



## ABSTRACT

**Title:** The spatial dynamics of the risk of poverty among employees in Spain

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**Abstract:** *(minimum 300 words)*

Usually the poverty risk is associated in households which members are unemployed and/or affected by social exclusion. Nevertheless, the recent global economic crisis has generated strong adjustments in wages and less labour stability, and as a consequence a significant growth of families in poverty risk even though some of its members are employed. According to the National Institute of Statistics, in Spain in 2017 the 26.1% of the Spanish employees are in risk of poverty, 11 points above the figures from ten years ago and 13 percentage points over the EU average.

In Spain, poverty risk and employment seem to be co-existing and conforming a very dangerous liaison. The objective of this paper is to study at local level (as opposed to regional level), the spatial dynamics observed along the Spanish territory between poverty risk and employees as part of the strategy of the IMAJINE EU H2020 project.

The EU-SILC (European Union Statistics of Income and Labour Conditions) offers vast information about the individual characteristics of the members of the households, such as household income and the AROPE indicator, which combines the risk of poverty as well as different indicators of income, deprivation and labour intensity. However, this dataset only provides information about the NUTS II region of residence (Autonomous Communities in Spain), something that impedes any attempt to analyse intraregional heterogeneities and/or differences among urban and rural localities and/or localities



suffering spatial concentrations of poverty risks and/or any potential correlations between poverty and localities.

On the other hand, the Spanish Microcensus data offers information on the individual characteristics of the members of the household and also the place of residence at LAU2 level (or LAU 2 by size below 50,000 inhabitants) but any type of household income measurement is not available.

In order to be able to analyse the risk of poverty and employment at local level, it is necessary to combine both datasets (EU-SILC and Spanish Microcensus) to estimate risk of poverty figures at local level by labour status. Following Tarozzi and Deaton (2009) and assuming that the relationship between the risk of poverty and the labour conditions are the same in both databases, we can estimate the income and risk of poverty (AROPE indicator) of the census individuals knowing by labour condition and spatial localization. Then, information can be aggregated to calculate figures at LAU2 level. Finally, maximum entropy is applied to guarantee its consistence with the official databases.

Local risk of poverty figures help us to understand the complex poverty-employment relationship established in Spain after the crisis, which varies across space depending on the characteristics of the localities. As expected, there is a large intraregional heterogeneity within the NUTS II regions. Poverty risk among employees seems to be specially concentrated in some peripheral areas of the big urban areas. Localities where being employed does not necessarily mean being out of the risk of poverty should have a special stress on the Social Cohesion Policies.

**Keywords:** (*maximum 6 words*) risk of poverty, AROPE, local data estimation procedures, territorial inequalities and Spain.

**JEL codes:** I32, J31, R10 and R12