

March 2019

**Key words: poverty, social exclusion,  
housing, income policies**

## The hard struggle against poverty and social exclusion in Barcelona

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**The struggle against poverty and social exclusion should be one of the main objectives all good rulers have among their priorities. This article presents the context of poverty and social exclusion in the city of Barcelona, and what strategies have been adopted to improve the living conditions of Barcelona's population in recent years, from a municipal perspective. In that sense, it highlights the difficulties and barriers that are found when trying to carefully analyse, diagnose and evaluate the context for the actions that have been adopted, and the actions carried out to counter the lack of necessary data and registers. It details what has been done in recent years and what results have been achieved, based on implemented public policies. Lastly, it makes some recommendations that should be taken into account now and in the future, in order to eradicate poverty and social exclusion in a wealthy society like ours.**

“Not getting the extra payments at Christmas and in summer is terrible. I've had them all my life, and I miss them. It's not just cutting back at the end of the month; quite often I can't make ends meet!” (Former president of an autonomous community who earned €100,742.91 a year before tax, plus expenses)

“My aim is to earn €6 a day collecting scrap metal in the street. With €1, I pay for my share of the food that we cook in a communal pot at the settlement where I live. I give another euro to the driver who takes me to the upper part of the city every morning in his van, so I can collect scrap metal downhill, and I keep another euro for unforeseen expenses. I save the other three euros, so I can send €80 or €90 a month back home to keep my family.”  
(Undocumented Sub-Saharan who lives in a settlement in the district of Sant Martí in Barcelona)

### **Barcelona, where are you headed?**

Three and a half years ago, when Deputy Mayor Laia Ortiz asked me to take part in Barcelona City Council's new Area of Social Rights team, it did not take me very long to decide. I knew it meant more work, every day, but the challenge was worth it: putting an end to poverty in Barcelona by implementing a municipal income, as promised in the manifesto of the party that won the elections.

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<sup>1</sup> This article, its opinions and figures are my responsibility. However, it is the result of the exceptional work carried out in Barcelona City Council's Area of Social Rights over the last three and a half years. I would like to express my thanks for the tireless support of my manager, Ricard Fernandez, and the entire departmental team, and more specifically, the revisions of this article made by the team from the Department of Research and Knowledge, Pep Villarreal, Lluís Batlle and Tonet Font.

I wrote that phrase, “putting an end to poverty”, in my LinkedIn account when I added my new post, as a permanent reminder of what the City Council was doing. And clearly, it has not turned out that way.

But, beyond the obvious failure, have we made any progress which would allow us to think that, in the not too distant future, there will be no poverty in Barcelona?

We will start by explaining what we knew and what we did not know about the city's situation in the spring of 2015.

### **Four years ago**

First of all, we needed to know the magnitude of the tragedy. We knew that there were a lot of evictions every week, increasingly due to non-payment of rent rather than mortgages, a thousand people sleeping rough<sup>2</sup> and hundreds, if not thousands, of squats, while according to the latest official census data, there were a lot of empty flats, over 80,000 of them<sup>3</sup>. We also knew that poverty caused basic privation for thousands of families, and, for example, we ascertained that food banks were handing out record amounts of food, and we knew that the number of city residents attended by our basic social services for economic reasons was growing year after year.

In the field of statistics, we had the latest Metropolitan Survey on Living Conditions, produced in 2011<sup>4</sup>, and some serious estimates made by the promotional committee of the Popular Legislative Initiative (ILP) for the Guaranteed Citizen's Income (RGC) Act. These calculations told us that in order to provide minimum cover for the basic needs for households in a situation of poverty in Barcelona, around €250 million a year was needed for around 250,000 people, or 15% of the population<sup>5</sup>.

We also knew from the City Council's own estimates that the distribution of wealth among Barcelona neighbourhoods was extremely uneven and that this had got worse during the crisis. Indeed, since 2008, the difference in average income between the wealthiest and poorest neighbourhoods had doubled. In terms of income, travelling from one end of Metro Line 3, from Zona Universitària to Trinitat Nova, was the same as travelling from neighbourhoods with average Barcelona incomes, like Poblenou or Sants, to Bangalore, in India<sup>6</sup>.

And we knew that the levels of social protection being guaranteed by the public administrations mainly responsible for that matter (the Spanish and Catalan governments) were absolutely insufficient.

Although, according to the Active Population Survey, unemployment had gone down from 160,000, at its peak in 2012, to 116,000 people, of which 100,000 were registered at unemployment offices, over 40,000 of them had been looking for work for over a year. And we knew that these long-term unemployed people were mostly over the age of 45 (more than 30,000)<sup>7</sup>. Furthermore, only 50% of

<sup>2</sup> Arrels Foundation (pub.) (2015), Annual Report, Arrels Foundation. Available at: <https://www.arrelsfundacio.org/es/memoria-arrels-2015/>

<sup>3</sup> National Institute of Statistics (2011), *Population and Housing Census*. Available at: [https://www.ine.es/censos2011\\_datos/cen11\\_datos\\_inicio.htm](https://www.ine.es/censos2011_datos/cen11_datos_inicio.htm)

<sup>4</sup> IERMB (2011), Survey on the Catalan Population's Living Conditions and Habits.

<sup>5</sup> Guaranteed Citizen's Income Promotional Committee. Available at: <http://www.rendagarantidaciudadana.net/index.php/es/comunicadossss> (We have not been able to verify this, because we cannot find it.)

<sup>6</sup> Territorial breakdown of disposable family income per capita in Barcelona. <http://ajuntament.barcelona.cat/barcelonaeconomia/ca/renda-familiar/renda-familiar/distribucio-territorial-de-la-renda-familiar-disponible-capita>

<sup>7</sup> Evolution of registered unemployment in Barcelona [http://www.bcn.cat/estadistica/catala/dades/ttreball/mov\\_lab/atur/evolucio/bcn/bcnsexe.htm](http://www.bcn.cat/estadistica/catala/dades/ttreball/mov_lab/atur/evolucio/bcn/bcnsexe.htm)

the unemployed population were covered by benefits, 20% fewer than 5 years earlier<sup>8</sup>. And the Minimum Insertion Income (RMI), the forerunner of the current Guaranteed Citizen's Income, only reached the absurdly small number of 2,654<sup>9</sup> families in the city.

Therefore, a crisis that was initially cyclical had become structural, revealing the serious shortcomings of the country's social protection system, especially in the wealthy city of Barcelona. Obviously, the budget cuts introduced by the Spanish<sup>10</sup> and Catalan governments made the situation worse for the most vulnerable people. Furthermore, poverty and vulnerability were not only visible in monetary terms, but became manifest in all of their multi-dimensional consequences: debt with no possibility of recovery, housing becoming inaccessible, energy poverty, privation in terms of food and other material goods and services, psychological and health problems, early school leaving, unemployment, and so on. A vicious circle that only led to poverty becoming a chronic problem, along with a growing territorial polarisation, with some neighbourhoods clearly losing out.

Even the municipal administration during the last term of office, which focused on getting out of the crisis by creating a smart city, reacted in its latter stages to the clear social degradation occurring in the city, which neither the economic recovery that put wind in its sails nor the Generalitat's collapsed finances helped to redress. The Trias government therefore ended its term of office with as many as four active social programmes, which the incoming government would then reinforce and expand: the 100 x 1000 Programme, for building social housing; the Làbora Programme, a pioneering programme in active employment policies that applied innovative practices, creating personalised work-placement pathways; the relief fund for low-income families with dependent minors aged 0 to 16 and the first social clauses favouring the subcontracting of vulnerable people in public contracts. The three latter programmes were promoted by the Area for Quality of Life, the predecessor of a large part of the current Area of Social Rights.

In order to break away from the negative trend, it was necessary to reinforce these programmes and create new, stronger ones. But above all, we needed to know the scale of the problem.

### **The power of data**

Given that the last Survey on Living Conditions with representative data, the metropolitan one, dated back to 2011<sup>11</sup>, one of our first objectives was to get a detailed picture of what was happening in the city, a thorough survey that went beyond the above-mentioned indicators (users of municipal social services, food banks, number of evictions, etc.).

We managed to promote and achieve that the Survey of Living Conditions (ECV) would expand its sample to Catalonia, so that the Metropolitan Area and the city of Barcelona would reach 1,600 and 800 observations, from 2016 onwards. This made the five-year metropolitan survey unnecessary, although it was decided to carry out a Metropolitan Urban Cohesion Survey to include data that the ECV did not consider.

However, although it was representative of the city area in principle, and also included much improved methodology compared to earlier INE surveys – it cross-referenced declared-income data with tax data from the Spanish Tax Authority (AEAT) – it had two major shortcomings:

Firstly, the sample probably did not include the scale of extreme poverty, of those individuals and households that did not even wish to be surveyed, which are often dysfunctional in practice, experiencing serious housing problems, debt, illegal status and so on. As a clue, we had an

<sup>8</sup> Source: Barcelona City Council statistics with data from Social Security and the Generalitat of Catalonia.

<sup>9</sup> Own production, based on data from the database on people receiving the Generalitat of Catalonia's RMI.

<sup>10</sup> The expenditure that suffered the most cuts includes housing support policies, which were already well below the European average.

<sup>11</sup> <https://iermb.uab.cat/es/encuestas/cohesion-social-urbana/>

indicator that is not often cited: the extreme mobility seen in Barcelona's register of residents, which showed that over the last decade, at least 20% of registered city residents changed address every year, due to natural movements, external migrations and changes of residence. And this mobility rose to over 40% in neighbourhoods with a high proportion of vulnerable people, such as El Raval or El Gòtic<sup>12</sup>.

Secondly, we had a few disaggregated indicators (unemployment, educational level, licensed vehicles, etc.) which allowed us to indirectly estimate the territorial inequality in terms of income and poverty, but we lacked real, geographical income data.

In order to further understand the reality of poverty in the city, we turned to data from municipal registers (not very well informed about this kind of data), other official sources with representative samples for Barcelona (such as the Social Security's Ongoing Sample of Working Lives) or at a higher level (such as the Survey on Family Budgets), and we initiated a couple of surveys which we hope will be repeated in the future, every four or five years: the Survey on Living Conditions of Social Security Users<sup>13</sup> (over 6,600 families, with 12,000 individuals surveyed, and the Socio-Demographic Survey of 4,500 households and 10,400 individuals<sup>14</sup>.

Furthermore, for the first time, AEAT sources were used, including a study of all Barcelona incomes (not a sample, but rather all the available tax information), breaking down the information about households into age groups and territorial areas (large neighbourhoods), and a sample of 39,000 representative taxpaying households in the city's large neighbourhoods, more detailed than other, similar sources, such as the annual sample of income tax payers carried out by the Institute of Fiscal Studies<sup>15</sup>, as this made it possible to observe the lower incomes more accurately and reconstruct the main socio-demographic characteristics of the surveyed households (composition by age and gender). The study of incomes using AEAT data is now in its third edition (albeit with a three-year time lag) and it is hoped to continue producing it every year.

The tax data from the Social Security and the surveys was processed with the help of researchers from the Area of Social Rights, various city universities (UB, UPF and UAB) and recognised experts in the field.

The 2016-2017 Barcelona Health Survey also included poverty and material privation indicators for the first time. Meanwhile, it was also decided to carry out a census of empty flats in the city, visiting each and every city flat that had no registered occupants or recorded zero water consumption or below minimum living standards. This is an immense task that, in all probability, will be completed by the time this article is published.

We have also developed a programme for the massive automated downloading of tax data (income, assets), state social-protection benefits (unemployment, pensions), using interoperable telematic tools permitted by the Catalan Open Government (AOC) Consortium, gaining access to the databases of other administrations. This data, together with the data from our administrative registers (financial help, dependency, disability, etc.) has enabled us to construct<sup>16</sup> the first social-data database, or social big data, for social services users: hundreds of thousands of data entries concerning vulnerable people and households, which form the most valuable source of information created to date for implementing social policies (such as social pricing and social intervention on intensive users of the combined use of public resources) and evaluating the costs and effects.

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<sup>12</sup> Own production based on data from the city of Barcelona register of residents.

<sup>13</sup> <https://ajuntament.barcelona.cat/ca/informacio-administrativa/registre-enquestes-i-estudis-opinio>

<sup>14</sup> Idem.

<sup>15</sup> IRPF 2015. IEF-AEAT (declarants and not declarants)

<sup>16</sup> In this task, the teams from the Department of Information Systems Management and the Municipal Institute of Information Technology have been of vital importance.

Obviously, the access to, storage and treatment of this sensitive data has been carried out while respecting the various personal data-protection regulations.

Furthermore, for the first time, in order to estimate poverty thresholds beyond official indicators, we have used the various studies being carried out in the city of Barcelona and its metropolitan area on what the living wage<sup>17,18</sup> for the city should be; and secondly, we have used a report commissioned from the Pompeu Fabra University, based on the Family Budget Survey on the minimum household spending below which vulnerability becomes a major factor<sup>19</sup>, and, what proved more significant in the long term, the European Improve project<sup>20</sup> on benchmark budgets, which calculated the cost of the basic shopping basket for products and services in the city of Barcelona for 2014, in which the Ramon Llull University took part<sup>21</sup>. Studies that use an absolute rather than a relative poverty threshold as a benchmark methodology (i.e. a percentage of the population's average income) make it possible to contrast them with official poverty figures based on surveys of living conditions, which suffer from very high instability: e.g. the threshold for risk of poverty descended with the worsening of family income conditions. This caused surprising results, such as the risk-of-poverty rate among senior citizens in Catalonia having fallen from 19.9 to 12.4% during the worst phase of the crisis, from 2009 to 2013.

Unfortunately, the data for the estimated cost of housing for the Improve project were not sufficiently convincing (it was estimated data for 2014 and things got significantly worse from that year onwards), and we were already aware, from the data for declared housing expenditure from the Survey of Living Conditions, that access to housing was the cornerstone that defined the real vulnerability of most low-income households, i.e. not being able to cover their basic needs, including housing, with their current incomes<sup>22</sup>.

Therefore, it was decided to use an eclectic strategy – combining various sources and methodological focuses – to discover the city's real poverty situation, based on the joint use of various approaches, with the aim of essentially answering the question of how many households were unable to make ends meet.

We were also helped by the expansion of the ECV sample for Barcelona in 2016 and 2017<sup>23</sup>, much more representative for the city and its metropolitan area than the previous surveys. This allowed us to compare results between the city of Barcelona, the rest of the metropolitan area and the rest of Catalonia. And the results could not be clearer.

Lastly, we also designed the European project B-Mincome, in the first edition of the European Commission's Innovative Urban Action programme. The programme made it possible to discover first hand, and with exhaustive monitoring, the real poverty situation of 1,000 families from the ten Eix Besòs neighbourhoods<sup>24</sup>, in the north of the city, in terms of money, privation, well-being and how they experience their situation of vulnerability, as well as how social-protection policies that ensure monetary income for two years and their combination with active socio-employment policies

<sup>17</sup>KSNET (2016), "Introduction of a guaranteed-income system in Barcelona.

<sup>18</sup> Daleph (2017), Calculating the Benchmark Salary for the Barcelona Metropolitan Area. Final Report.

<sup>19</sup> M. Cervini et al. (2016), Economic Thresholds that generate Material Privation in the City of Barcelona. (Internal report pending publication.)

<sup>20</sup> <http://improve-research.eu/>

<sup>21</sup> T.Penne et al., (2016), "Can reference budgets be used as a poverty line? ImPRovE working papers". Discussion Paper 16/05. [http://www.centrumvoorsociaalbeleid.be/ImPRovE/Working%20Papers/ImPRovE%20WP%201605\\_2.pdf](http://www.centrumvoorsociaalbeleid.be/ImPRovE/Working%20Papers/ImPRovE%20WP%201605_2.pdf) [Viewed: 27 September 2018]

<sup>22</sup> According to the results based on data from the 2016 Survey of Living Conditions.

<sup>23</sup> Metropolitan Statistics on Living Conditions. <https://iermb.uab.cat/es/encuestas/cohesion-social-urbana/>

<sup>24</sup> The ten neighbourhoods are in the districts of Nou Barris (Ciutat Meridiana, Les Roquetes, Torre Baró, Trinitat Nova and Vallbona), Sant Andreu (Baró de Viver, Bon Pastor and Trinitat Vella) and Sant Martí (La Verneda i La Pau and El Besòs i el Maresme).

affected their situation. A pioneering experience integrating policies and evaluating their effects in a controlled environment using scientific methodologies.

### **What we know now**

The massive downloading of data from our own interoperable registers and those of other public bodies, the anonymised taxation microdata from official registers, the data from thousands of interviewed people, either in our own or other surveys or interviews from social security files, quantitative and qualitative academic studies, assessments of Area of Social Rights programmes and projects, etc., allow us to have more information than ever on the situation of poverty and vulnerability in the city, with enough territorial details to show the enormous inequalities existing among the various neighbourhoods, all in the city's 60 inhabited square kilometres. Combining data from the Improve project<sup>25</sup> and the most recent Survey of Living Conditions<sup>26</sup>, from 2016, there were 41,000 households in Barcelona that could not make ends meet, excluding the cost of housing. Without being one of those perfect subgroups, 37,000 households met the income criteria for receiving the Guaranteed Citizen's Income, and 103,000 households would be under the estimated risk-of-poverty threshold for Barcelona (60% of the average income, €933 for an adult).

This last figure coincides with the 100,000 households which, if you also add expenditure on housing, cannot make ends meet, according to the ECV estimated incomes and the threshold data calculated for the Improve project. These households make up 14% of all city households. Of these, a third are households with minors and another 14% are households with people over the age of 65 (only 7% of the households with only one person over the age of 65 are poor, a low percentage because only 13% of these people live in mortgaged flats or in market-price rented flats). By contrast, 72,000 households allocate more than 50% of their income to paying for their housing. The ECV data with Improve thresholds enable us to estimate that, in order to cover the basic needs of the families that cannot make ends meet on their incomes, it would cost €208 million a year (less than the estimates made in 2014 by the ILP for the Guaranteed Citizens Income), but €529 millions more, or a total of €7376 million, if covering the cost of housing is included.

This data is significant: 72% of the monetary problem involved in poverty in Barcelona is caused by the cost of housing. And this figure is 8% higher than for Catalonia as a whole and 18% higher than for Spain<sup>27</sup>.

### **The problem of housing**

These poverty figures are appalling, and even though things may seem to have improved in recent years (due to unemployment having gone down continuously since 2012, from 158,000 to 83,000 people, while employment has risen from 660,000 to 732,000 people<sup>28</sup>), there has been no improvement in the economic situation of a large number of city residents, because these figures were accompanied by three negative factors:

- a) The stagnation of unemployment among people over the age of 45 with a low educational level. This is a group of over 18,000 people who have been unemployed for over two years, which means they no longer receive contributive unemployment benefits and, at best, they receive the state benefit or the Guaranteed Citizen's Income.
- b) The inherent insecurity of many jobs, with 21% of them being temporary and 12% part-time, as well as a real reduction in wages due to the crisis. This loss is especially significant among

<sup>25</sup> The European project that calculates the cost of basic needs, excluding housing, for each type of household, based on €527 for an adult and counting the cost of basic utilities.

<sup>26</sup> 2017, with income data from 2016.

<sup>27</sup> Own production.

<sup>28</sup> Data according to the Active Population Survey from the fourth quarter of the current year.  
<http://www.bcn.cat/estadistica/catala/dades/ttreball/epa/epa/patu/evatsx.htm>

younger people, with reductions of over 20% during the 2010-2016 period, and up to 10% for the 25-39 age group<sup>29</sup>.

c) The rise in the cost of access to housing. Although the crisis brought a reduction in rental prices, the price rises from 2015 to 2017, almost reaching 10% a year, have meant that we are currently at maximum historical prices, although this growth has decelerated over the last year. At the worst moment of the last housing-price bubble in 2008, which was unsustainable at that time, the average price of new rental contracts cost a little under 33% of the average city wage. The latest available data for 2018 shows that this has risen to 38%. For the 25-39 age group, the average economic cost of paying for housing has risen from 40 to 50%<sup>30</sup>.

The situation was already especially serious for all the tenants with contracts signed under the Urban Letting Act, given that in June 2013, the minimum legal period for rental contracts was reduced from five to three years, and renewing a contract signed before the change now involves paying an average of 35% more in rent, with wages that are frozen or even lower than in 2013<sup>31</sup>.

This has clear repercussions on the vulnerability of families that live in rented accommodation. Thus, 71% of poor families are tenants, while according to the Survey on Living Conditions, they only represent 34% of Barcelona households<sup>32</sup>. A third of tenant families cannot make ends meet (with their incomes they cannot cover their basic needs and pay their rent). Obviously, on their incomes, they cannot save or get a mortgage for buying a flat (the selling price for used housing rose by 56% during the 2013-2018 period)<sup>33</sup>.

The lack of a social housing stock in the city (only 1.5% of flats are social housing<sup>34</sup>), combined with low incomes in a large number of households makes the situation even more serious. If the low-income households were guaranteed access to specially protected rental social housing (at a price of €6.4/m<sup>2</sup>, €448 a month for a 70 m<sup>2</sup> flat), the number of households that cannot make ends meet would decrease from 100,000 to 77,000 and an additional €301 million would still be needed to cover rental housing at protected prices (in addition to another €208 million needed to cover all the other basic needs). This is a significant reduction of over 22,000 households and €227 million, but it would only eliminate a small part of the problem.

As an example of how access to affordable housing does not solve everything, 33% of Barcelona's 7,300 social rental housing flats were subsidised by municipal social services in 2018 because tenant families were unable to pay an average rent of €200 a month<sup>35</sup>.

With the surveys on living conditions and socio-demographic conditions, each percentage increase in rental prices puts between 500 and 1,000 city households in an objective situation of absolute poverty.

This combination of low incomes and increasing difficulties in getting access to affordable housing puts tens of thousands of city families in a situation of extreme vulnerability and should force them to seek cheaper rental prices in nearby municipalities. But this is also difficult:

Firstly, a comparison of ECV data for Barcelona and the rest of the Barcelona Metropolitan Area reveals a paradox: although the average income in Barcelona is higher than for the rest of the

<sup>29</sup> Own production based on data from Barcelona City Council statistics and the Ongoing Sample of Working Lives.

<sup>30</sup> Source: Own production with data from the Barcelona City Council Statistics website, data from the Social Security's Ongoing Sample of Working Lives and Incasòl statistics concerning rental-contract deposits.

<sup>31</sup> Source: Incasòl statistics on rental-contract deposits.

<sup>32</sup> Source: Survey on Living Conditions, 2017.

<sup>33</sup> Source: Catalan Government housing-market statistics.

<sup>34</sup> Source: Own production with data from the Barcelona Metropolitan Housing Observatory.

<sup>35</sup> Source: Barcelona Municipal Institute of Housing and Renovation (IMHAB).

Metropolitan Area, this is also true for the average cost of rental housing, and the remainder (the income an average household has left after subtracting the rent) continues to be higher than in the rest of the area. But if we focus on the 25% percentile of homes by income, and we subtract the average cost of housing, the remainder is higher in the Metropolitan Area than in the city of Barcelona. The explanation behind this process is that the city attracts new professionals from the technology sector, research and other new-economy sectors (e.g. professionals that work on an international level and take advantage of the fact that Barcelona airport has one of the best European-connection networks and increasingly good intercontinental connections) who, with their salaries, apply upward pressure on housing prices. This hike in prices has spread throughout the city and also affects tenants who are still working in the traditional economy, which is more insecure and has low wages. But Barcelona is also a big city with an attraction as a land of opportunity for illegal migrants, who either have no income or low incomes (as shown by the figures we have from AEAT for people who have registered in the city most recently) and who are willing to move into overcrowded flats or rooms. Therefore the combination of expats and low-income immigrants (in addition to university students from abroad or outside the Barcelona Metropolitan Area and legal and illegal tourist flats) puts pressure on available housing and prices, so that the people with the lowest incomes are unable to afford access to housing. We could interpret this situation as a new slant on a well known saying, and rewrite it: “Barcelona és bona només per als qui la bossa sona” [Barcelona is only good for people with heavy purses].

However, although this could encourage gentrification in the city (the expulsion of the lowest-income households), in reality, it is a trap for the most vulnerable households. While it could be more advantageous to move outside Barcelona (even if they keep their jobs in the city, they have to consider increased transport costs and other everyday expenses, as well as the possible loss of support from their social circles), their incomes are so low that they would still not make ends meet if they moved to a metropolitan municipality. Incasòl data regarding the deposits on new rental contracts shows that Badia del Vallès is the only municipality in the whole metropolitan area where the average rental price for specially protected rental housing is below €6.4 per square metre<sup>36</sup>. Therefore, vulnerable households do not have enough income to get access to social-housing flats (which do not exist), nor can they move to relatively close municipalities because it would be hard for them to find housing within their means.

The impossibility of, or rational resistance to, moving away is shown by overcrowded flats, the renting of substandard housing, illegal squats and, in the end, homelessness and the growing waiting lists for getting into shelters or other emergency accommodation, even though there has been a notable increase in resources in recent years.

Furthermore, job insecurity means that people with temporary job contracts find it very difficult to get rental contracts and still less a mortgage, wherever the flat may be.

In short, we have to accept that the problem of housing is an essential part of combating poverty, but we also have to admit that, even if we quadrupled the current stock of social housing to 40,000 flats (even at specially-protected prices), we would still have a group of tens of thousands of families that need monetary resources and access to practically free housing in order to subsist.

### **Lack of money**

Having defined the problem, and especially its monetary and housing aspects, does that mean we are on the way to solving it? In 2017, there was a lot of expectancy surrounding the implementation of the new Guaranteed Citizen’s Income (RGC)<sup>37</sup>, which was conceived as a subjective right that was not subject to budgetary restrictions. The reality of its implementation in Catalonia, and especially in Barcelona, has been very disappointing, as it was based on a very low number of households that were receiving the Minimum Insertion Income (RMI). In April 2017, when the RMI

<sup>36</sup> And it should be noted that all the housing in that municipality is public housing.

<sup>37</sup> [http://treballiaferssocials.gencat.cat/ca/ambits\\_tematics/pobresa\\_i\\_inclusio\\_social/renda\\_garantida\\_ciudadania/rendagarantida/](http://treballiaferssocials.gencat.cat/ca/ambits_tematics/pobresa_i_inclusio_social/renda_garantida_ciudadania/rendagarantida/)

was still in force, 2,675 households, or 0.4% of the population, were receiving it, compared to an average of 1.1% for Catalonia.

By January 2019, there were 29,094 households<sup>38</sup> receiving the RGC in Catalonia, around 3,000 more than when it was launched in September 2017. There is no data available for the city of Barcelona, but if we apply the same growth rate to Barcelona, the result is fewer than 3,000 households. Using data from the 2017 Survey of Living Conditions, there should be 38,000 families that meet the income requirements for receiving it<sup>39</sup>. Using data from Barcelona City Council's social services registers, 51,000 families met the income and unemployment requirements to receive the RGC. According to our estimates, the Generalitat was spending around €24 million a year to pay the RGC<sup>40</sup> to Barcelona households, while the estimated needs could be as high as €400 million<sup>41</sup>. And the difference between 38,000 and 51,000 (a third) is probably due to the fact that the official surveys do not properly capture the proportion of the population with insufficient resources and underestimate the total number (they are people who are reticent about being interviewed, have greater mobility or experience complicated situations).

The data is compelling: if we compare Barcelona with Bilbao, the capital of a region where the autonomous government provides the highest cover for people at risk of poverty in all of Spain, its spending on its guaranteed income and other emergency aid transferred to city councils was €286 per Bilbao resident in 2017<sup>42</sup>, while in Barcelona the autonomous government spending was €11 per Barcelona resident, or 27 times lower! Even though the two cities have similar income levels.

In short, the country's main tool in the struggle against monetary poverty, for those people who do not get a pension or unemployment benefit, has so far fallen far short of the real needs revealed in statistics or official registers. It must be said that, using Generalitat data, only 13.4% of the applications received from the introduction of the RGC Act to January 2019 were given a positive assessment.

Regarding the most unprotected segment, i.e. families with children, it must be added that, using registry data for families using municipal social services, 8,200 families receive the low-income family social security (INSS) benefit (the subsidy is €291 a year per minor), while another 9,200 should receive it but do not. A subsidy that is absurdly small and which fails to cover even half of its potential beneficiaries.

### Consequences

The consequences of poverty are well known, but the inequality they produce in a reduced area such as Barcelona and among its residents is surprising.

Seventy per cent of the people using municipal social services centres go there to receive help for economic problems. Seventy per cent of the users interviewed for the 2016 Survey of Living Conditions for social services users presented severe material privation (four or more of the nine privations enquired about in living conditions surveys), more than ten times the average for the

<sup>38</sup> Main data on implementing the RGC – data from 15 September 2018 to 11 January 2019. Catalan Ministry of Employment, Social Affairs and Families. Generalitat of Catalonia. [http://treballiaferssocials.gencat.cat/web/.content/03ambits\\_tematics/06pobresa\\_i\\_inclusio\\_social/RendaGarantidaCiutadania/nou/destacats\\_laterals/Principals\\_dades\\_implementacio\\_RGC.pdf](http://treballiaferssocials.gencat.cat/web/.content/03ambits_tematics/06pobresa_i_inclusio_social/RendaGarantidaCiutadania/nou/destacats_laterals/Principals_dades_implementacio_RGC.pdf)

<sup>39</sup> According to the Guaranteed Citizen's Income Act, any person may benefit who, during the six months prior to their application, have an income of less than 91% of the Catalan Adequate Income Indicator. For 2018, the income threshold was set at €604 a month, in twelve payments.

<sup>40</sup> Own production, with data from 2017 scaled to 2019.

<sup>41</sup> A figure that is lower than the one estimated using the Improve criteria and the cost of housing in order to cover basic needs, as the RGC does not distinguish between households in terms of their type of housing tenure.

<sup>42</sup> Own estimation using data from Basque Government budgets.

population of Catalonia. By district, and according to the Socio-demographic Survey<sup>43</sup>, 17% of Nou Barris residents suffered severe material privation, compared with 1% of Sarrià - Sant Gervasi residents. Within these privations, 54% of people using social services could not maintain their dwelling at an adequate temperature, a figure that is eight times higher than the average for the population of Catalonia.

Sixty-six per cent of surveyed social security users affirmed they were in a poor or fair state of health, compared with 19% for the general population of Barcelona. According to the Socio-demographic Survey, 25% of Nou Barris residents affirmed that they were not in a good state of health, which is double the figure for the residents of Sarrià - Sant Gervasi. The difference in life expectancy in the five neighbourhoods with the highest expectancy (mostly among the wealthiest) and the lowest expectancy (mostly among the poorest) is 7 years, and this rises to 9.5 years<sup>44</sup> if we only compare the highest and lowest neighbourhoods. Poverty should receive the same treatment as a disease epidemic, given its impact on people's health.

And the consequences for education? Twenty-two per cent of students in the district of Ciutat Vella and 20% in Nou Barris do not pass basic primary skills tests, compared to 6% in Les Corts and Sarrià - Sant Gervasi. Thirty-five per cent of students in Ciutat Vella and 20% in Nou Barris do not pass secondary school tests compared to 5% in Les Corts and Sarrià - Sant Gervasi. Thirty-six per cent of Nou Barris residents understand English, compared to 74% in Sarrià - Sant Gervasi. The difference between the neighbourhood with the highest levels of university qualifications (wealthy) and the one with the lowest number is 12 times lower. Unemployment among university graduates is 4%<sup>45</sup>, while among people with secondary-school education it is 18%. Academic failure and early school leavers are high-level indicators of future job insecurity, unemployment and poverty.

Electoral abstention in the parliamentary elections of 21 December 2017 was 22% higher in the five neighbourhoods with the highest abstention (poor neighbourhoods) than in the five with the lowest abstention (wealthy neighbourhoods). Participation in public affairs, and therefore the ability to influence them, is lower among vulnerable groups.

During these years, we have produced various maps of territorial inequalities featuring various factors (income, unemployment, economic aid, school results, educational levels, health, etc.) and the distribution of those inequalities is practically identical in all of them. The indicators are in red or green in the same neighbourhoods. In short, the worst results are concentrated in the Eix Besòs neighbourhoods in the north of the city, especially in the northern neighbourhoods of Nou Barris, those of Ciutat Vella and above all those of El Raval, along with the neighbourhoods of La Marina which crosses Passeig de la Zona Franca.

### **The validity of using statistics and official registers to measure poverty**

I do not want to end this section without mentioning whether these figures for poverty, as we have measured them through the battery of available surveys and registers, are correct. As stated above, the data from general population surveys may have a bias and conceal the most extreme cases of poverty.

But we also find that identifying poverty is not the same as measuring who is experiencing poverty. Traditional measurements do not take into account savings and accumulated assets (the Bank of Spain's Household Finances Survey carried out every four years in order to measure household assets, liabilities and incomes is only representative for Spain), or the resources arising from family transfers and irregular or undeclared income which are not recorded by administrative registers or

<sup>43</sup> Barcelona Socio-demographic Survey. Presentation of Results (PDF). [http://ajuntament.barcelona.cat/premsa/wp-content/uploads/2018/04/r17045\\_ESDB\\_Resum\\_Premesa.pdf](http://ajuntament.barcelona.cat/premsa/wp-content/uploads/2018/04/r17045_ESDB_Resum_Premesa.pdf)

<sup>44</sup> Life expectancy quinquennial (2006-2016) Statistics Department. Barcelona City Council. Barcelona Public Health Agency. <http://www.bcn.cat/estadistica/catala/dades/tvida/salutpublica/t39.htm>

<sup>45</sup> Own production, using data from the Active Population Survey and registered unemployment.

surveys (if they existed they would reduce the figures for real poverty). However, the specific needs which generate a growing monetary need in order to make ends meet are not measured. These include over-indebtedness, temporary or chronic illness, dependence, the need to transfer money to relatives (either locally or to other countries or regions of origin) or patterns of excessive consumption in comparison to income (due to social, neighbourhood or family pressure, or to maintain a level of spending related to a prior status quo, while current income is no longer adequate). And they clearly do not measure other types of intangible poverty, such as poverty over time.

In a social protection model for poor families based on conditioned and limited incomes, this question is crucial, given that the further you stray from the official systems for measuring poverty towards the reality of people's lives, the more difficult it is to get it right: there are more false positives (people who receive a benefit without experiencing poverty) and false negatives (people who are really poor but do not meet the official requirements for aid or do not receive benefits because they have not requested them even though they deserve them). And this is the easiest path towards demagoguery, as who does not know of, or heard about or read about cases of supposedly poor people who receive benefits without deserving them, or who spend the money they receive on things that are not considered as basic necessities, while other really needy people are not helped at all? The same happens with the lack of coordination between the benefit systems of the various administrations and those of private organisations, which may lead to certain families getting accused of being “benefit professionals” because they know about the lack of coordination between the two systems.

In order to tackle this problem, we can only note some factors which indicate that the statistical estimates for the number of poor individuals and households in the city are higher than the number who are really experiencing it. But always based on calculations of absolute poverty (people and households who cannot pay for their basic needs and the real cost of housing on their incomes) and not the official indicators for relative poverty based on surveys of living conditions:

- a) With the AEAT<sup>46</sup> sample, we estimated that up to 22,000 city households did not have any official income or earned less than €1,000 a year in 2015. AEAT had no available data for 7,000 of those households. That is the equivalent of 3.5% of all the households in the city. Some of them may be foreign households who have incomes abroad which they do not declare here (or for the tax on non-resident income, which is not included in the AEAT data) although they are registered city residents. This would mean that they are not poor. However, we might also suspect that some of them are households that are over-indebted or behind with payments to private creditors (mainly financial organisations) and public administrations (business people and freelancers behind with Social Security payments) with embargoed assets and incomes, where the ineffectiveness of the Second Chance Act (which does not allow the cancellation of debts with administrations, for example) forces them to leave the system and work exclusively in an irregular manner or through intermediate persons or companies.
- b) The Bank of Spain's Household Finances Survey is the only official survey that allows the cross-referencing of income and wealth data. There is no disaggregated data available for Barcelona, but for Spain as a whole, the data from the latest edition in 2014 states that 30% of the households in the first two income deciles (which mostly contain the households that are in a situation of vulnerability) have net available assets (financial or fixed assets, not counting either their primary residence or debts) above €60,000.
- c) Before it started, the B-Mincome project<sup>47</sup> detected around 4,000 households in dwellings with users of municipal social security services who had incomes below the threshold set for the programme (for families living in rented accommodation it was a similar threshold to the one for

<sup>46</sup> Sample of 39,000 Barcelona households facilitated by the Spanish Tax Authority.

<sup>47</sup> <http://ajuntament.barcelona.cat/bmincome/ca>

risk-of-poverty in Catalonia), which were subsequently invited to take part in the project. In all 2,400 applications to take part were received, of which only 1,600 met the requirements for entering the draw that was used to designate the 1,000 families that would enter the programme. Since the draw, only 881 families have received the municipal inclusion subsidy for some months, 70 are taking part in the pilot programme without getting any money because their income is above the set threshold, and 400 are members of the control group. Although the economic situation in the city has improved in the two years since the project began (at the end of 2017) along with the data used for preselecting the families (using official 2016 income data), it seems clear that there is an obvious discrepancy between the tax registers and the reality of households below the previously estimated thresholds.

d) The main financial aid offered by Barcelona City Council, the children's fund for households with minors between the ages of 0 and 16, is provided under two main conditions: the households must have an income below the Catalan Adequate Income Index (IRSC) and they must be active users of municipal social services. The AEAT data provides an estimate of the households that could ask for this benefit, according to their income and their territorial distribution. But the probability of a poor household in a poor neighbourhood requesting the benefit is up to 20 times higher than for a similarly poor household in a wealthy neighbourhood (in the poorest neighbourhoods a number equivalent to 100% of estimated poor households request the benefit, while only 5% do so in the richest ones).

e) Similarly, the Socio-demographic Survey estimates the number of poor households and their territorial distribution. The number of households that cannot make ends meet, and at the same time, state that they suffer severe privations, is 35% higher in the poor Nou Barris households than in the poor households of Pedralbes and Sarrià - Sant Gervasi.

f) According to data from the municipal energy assessment points, which started to be deployed in the city in 2015, only 50% of the service's users (basically to request that their electric supply not be cut off because of non-payment) were people who were already using municipal social services. And the number of active users of social services who could not make ends meet and approached municipal services to request financial support is higher than the estimates of poverty according to official statistics.

In short, the estimates of real poverty in the city present significant bias and are heavily influenced by the area. In the wealthier neighbourhoods, the chances are that the family network and existing financial resources prevent many poverty situations. In the poorest neighbourhoods, the informal economy and other unregistered incomes clearly complement situations of nearly non-existent income, according to registered data, and reduce the demand for financial support. Natural experiments, such as the applications for taking part in the B-Mincome project, the high refusal rate due to being above the maximum income threshold for receiving the Guaranteed Citizen's Income, or that applications to the Children's Fund reach just over 56% of the potential beneficiary households, lead to the conclusion that the estimated figures for vulnerable households or the intensity of their poverty could be significantly higher than the reality. On the other hand, however, we are aware that the statistics do not include the whole lower range of households on very low incomes and that there is a certain degree of shameful or invisible poverty in middle-class or even upper-class neighbourhoods, with families or individuals who do not wish to admit to social services that they are poor.

### **What has been done and what has been achieved**

While we admit that we have not put an end to poverty, basically because the necessary financial resources were not provided, the City Council has made notable efforts to ease poverty in recent years.

Earlier, we mentioned the difference in spending on guaranteed incomes between the Catalan and Basque governments: €286 per resident in Bilbao compared to €11 in Barcelona. But while Bilbao

City Council spent €4 of its budget per resident (€1.3 million) in 2017 on emergency aid, Barcelona City Council spent €71 per resident (€115 million, concentrated in general benefits, food and housing). And in spite of this tremendous municipal effort, those resources were clearly insufficient to close the overall gap of 3.5 times less aid than in Bilbao (€289 compared to €86)<sup>48</sup>. While a greater amount of resources was employed in Bilbao, it did not eliminate poverty in 2016, 7.7% of the population was living in a situation of real poverty, according to the Basque Survey on Poverty and Social Inequality<sup>49</sup>.

The City Council spends over €50 million a year<sup>50</sup> on combating child poverty (including social pricing for nursery schools and other specific services, but not counting either spending on housing for families or subsidies to organisations for children's programmes). This is less than half the estimated amount, calculated using AEAT data, that would be needed to cover the relatively extreme poverty of families with minors (€121 million).

The figure for 2017 is slightly higher than for 2016, while it will be similar for 2018, although the definitive figures have yet to be finalised. Barcelona was one of the large cities in Spain that spent most on social spending per inhabitant in both 2016 and 2017.

It is still too early to assess whether the efforts made have had an effective impact on reducing poverty. Many other independent variables help or hinder achieving the objective, including reduced unemployment, the expulsion of poor residents from the municipality (gentrification) due to rising housing prices, the large increase in the arrival of refugees and unaccompanied minors and emigration to other countries. The available official data on income and poverty has a time lag of two years (data for 2015 and 2016 is currently available) and this makes short-term action-effect interpretations more difficult.

However, there are some indirect indicators for measuring the impact:

- a) The number of people going to food banks from 2014 to 2017 has significantly decreased (-36% of beneficiaries), and by a higher proportion than in the rest of the Province of Barcelona (-10%), Catalonia (-13%) and Spain (-8%)<sup>51</sup>.
- b) The indirectly estimated income inequality between the wealthiest and poorest neighbourhoods, which had been increasing since 2008, showed a downward trend from 2015 to 2017<sup>52</sup>.
- c) The city's Gini Index for the 2011-2016/2017 period has gone down, while it rose for the Metropolitan Area.
- d) The price increases in rental housing were lower<sup>53</sup> in 2018, although they continue to set record levels.
- e) By contrast, using data from the Institute of Social Services, visits to municipal social services centres have not decreased (15% more people attended in 2013-2017, without counting dependent car) and there has been a slight increase in the number of people going to soup kitchens (around 5% from 2014 to 2017).

<sup>48</sup> Own production based on Bilbao and Barcelona City Council budgets for 2017 and INE population data for 2017.

<sup>49</sup> [http://www.euskadi.eus/contenidos/documentacion/informe\\_epds\\_2016\\_2/es\\_epds2012/adjuntos/Informe%20EPDS%202016\\_es.pdf](http://www.euskadi.eus/contenidos/documentacion/informe_epds_2016_2/es_epds2012/adjuntos/Informe%20EPDS%202016_es.pdf)

<sup>50</sup> Source: Own estimates based on Area of Social Rights budgets

<sup>51</sup> Source: Food Bank Foundation, Federation of Food Banks and own estimates.

<sup>52</sup> Source: Family Income Index Technical Programming Office at Barcelona City Council

<sup>53</sup> Source: IERMB with data from the Metropolitan Survey and the ECV.

[http://habitatge.gencat.cat/ca/dades/estadistiques\\_publicacions/indicadors\\_estadistiques/estadistiques\\_de\\_construccio\\_i\\_mercat\\_immobiliari/mercat\\_de\\_lloguer/lloguers-barcelona-per-districtes-i-barris/](http://habitatge.gencat.cat/ca/dades/estadistiques_publicacions/indicadors_estadistiques/estadistiques_de_construccio_i_mercat_immobiliari/mercat_de_lloguer/lloguers-barcelona-per-districtes-i-barris/)

f) The number of evictions in 2018 was slightly lower than in 2017 (-3.4%). The demand for emergency housing grew in order to provide support for evictions (74% more households attended by the furniture warehouse and 3.5 times more households attended by the Residential Exclusion Unit), according to data from the Manager's Office for Housing. The waiting list for getting into shelters has multiplied (with many of the applicants having arrived less than three months previously) and the number of unaccompanied minors attended grew 8 times from 2014 to 2018. The number of people living rough grew by around 160 (from 2015 to 2018), in spite of an increase in public and private emergency housing solutions that provided more than 800 additional places.

In short, a bitter-sweet balance where, in spite of budgetary efforts and a reversal in the upward trend of inequalities and some poverty indicators, the overall situation of vulnerability in the city is still strongly conditioned by the problem of emergency housing.

How can we tackle this situation? Last year, Barcelona City Council agreed on a long term strategy with a wide political and social consensus from the city's social stakeholders: the 2017-2027 Barcelona Strategy for Inclusion and Reducing Social Inequalities<sup>54</sup>, an ambitious plan for improving inclusion, measured with final and intermediate achievement indicators that have made it possible to assess the progress made. In order to complement the Strategy's challenges, the first objective is to establish a real theory of change that prioritises the social interventions and resources needed to achieve those goals. And of course, this theory of change must include a recognition of the importance of reinforcing the social capital that makes it possible to increase the community's degree of freedom and resilience regarding the impact of poverty.

### **So, what now?**

We want this section to serve as a reflection on the situation of poverty in our city and how we can significantly reduce it.

### **The big problem is access to housing**

We have already seen that, statistically speaking, a hundred thousand households cannot make ends meet. We have also seen that this figure could be lower because some households have support networks, assets or income that is unaccounted for in registers or poverty statistics. Some of them may also be individuals or households that have recently arrived in the city seeking opportunities. Taking everything into account, we could infer that there are over 50,000 households in the city that are suffering from poverty. And this figure includes a time bomb that could further increase it in coming years: the progressive finalisation of 40,000 old rental contracts that are still unaffected by the Urban Letting Act, along with the progressive retirement of elderly individuals who already rent flats at market prices, where increasingly lower pensions and the subsequent loss of purchasing power is combined with increasing rental prices and energy costs.

The city has a powerful plan<sup>55</sup> to double its stock of social housing, help low-income households with their rent and renovate thousands of flats. There is also an underexploited potential for generating more housing by providing incentives so that housing that currently has other uses (offices and other businesses or activities) move to unoccupied ground-floor establishments, or by building temporary solutions on building sites for facilities where there is currently no money available for their construction, or definitive solutions for mixed facility-housing uses, completing buildings that have not yet used all of their assigned building surface area, "redensifying" the city where more and more people either live alone or as a couple in large flats, etc. There are very few empty flats in Barcelona (less than 1.5% of the housing stock, according to the census carried out), but there are strategies for getting more out of existing housing.

<sup>54</sup> <http://www.bcn.cat/barcelonainclusiva/ca/estrategiainclusio.html>

<sup>55</sup> <https://habitatge.barcelona/ca/estrategia/pla-dret-habitatge>

But the official statistics<sup>56</sup> are also conclusive: three quarters of poor households cannot even pay the cheapest available social rents, and an indeterminate number of young people cannot leave home under minimally suitable conditions. Therefore, the problem is mainly concentrated on non-existent or insufficient income for getting access to housing, whether it be social or not.

Furthermore, when social integration policies call for the social mixing of tenants in new rental social housing buildings (not just vulnerable families) so as not to create community problems or ghettos that degrade neighbourhood conditions or replicate some magnified examples of the problems found in the Parisian *banlieues*, the following two issues are ignored: awarding flats excludes the lowest-income households and does not provide any alternative solutions, and the unregulated, spontaneous solution to this problem is the concentration of a large number of squats in certain neighbourhoods, with situations of overcrowding or substandard housing, which also exists in the city a short distance away from what it theoretically wishes to protect.

### Lists of desperation

Access to social housing has a second distinctive feature – apart from the fact that without an income you cannot get it – which is that it is assigned in a draw. This can be pure (the same probabilities), scaled (more probabilities – greater chances in the draw – if some additional risk-of-vulnerability conditions are met) or contingent (with quotas for certain groups). This happens in assigning compulsory education schools (which guarantees universal immediate access to one of them in any event) and nursery schools (which are not obligatory and do not have places for everyone, although the care for children aged 0 to 3 is a right that should be universal) but not in the vast majority of other welfare-state benefits: medical emergencies, surgical operations or visits to specialist doctors and social services, access to homes for the elderly and care services for dependants all have waiting lists. Even access to emergency-housing solutions (shelters, inclusive flats, etc.) is controlled by lists and the scaling of family situations. Some waiting lists are for a matter of minutes, hours or days, while others take months or even years, but everyone who is on them knows when they will be attended to, or at least they should know. Except in housing, where there is no certain knowledge about when you will get it. It depends on your luck in the draw.

As I understand it, we need to completely rethink our access to social housing model, so that it is not allocation by draw (with greater or less probability) or the availability of income. Instead, the criteria should be the length of time someone is in a situation of vulnerability in the city, their age (prioritising senior citizens and families with minors) and the social and health situation of the individual or family. Homelessness or the lack of decent housing is a social problem, but it is also a health problem and, as such, resources should be prioritised for it. There is also a question of fairness and giving people hope that, at some moment in time, their problem will be solved in a real way. And analogously, we could think about access to employment: why not think of a plan so that long-term unemployed people get guaranteed access to a job according to a system of vulnerability criteria, such as how long they have been unemployed?

### We have had enough of conditioned incomes

There is plenty of evidence that the models of conditioned or limited income, such as the Guaranteed Citizen's Income or unemployment benefits and subsidies are not efficient ways of ending poverty. The stigmatisation of families that declare they are poor, the bureaucracy that represents a particularly difficult barrier for individuals with a low educational level or knowledge of the language, the persecution carried out by zealous civil servants or even neighbours in terms of whether a family that may potentially benefit from the income is really poor, the war of the second last versus the last, exemplified by supermarket cashiers who check the contents of shopping bags and whether the benefits can be spent or not, the non-take-up of many benefits, the doubly and paradoxically critical view on immigrants who, supposedly, while receiving benefits also take the hardest jobs that we do not want to do, the poverty traps which mean that entire families are tied to subsidies and unemployment because it does not make any sense to take a temporary or poorly

<sup>56</sup> Own production, based on the 2016 and 2017 Surveys on Living Conditions.

paid job (if they accept it they have to give up the RGC for a time and they will end up with less money than before they took the job), and the aim, never expressed in public, of not going over the budget assigned by the responsible administration, are individual or combined situations which have made the current income model obsolete and inoperable in terms of ending poverty, especially in its most chronic form. In order to solve this problem, it is necessary to move on to universal benefit models, like the ones used for health or education.

The savings in administrative, social and healthcare costs, in improved self-esteem for the population (scientific studies prove that poverty affects cognitive capacity and multiplies the possibilities of developing mental illnesses), in the empowerment of women, young people and entrepreneurs, would all compensate for the additional economic costs involved in funding a universal basic income. It is possible to finance this with a new fiscal policy where the richest people transfer a reasonable part of their income to the poorest people. Furthermore, a basic income would guarantee a stable flow of income that is essential for access to the housing market or for loans to finance studies or other important needs, which unemployed people or those in insecure jobs are excluded from.

The implementation of a basic income, or at least the progressive reduction of the present conditioned and limited incomes, must be accompanied by a programme to rationalise all the other benefits, subsidies, discounts and social pricing connected to income or vulnerability. We need to avoid the poverty traps associated with the accumulation of these benefits, which can mean that these households are not interested in increasing their employment income for strategic reasons, because they would then place themselves above the maximum income threshold that allows them access to the benefits, thereby subjecting them to marginal tax rates on the newly obtained income close to, or even more than 100%, in addition to the time wasted in bureaucratic procedures, often with uncertain outcomes.

### **The solution must be at least at a metropolitan level**

A more efficient basic or guaranteed income in Barcelona than the current one and which could (possibly) put an end to material poverty, must take into account various additional aspects: It should be a metropolitan income where the transfer of income from rich to poor is also mirrored by a redistribution of income among the various rich and poor metropolitan neighbourhoods, in the same way as between men (losers in the redistribution) and women (winners). We cannot treat the municipality of Barcelona as an independent island, even though it is, in itself, a microcosm of inequalities. In addition to Barcelona residents, 400,000 people work in paid employment in Barcelona. They have a job, and therefore generate much more activity, wealth and income than most of the dormitory cities surrounding them. By contrast, this economic centralisation puts pressure on the housing market and expels the most vulnerable classes (if they are able to move) or forces them to live in insecure or overcrowded situations. Decentralising economic activity and improving intra-metropolitan public transport (so that it would be less radial to Barcelona than at present) would also be a policy for combating poverty.

While financing a basic income requires the comprehensive fiscal reform of the major state taxes, it would be perfectly possible to finance a guaranteed metropolitan income with an increase in the resources that are already generated in the area. A surcharge on house rates (IBI) and other municipal and metropolitan taxes on property or environmental impact could generate the estimated €600 million needed to provide minimum cover for the needs of really poor families, provided that this is combined with a less restrictive application of the RGC, which until now has even been denied to homeless people.

The basic income, or a substitute for the RGC that eliminates the poverty trap, should take into account the idiosyncrasies of housing in the city and the metropolitan area, and therefore separate the cover into two parts: one should cover basic needs excluding housing (and could be universal and the same for everyone, only varying by age and/or the size of the household, in order to account for any existing scaled economies), while the other should cover housing needs, which

would be the minimum value between what the household is currently paying for their flat and an objective cost which would depend on the size of the household and housing prices in the municipality or neighbourhood where the household lives. This is basically the model we implemented with B-Mincome, and in practice, it supposes that the basic needs of a family that owns its flat are lower than the official risk-of-poverty thresholds (they need fewer resources to make ends meet), while the basic needs of a family that rents its flat are above them (they need a complementary benefit for housing).

In this guaranteed-income model, the responsibility for financing it could be distributed among the various administrative levels in the following way:

- a) The Spanish government would have to implement a minimum living income (the first part with equal amounts) that would partly substitute the existing unemployment benefits and pensions.
- b) The Catalan government would pay a universal RGC because of the difference in the cost of living compared to other regions in Spain (it has been calculated as 8% higher than the Spanish average)<sup>57</sup>, its funding shared by the central government (which collects more taxes due to this price differential) and the Catalan government.
- c) The Metropolitan Area or the Metropolitan Region would pay a complementary amount dependent on the type of housing tenure and its cost, based on the differential between the Metropolitan Area and the rest of Catalonia.
- d) Barcelona would have to cover the differential in housing prices between the city and the metropolitan area<sup>58</sup>. It would be necessary to set a benchmark rental price using an objective system which, in line with international studies, established a price for living in a dwelling with decent conditions in a medium-low price area of the city.

The Barcelona-Metropolitan funding would come from additional taxation income raised from this area's higher fiscal capacity for generating more tax income from property, economic activity and environmental impact. Barcelona's capital status generates additional wealth which must be redistributed to the less fortunate population segments in the municipality itself and in neighbouring ones.

In this model, which could be simplified or compacted into two of the four above-mentioned administrations, those administrations would have a double responsibility: firstly, to guarantee the financing of the incomes and benefits for specific subjective housing, and secondly, a sufficient stock of social housing would have to be created at the objective price set by the benefits. The housing benefits and the new housing stock should also constitute an indirect control system for excessive price hikes in the free market.

One alternative would be not to give housing benefits and for the administrations that own the social housing stock to charge lower rental prices to those who cannot pay. That would not help to develop a private stock of social housing. A second alternative would be to include a universal benefit for housing in the basic income. This alternative would be more expensive, because it would give excessive cover to those who have already paid for their dwelling, although it is more equitable and eliminates bureaucratic costs and having to control possible fraud.

<sup>57</sup> Source: Generalitat of Catalonia.

[http://economia.gencat.cat/web/.content/70\\_economia\\_catalana/arxius/colleccions/monografies/M\\_17\\_2015.pdf](http://economia.gencat.cat/web/.content/70_economia_catalana/arxius/colleccions/monografies/M_17_2015.pdf)

<sup>58</sup> Using 2016 ECV data, this can be estimated as 27% higher, and double the figure for the rest of Catalonia, excluding the Barcelona Metropolitan Area.

### The pull and push effect <sup>59</sup>

Barcelona is the large Spanish city that spends most on social policies. In spite of this, Barcelona is not the large Spanish city where residents receive most support against poverty. People might be tempted to think that this expenditure is a bottomless pit, because the more we spend on the poorest people, the more we attract (the pull effect), as if all the poor people of the world see Barcelona as the magic gateway to the prosperity of rich European societies. We might also think that Barcelona cannot be an inexhaustible source of wealth that its immigrants can transfer endlessly to the third world, as, in reality, we are a drop in the ocean of African, Asian and Latin American poverty.

Barcelona, as the sixth largest metropolitan area in the European Union, is naturally a source of attraction for immigrants, although the ratio of residents born abroad is below average for large European cities, and in particular, way below Paris and London. The absolute scale of immigration in the city is ridiculous compared to what is found in the entire developed world. Furthermore, just by considering the estimated population ageing, we will need a constant flow of thousands of immigrants a year to maintain the current active population and tackle the challenge posed by this demographic change, in terms of maintaining economic activity and the growing care needs of senior citizens. For example, in 2018, there were the same number of registered residents in Barcelona as there were in 2008, and by contrast there were 34,000 fewer people between the ages of 20 and 64<sup>60</sup>. What will be needed is strong structures for receiving and integrating people, and adequate laws that are favourable and adapted to the social, employment and cultural reality of our city, and that vulnerable native residents have a social support system that is good enough to prevent them thinking they are competing with immigrants for public resources.

### We must continue to increase the availability of data, in terms of quantity, quality and temporal proximity

Lastly, in spite of our efforts to better understand the reality of poverty in the city, there are still major shortcomings that must be corrected in the coming years.

- a) We lack information on the poverty situation in extreme-poverty population segments, where people do not even approach public social services and perhaps only go to other private institutions.
- b) We lack more information on the invisible poverty of impoverished middle classes or senior citizens who live alone.
- c) We do not have comprehensive information on households in terms of combined incomes, wealth, savings and debts. To start with, we would need to increase the sample size for the Family Finances Survey so that it is much more representative at a city level, make a similar one and exploit existing administrative and taxation registers as much as possible.
- d) The surveys on income and administrative and taxation registers do not capture all the incomes or the situations of over-indebtedness correctly. And clearly, they are even less efficient at capturing assets in other countries.
- e) There is no efficient data sharing among the various public-sector levels. In particular, the Generalitat has not implemented the comprehensive information system for social services and benefits with local administrations, as set out in the Social Services Act. Furthermore, there is no data sharing between the public sector and non-governmental organisations that interact with poor people. Perhaps the universal social card that the central government is starting to deploy could be an opportunity.

<sup>59</sup> The push-pull concept refers to the pull effect, which would be the call or attraction of some areas for people from other areas, and the push effect, which would be to encourage or force people out of the population within an area.

<sup>60</sup> Own production based on data from the 2008 and 2018 population censuses.

f) It is necessary to establish a systematic three-year assessment programme for all expenditure programmes. The implementation of new programmes should involve a prior pilot programme with one treatment group and a control group, which would make it possible to evaluate the impact of the measures in a rigorous way.

Some of these shortcomings are critical when conditioned-income protection systems are applied which have a high degree of rejection, as they accentuate the problems of false negatives and positives still further. However, this problem will never be solved, as some families and individuals will always employ strategic behaviour (concealing income and assets, false changes of address and emancipations, etc.) in order to obtain social advantages and it will be impossible to distinguish them from real situations of necessity. For example, there is currently no data or official report that can indicate if a young person has left home to become independent because the family environment is unbearable or because they want to enjoy the “free” minimum income benefits provided by the administration. What we do know, however, is that this young person should have the right to leave home.

### And meanwhile

We would be lying if we stated that local administrations have become the state's last (unintentional) bastion for the poverty protection system. Behind us there are still third-sector organisations, the Church... and litter bins, rubbish containers and a benign climate that for most of the year makes it possible for people to sleep outside in any secluded corner.

Could we do more without a major injection of resources, like the one we are asking for (although it is feasible to do so, it frightens political decision-makers and a part of society that believes they already pay enough taxes, which are then spent badly)?

a) We could manage the right to the city better, where access to public and private resources depends on the length of people's residence and circumstances of vulnerability. Right now, we only have three red lines covered: no children sleep on the street, nor may they stop going to school, nobody dies of hunger and everyone is attended by the health service. Could we increase the number of red lines? We could establish transparent access systems, publicly debated and agreed if necessary, and what priority minimum levels for decent living conditions must be ensured before any other expenditure or public investment. We could also provide a lesson and reverse the rights and obligations equation: people have the right to have guaranteed material conditions for living and the administration has the obligation to identify situations of vulnerability and provide tools for escaping them.

b) Poverty has visible faces (single mothers and their children, immigrants, refugees without resources, etc.) and invisible faces (senior citizens with low pensions, impoverished middle classes, business people or freelancers with economic problems, young people who cannot leave home, or have gone back, etc.). We have advanced tools to identify vulnerable households, and the obligation to approach them individually in a proactive but sensitive way, in order to empower them and allow them to exercise their rights better, to break away from their social isolation and generate more opportunities for improving their situation, for improving their economic education so that they can manage the few resources they have. Poverty can also be combated by reducing excessive costs in areas other than housing: energy and water at reasonable, self-generated costs, progressive social prices, affordable public transport, fostering the collaborative and circular economy, etc.

c) We need to work on a small scale in a multi-dimensional way, which would allow us to identify the problems and seek solutions by using the assets of each community, as well as being aware of the shortcomings that a large city like Barcelona can satisfy. We hope that the “social superblocs” model of dividing up the city into small areas containing 6 to 8,000 inhabitants, which has just been launched with a new way of caring for dependent persons, will progressively extend its functions to the city's global economy for care and the socio-

economic ecosystem, forming veritable living labs for testing social innovations in controlled environments. And where anyone can make a contribution without being seen as a problem but rather as part of the solution.

d) We have new tools, such as the citizen's currency, social clauses in public procurement and benchmark city salaries for achieving more responsible behaviour in businesses and reducing the number of workers in poverty. Similarly, the large organisations involved in employment and goods and services contracts in the city, and the employers and trade associations that represent the productive sector, also have to be part of the shared strategy for improving work and social inclusion for the most vulnerable people, expanding the L'àbora model to include new, innovative models that can be co-created.

e) We can improve community action so that the struggle against poverty benefits everyone, so that the invested resources flow from top to bottom and from bottom to everyone, and that the benefits in terms of well-being reach the most vulnerable people. This will help to combat the demagoguery of wasting resources on poverty and better distributing the enormous wealth that this city generates.

f) Barcelona has a powerful association network and over the years, it has established many shared projects and visions with them. This network is a fundamental factor for multiplying the impact of public actions, and this Barcelona model for co-design, co-production and governance in public-private collaboration must be reinforced in the fight against poverty. Analysing the strong and weak points of territorial implementation and acting in consequence, sharing information systems for vulnerable users, creating synergies and avoiding inefficient duplication in the actions of the various stakeholders are all great opportunities that we must know how to exploit together.

g) It is necessary to opt for reducing educational and class-culture differentials, where the aim of passing compulsory secondary education (ESO) must be replaced by the aim of completing university studies or intermediate and advanced vocational training courses. It is necessary to break away from the prognosis that drastically reduces people's chances of achieving this, depending on where they live or what type of household they were born into. We know that the family's socio-economic situation is a determining factor and that there will never be true equal opportunities without less inequality in people's starting positions, but we also know that we have to employ all the available public and community tools to reduce this differential.

In both the initial stages of education and lifelong learning to adapt to increasingly accelerated changes in the social, economic and technological environment, the prognosis has a lot to do with the resources invested in people's knowledge and skills, as well as with the positive forms of social capital (such as useful relationships and connections for finding a job and making progress in a career), and also with the expectations and confidence of students, their friends and families, as well as their teachers, concerning their own possibilities or who they have to educate and support. Furthermore, there will not be any equality of results if there is no readjustment of expectations or increased confidence.

h) And we have to reinforce links to the research community (universities, research centres, assessment institutions and experts) which must be able to see the city as a source of knowledge and rigorous experimentation that allows them to develop new intervention tools and improve existing ones.

### **Epilogue. Breaking down frontiers**

In the modern world, some frontiers are physical and well known, such as the separation between the first and third worlds. There are many poor people behind them, in Melilla, Lesbos, the Gaza Strip, Calais and El Paso. Globalisation – which allows the free movement of goods, services and

capital, but not people – the plundering of natural resources, corruption and dictatorships all generate a growing accumulation of people behind these frontiers, on one side.

Other frontiers are not so visible, because they are not marked on the map by a line, but we know where they are and they prove to be just as, or even more effective, as containment walls or with the permanent threat of death for those that cross them: the Sahara, the Mediterranean Sea, the mountains of Kurdistan and so on.

The third group of frontiers are here at home, and they are much more intangible and dispersed. We can see them in the queues for getting into shelters, in the sharing out of food, at closing times in supermarkets and restaurants, in the vestibules of public-transport stations. There are some we cannot see because they are in the dark, the containers in the street or in houses, or what looks like a house. In reality, these frontiers are a warning for adventurous navigators who leave the established social routes, they are an incentive for not failing, for behaving yourself, for making an effort. They are also a deterrent, a punishment for those who have not done well enough and have wandered off the path. We could call them the internal frontiers or buffers of capitalist societies: that segment that is not too big to rebel nor too small to become a cautionary tale, but powerful enough to make you do everything you can to not face the same fate. Other buffers include waiting lists, endless procedures with no data, with administrative silences due to the hidden aim of not employing more resources, in case that generates more demand. It is all of this that turns a supposed citizen's right into a brake, so that no frontiers are crossed.

And lastly, there is the fourth frontier. This is also invisible, but we should notice it more than any other. It is the interior frontier, which keeps us away from the suffering of others, out of fear of getting infected and ending up like them; the thing that makes us believe that people like them deserve it and are not doing enough to change; the thing that convinces us that people stop working or looking for a job if they have a guaranteed income and so on. Even though we ourselves would never do this, and would continue to make the effort. The thing that reduces our circle of empathy to our close family and makes us more egoistic and conservative, and does not let us see that vulnerability could also reach us and that we would need help from others. And that the fact that everyone has a right to a free and decent existence is not a personal sacrifice, but rather an investment in oneself.

“When aid is universal, people tell their neighbours they can apply and they give each other mutual support in the process. When the aid is conditional, the administration postboxes are full of claims from poor people denouncing their neighbours for fraud”

(Pablo Yanes, social research coordinator at CEPAL-Mexico, president of Ingreso Ciudadano Universal in Mexico)