * Share of the population whose income is below the poverty line established as percentage of median equivalized income

TABLE2: *Probability of being income poor*

	2007		2009	
	Coefficients (Robust Std. errors)	Marginal Effects	Coefficients (Robust Std. errors)	Marginal Effects
Age	0.0182**	0.0033	0.0429***	0.0095
	(0.00755)		(0.00770)	
Age Square	-0.000316***	-0.00006	-0.000608***	-0.0001
	(8.97e-05)		(9.20e-05)	
Female	-0.0561*	-0.0103	-0.0424	-0.0094
	(0.0286)		(0.0281)	
Married or cohabiting	-0.0589	-0.0108	-0.0263	-0.0058
	(0.0375)		(0.0387)	
Sep. Divorced	0.370***	0.0821	0.300***	0.0759
	(0.0678)		(0.0644)	
Widow	-0.524***	-0.0685	-0.265**	-0.051
	(0.109)		(0.121)	
Secondary	-0.200***	-0.0344	-0.282***	-0.0586
	(0.0371)		(0.0369)	
High School	-0.390***	-0.0632	-0.458***	-0.0894
	(0.0405)		(0.0405)	
Tertiary	-0.618***	-0.0955	-0.676***	-0.1287
	(0.0429)		(0.0439)	
Part time	0.225***	0.0462	0.394***	0.1037
	(0.0514)		(0.0559)	
Temporary contract	0.162***	0.0309	0.124***	0.0285
	(0.0311)		(0.0337)	
Self-employed with employees	0.864***	0.2392	0.994***	0.3190
	(0.0637)		(0.0634)	
Self-employed without employees	0.855***	0.2279	0.866***	0.2631
	(0.0435)		(0.0455)	
Unemployed previously self –employed	-0.304	-0.0456	0.298**	0.0769
	(0.199)		(0.141)	
Unemployed previously employed	0.253***	0.0527	0.299***	0.0746
	(0.0573)		(0.0531)	
Unemployed never employed before	0.784***	0.2137	0.909***	0.2902
	(0.116)		(0.120)	
Unemployed>6 months	0.527***	0.1234	0.555***	0.1521

	(0.0501)		(0.0529)	
Inactive	0.675***	0.1475	0.719***	0.1902
	(0.0335)		(0.0361)	
Galicia	0.0858	0.0164	0.112**	0.0262
	(0.0640)		(0.0568)	
Principality of Asturias	-0.167*	-0.0276	-0.0871	-0.0185
	(0.0873)		(0.0726)	
Cantabria	-0.322***	-0.0480	0.0254	0.0057
	(0.0944)		(0.0836)	
Basque Country	-0.156**	-0.0260	-0.188**	-0.0379
	(0.0736)		(0.0739)	
Foral Community of Navarre	-0.440***	-0.0607	-0.462***	-0.0789
	(0.0933)		(0.0899)	
La Rioja	0.104	0.0203	0.192***	0.0471
	(0.0846)		(0.0745)	
Aragón	0.0139	0.0026	-0.115	-0.0241
	(0.0785)		(0.0782)	
Castile and León	0.151**	0.0301	-0.0361	-0.0079
	(0.0678)		(0.0658)	
Castile-La Mancha	0.288***	0.0615	0.248***	0.0618
	(0.0682)		(0.0664)	
Extremadura	0.663***	0.1706	0.416***	0.1121
	(0.0674)		(0.0735)	
Catalonia	-0.118*	-0.0205	-0.174***	-0.0361
	(0.0617)		(0.0560)	
Valencia Community	-0.00319	-0.0006	-0.0331	-0.0072
	(0.0641)		(0.0587)	
Balearic Islands	-0.0372	-0.0067	0.0179	0.0040
	(0.0841)		(0.0814)	
Andalusia	0.248***	0.0499	0.390***	0.0983
	(0.0573)		(0.0509)	
Region of Murcia	0.280***	0.0598	0.295***	0.0753
	(0.0688)		(0.0661)	
Canary Island	0.372***	0.0828	0.357***	0.0932
	(0.0684)		(0.0739)	
Constant	-1.543***		-1.839***	
	(0.159)		(0.151)	
Observations	28,067		23,360	

Notes: *** p<0.01, ** p<0.05, * p<0.1

TABLE 3: *Probit model on the capacity to face up unexpected expenses*

	2007		2009	
	Coefficients (Robust Std. errors)	Marginal Effects	Coefficients (Robust Std. errors)	Marginal Effects
Age	0.0414***	0.0130	0.0486***	0.0168
	(0.00670)		(0.00715)	
Age Square	-0.000549***	-0.0002	-0.000693***	-0.0002
	(8.04e-05)		(8.46e-05)	
Female	-0.0501**	-0.0158	-0.0196	-0.0068
	(0.0250)		(0.0256)	
Married or cohabiting	-0.363***	-0.1164	-0.144***	-0.0500

	(0.0336)		(0.0347)	
Sep. Divorced	0.286***	0.0972	0.375***	0.1392
	(0.0631)		(0.0621)	
Widow	-0.0191	-0.0059	-0.0134	-0.0046
	(0.0944)		(0.0960)	
Secondary	-0.292***	-0.0875	-0.331***	-0.1097
	(0.0329)		(0.0347)	
High School	-0.612***	-0.1708	-0.659***	-0.2039
	(0.0351)		(0.0381)	
Tertiary	-1.035***	-0.2683	-1.119***	-0.3250
	(0.0384)		(0.0407)	
Part time	0.208***	0.0691	0.177***	0.0637
	(0.0442)		(0.0492)	
Temporary contract	0.189***	0.0611	0.250***	0.0890
	(0.0269)		(0.0302)	
Self-employed with employees	-0.315***	-0.0884	-0.300***	-0.0953
	(0.0769)		(0.0724)	
Self-employed without employess	-0.0914**	-0.0280	-0.106**	-0.0357
	(0.0439)		(0.0474)	
Unemployed previously self employed	0.960***	0.3612	0.566***	0.2160
	(0.216)		(0.140)	
Unemployed previously employee	0.343***	0.1177	0.345***	0.1263
	(0.0501)		(0.0457)	
Unemployed never employee before	0.451***	0.1603	0.822***	0.3165
	(0.114)		(0.119)	
Unemployed>6 months	0.189***	0.0624	0.200***	0.0719
	(0.0444)		(0.0476)	
Inactive	0.0701**	0.0223	0.103***	0.0360
	(0.0306)		(0.0344)	
Galicia	-0.145***	-0.0436	-0.0324	-0.0111
	(0.0533)		(0.0512)	
Principality of Asturias	-0.222***	-0.0644	-0.464***	-0.1389
	(0.0671)		(0.0688)	
Cantabria	-0.493***	-0.1275	-0.279***	-0.0889
	(0.0853)		(0.0796)	
Basque Country	-0.272***	-0.0780	-0.172***	-0.0569
	(0.0664)		(0.0637)	
Foral Community of Navarre	-0.433***	-0.1152	-0.686***	-0.1871
	(0.0744)		(0.0783)	
La Rioja	-0.166**	-0.0492	-0.327***	-0.1024
	(0.0743)		(0.0702)	

Aragón	-0.772***	-0.1772	-0.608***	-0.1725
	(0.0865)		(0.0738)	
Castile and León	-0.328***	-0.0921	-0.356***	-0.1116
	(0.0584)		(0.0589)	
Castile-La Mancha	-0.178***	-0.0527	-0.188***	-0.0620
	(0.0637)		(0.0647)	
Extremadura	-0.184***	-0.0544	-0.351***	-0.1093
	(0.0640)		(0.0661)	
Catalonia	0.00148	0.0005	0.111**	0.0391
	(0.0487)		(0.0478)	
Valencia Community	-0.102*	-0.0311	0.0623	0.0218
	(0.0524)		(0.0515)	
Balearic Island	-0.197***	-0.0579	-0.0235	-0.0081
	(0.0747)		(0.0752)	
Andalusia	0.182***	0.0593	0.172***	0.0611
	(0.0470)		(0.0462)	
Region of Murcia	0.0986*	0.0320	0.182***	0.0656
	(0.0591)		(0.0650)	
Canary Island	0.539***	0.1930	0.539***	0.2039
	(0.0578)		(0.0613)	
Constant	-0.711***		-0.770***	
	(0.133)		(0.143)	
Observations	28,067		23,360	

Notes: *** p<0.01, ** p<0.05, * p<0.1

TABLE 4:*Probit model on the delays in payment of mortgage or rent in the last 12 months*

	2007		2009	
	Coefficients (Robust Std. errors)	Marginal Effects	Coefficients (Robust Std. errors)	Marginal Effects
Age	-0.00171	-0.0001	0.0247**	0.0022
	(0.0127)		(0.0115)	
Age Square	-0.000159	0.00001	-0.000533***	0.00005
	(0.000153)		(0.000138)	
Female	-0.00321	-0.0002	-0.00115	-0.0001
	(0.0398)		(0.0395)	
Married or cohabiting	0.0355	0.0023	0.253***	0.0226
	(0.0594)		(0.0574)	
Sep. Divorced	0.569***	0.0590	0.499***	0.0652
	(0.0908)		(0.0883)	
Widow	-0.381**	-0.0173	-0.408**	-0.0264
	(0.150)		(0.184)	
Secondary	-0.0334	-0.0021	-0.196***	-0.0166
	(0.0498)		(0.0515)	
High School	-0.101*	-0.0062	-0.228***	-0.0187
	(0.0550)		(0.0558)	
Tertiary	-0.372***	-0.0208	-0.593***	-0.0445
	(0.0614)		(0.0632)	
Part time	0.0143	0.0009	0.239***	0.0258

	(0.0658)		(0.0726)	
Temporary contract	0.117***	0.0079	0.127***	0.0122
	(0.0444)		(0.0457)	
Self-employed with employees	0.324***	0.0279	0.215**	0.0231
	(0.112)		(0.0927)	
Self-employed without employess	0.201***	0.0152	0.194***	0.0203
	(0.0678)		(0.0701)	
Unemployed previously self employed	-0.127	-0.0073	0.475***	0.0635
	(0.292)		(0.167)	
Unemployed previously employee	0.262***	0.0210	0.251***	0.0268
	(0.0750)		(0.0681)	
Unemployed never employee before	-0.0801	-0.0048	0.311*	0.0365
	(0.211)		(0.159)	
Unemployed>6 months	-0.0415	-0.0026	0.109	0.0107
	(0.0700)		(0.0674)	
Inactive	0.00523	0.0003	0.0445	0.0041
	(0.0515)		(0.0542)	
Galicia	-0.389***	-0.0182	-0.428***	-0.0281
	(0.100)		(0.0936)	
Principality of Asturias	-0.245*	-0.0126	-0.344***	-0.0235
	(0.135)		(0.106)	
Cantabria	0.0745	0.0052	-1.191***	-0.0422
	(0.142)		(0.235)	
Basque Country	-0.0300	-0.0019	-0.373***	-0.0253
	(0.120)		(0.0975)	
Foral Community of Navarre	0.294***	0.0249	-0.112	-0.0093
	(0.103)		(0.123)	
La Rioja	0.128	0.0093	-0.133	-0.0108
	(0.129)		(0.113)	
Aragón	-0.103	-0.0061	-0.488***	-0.0298
	(0.138)		(0.118)	
Castile and León	-0.0275	-0.0017	-0.300***	-0.0216
	(0.0977)		(0.0984)	
Castile-La Mancha	-0.0269	-0.0017	-0.156	-0.0125
	(0.0984)		(0.0955)	
Extremadura	-0.353***	-0.0166	-1.044***	-0.0418
	(0.108)		(0.142)	
Catalonia	0.0531	0.0035	-0.210***	-0.0169
	(0.0787)		(0.0696)	
Valencia Community	0.0142	0.0009	0.141*	0.0141

	(0.0845)		(0.0723)	
Balearic Island	0.241**	0.0193	0.363***	0.0441
	(0.0981)		(0.0977)	
Andalusia	-0.00362	-0.0002	-0.333***	-0.0253
	(0.0766)		(0.0687)	
Region of Murcia	0.112	0.0080	0.0688	0.0066
	(0.0952)		(0.108)	
Canary Island	0.0947	0.0066	0.0428	0.0040
	(0.0920)		(0.0892)	
Constant	-1.544***		-1.588***	
	(0.236)		(0.222)	
Observations	28,067		23,360	

Notes: *** p<0.01, ** p<0.05, * p<0.1

TABLE 5: *Probit model on the difficulties in accessing medical and dental visits-treatments*

	2007		2009	
	Coefficients (Robust Std. errors)	Marginal Effects	Coefficients (Robust Std. errors)	Marginal Effects
Age	0.0507***	0.0020	0.0806***	0.0060
	(0.0167)		(0.0119)	
Age Square	-0.000497***	0.00002	-0.000939***	-0.0001
	(0.000187)		(0.000139)	
Female	-0.0530	-0.0016	0.00130	0.0001
	(0.0505)		(0.0436)	
Married or cohabiting	-0.0341	-0.0002	-0.0638	-0.0048
	(0.0840)		(0.0586)	
Sep. Divorced	0.425***	0.0275	0.418***	0.0432
	(0.111)		(0.0818)	
Widow	-0.0534	0.0005	0.0242	0.0018
	(0.150)		(0.127)	
Secondary	-0.0456	-0.0020	-0.194***	-0.0134
	(0.0544)		(0.0524)	
High School	-0.354***	-0.0132	-0.273***	-0.0179
	(0.0634)		(0.0567)	
Tertiary	-0.536***	-0.0198	-0.632***	-0.0381
	(0.0836)		(0.0687)	
Part time	0.127	0.0058	0.214**	0.0188
	(0.0823)		(0.0846)	
Temporary contract	0.152***	0.0076	0.0798	0.0061
	(0.0510)		(0.0504)	
Self-employed with employees	-0.222	-0.0081	-0.455***	-0.0230
	(0.144)		(0.131)	
Self-employed without employess	-0.0548	-0.0028	0.0119	0.0009
	(0.0911)		(0.0802)	
Unemployed previously self –employed	0.458	0.0304	0.723***	0.0992
	(0.406)		(0.173)	
Unemployed previously employee	0.199**	0.0092	0.264***	0.0235
	(0.0922)		(0.0703)	

Unemployed never employee before	0.594***	0.0422	0.163	0.0140
	(0.157)		(0.182)	
Unemployed>6 months	0.0601	0.0033	0.196***	0.0168
	(0.0739)		(0.0690)	
Inactive	0.198***	0.0058	0.109*	0.0085
	(0.0633)		(0.0572)	
Galicia	-0.144	0.0218	-0.264***	-0.0158
	(0.114)		(0.0843)	
Principality of Asturias	-0.231*	-0.0070	-0.441***	-0.0223
	(0.137)		(0.123)	
Cantabria	-0.192	-0.0086	-0.708***	-0.0283
	(0.179)		(0.180)	
Basque Country	-0.251*	-0.0068	-0.673***	-0.0290
	(0.147)		(0.126)	
Foral Community of Navarre	-0.144	-0.0094	-0.439***	-0.0220
	(0.153)		(0.128)	
La Rioja	-0.370***	-0.0053	-0.329***	-0.0181
	(0.138)		(0.115)	
Aragón	0.0730	-0.0121	-0.483***	-0.0237
	(0.132)		(0.131)	
Castile and León	0.0387	0.0036	-0.180*	-0.0115
	(0.117)		(0.0947)	
Castile-La Mancha	-0.133	0.0014	-0.188*	-0.0119
	(0.126)		(0.104)	
Extremadura	-0.431***	-0.0057	-0.653***	-0.0277
	(0.144)		(0.126)	
Catalonia	-0.0443	-0.0134	-0.258***	-0.0164
	(0.104)		(0.0803)	
Valencia Community	-0.0242	-0.0018	-0.0878	-0.0061
	(0.108)		(0.0789)	
Balearic Island	-0.197	-0.0023	-0.176	-0.0112
	(0.154)		(0.111)	
Andalusia	0.153	-0.0069	-0.336***	-0.0206
	(0.0993)		(0.0750)	
Region of Murcia	0.173	0.0063	-0.744***	-0.0298
	(0.122)		(0.119)	
Canary Island	0.199	0.0087	0.107	0.0087
	(0.122)	0.0109	(0.0945)	
Constant	-3.028***		-2.948***	
	(0.354)		(0.247)	
Observations	28,067		23,360	

Notes: *** p<0.01, ** p<0.05, * p<0.1