

# INCLUSIVE GROWTH THROUGH COLLECTIVE BARGAINING IN SPAIN

Jesús Cruces (Fundación 1º de Mayo) and Francisco Trillo  
(Universidad de Castilla la Mancha)

June 2018

Case report for the CAWIE 3 project



This research received funding by the European Union.

All statements in this publication reflect the author's view only. The European Commission is not responsible for any use that may be made of the information contained in the document.

Corresponding address: [jcruces@1mayo.ccoo.es](mailto:jcruces@1mayo.ccoo.es)

Publisher: KU Leuven  
HIVA RESEARCH INSTITUTE FOR WORK AND SOCIETY  
Parkstraat 47 box 5300, 3000 LEUVEN, Belgium  
[hiva@kuleuven.be](mailto:hiva@kuleuven.be)  
<http://hiva.kuleuven.be>

© 2018 HIVA KU Leuven

No part of this publication may be reproduced in any form, by mimeograph, film or any other means, without permission in writing from the author.

# Introduction

The Spanish economy is now achieving pre-crisis growth levels. After two recessions (2008–2009 and 2011–2013), positive growth is helping to recover lost GDP. This has taken ten years, however, with high economic and social costs. The ‘lost decade’, as it is already known (Álvarez and Uxó, 2017), has also given rise to serious macroeconomic imbalances and labour market challenges, making it difficult to talk of the crisis in the past tense. Some positive trends are presented as examples of the ‘real recovery’ of the Spanish economy. Positive GDP growth is combined with an increase in employment and a slight decrease in unemployment, as well as a reduction of indebtedness and an improving growth performance on the part of the external sector. Nevertheless, current growth is not being translated into improvements in people's working conditions and living standards. Spain has some of the highest levels in the European Union for unemployment (19.6 per cent), temporary employment rate (26.1 per cent), poverty and social exclusion rate (27.9 per cent), in-work at-risk-of-poverty rate (18.3 per cent) and inequality (34.5 per cent).<sup>1</sup>

The recovery is less intense but also less inclusive than in previous periods. Several factors can be identified. First, the recovery is reproducing the previous growth model, with an economy highly specialized in low valued added and labour-intensive sectors. Besides the external sector, tourism and linked activities have been one of the most dynamic sectors in terms of growth and employment creation, followed by retail and construction (CES, 2017). These were the sectors that led economic growth in the pre-crisis years, underlining the fact that structural problems remain. Moreover, the external sector is not generating shared growth because it is highly concentrated on a few companies (4 per cent of export firms account for 90 per cent of exported value), which are characteristically capital-intensive and low tax payers (Gabinete Económico de CCOO, 2017).

It is worth stressing that because of the only slight increase in domestic demand and the low level of investment (24 per cent lower than 2007), economic growth has not been able to retrieve the jobs lost, resulting an uneven path out of the crisis. Current GDP shows a different distribution from before the crisis: in 2017, there were 1.9 million employed (full-time equivalent) fewer than in 2007; corporate profits and self-employed incomes exceeded their pre-crisis levels (4.7 per cent<sup>2</sup>); while employees' income increased much less (by only 0.3 per cent). As a result, employee participation in 2017 was 1.1 points lower than in the previous decade (Gabinete Económico de CCOO, 2017).

Certainly, job creation is helping – very slightly – to reduce poverty rates (from 29.2 per cent in 2014 to 27.9 per cent in 2016<sup>3</sup>). However, the recovery is not substantially reversing inequality trends. Over recent decades, Spain has exhibited high levels of inequality by European comparison, and the impact of the crisis and economic policy have increased these differences: while the euro-zone median increased by 0.3 percentage point between 2007 and 2014, the Spanish rate rose by 2.2 points. Economic growth has not impacted on inequality, reinforcing the idea that the recovery is not being shared. A number of different elements explain this trend: the rapid recovery of capital income and corporate profits, cuts in social protection, the rise of precariousness in employment and wage devaluation (Martín and Zarapuz, 2017).

Looking at economic policy, there is an extensive literature highlighting the impact of austerity measures (and labour reforms) on social policies and collective bargaining (Rocha, 2014; Van Gyes, 2015; Vanhercke,

---

<sup>1</sup> In 2016, EU levels were as follows: unemployment rate, 15–64 years (8.6 per cent), temporary employment rate (14.2 per cent), poverty or social exclusion rate (23.5 per cent) in-work at-risk-of-poverty rate (12.1 per cent) and inequality, Gini Index (30.8 per cent).

<sup>2</sup> Real data.

<sup>3</sup> Percentage of people at risk of poverty or social exclusion (EU-SILC, Eurostat).

2017). In Spain, they have been concentrated primarily on debt at the expense of investment, employment, social protection or industrial policies. For example, unemployment protection was reduced (2012) and several cuts were made in active employment policies.<sup>4</sup> Only 54.8 per cent of the registered unemployed are covered by unemployment protection and the average amount of benefit has been cut (CCOO, 2017a). As a result, the risk of structural unemployment has increased significantly and therewith the risk of poverty.

Labour reforms (2010, 2011 and 2012) have also contributed to the non-inclusive recovery. Regarding employment conditions, it has to be noted that the Spanish labour market is shrinking and employment is increasingly precarious. Here, several indicators can be highlighted: a high presence of temporary contracts, an increase in labour turnover and part-time employment with a significant rise in working time and involuntary working hours and an increase in unpaid hours (Martín y Zarapuz, 2017). It is not surprising that, in 2015, Spain was ranked third worst as regards job quality in the European Union (Piasna, 2017). In parallel with this, changes in the production system have been registered. New business models are taking advantage of technological and legislative changes (such as digitalisation and labour reforms), which have boosted precariousness even further (Rocha et al. 2016; Rocha, 2017b). In Spain, multi-service companies are a good example of this kind of business model in the wake of collective bargaining reforms (Alfonso et al., 2018).

Concerning wages, there has been a strong devaluation in recent years, while productivity has increased. Workers are participating less in the prosperity of their companies: there has been a significant drop in payroll (7.6 per cent between 2008 and 2015), concentrated among workers with greater seniority and years of service. At the same time, distribution among employees is increasingly unequal. Inequality is continuing to grow among employees because wage devaluation has impacted more on medium and low wages than on high wages.<sup>5</sup> It worth stressing that after the 2012 labour reforms, employers can lower wages practically unilaterally and with only modest restraints, which shows that wage devaluation is closely linked to the erosion of workers' bargaining power (Cruces et al., 2016). As a result, workers' participation in the economic recovery has been affected, through both employment and wages.

Finally, the recovery is also based on dismantling social and democratic institutions of labour relations. The unilateral approach to coping with the crisis has left no place for social dialogue or any participation of the social partners in selecting the recovery model. In addition, the collective bargaining system has been changed substantially, reinforcing the power of employers (Cruces et al., 2016; Rocha, 2014). Despite the maintenance of its general features (structure, coverage and so on), there has been a strong impact on bargaining at different levels, leading to a progressive individualisation and a decentralized model of industrial relations (Rocha, 2017a).

In short, the economic recovery in Spain is neither economically sustainable nor socially inclusive. High levels of inequality, unemployment and precariousness are calling into question current policy-making, which has been adopted without the involvement of the social partners. Serious challenges are rising in terms of social cohesion, and the way in which political and social agents face them will determine future scenarios.

According to the general objective of the CAWIE project, the aim of this report is to address the strategy of the social partners in Spain, analysing the extent to which they have incorporated the 'inclusive growth' paradigm in their collective bargaining practices. In this regard, two methodological approaches have been developed. First, desk research is carried out, based on the analysis of the policy documents of the main

---

<sup>4</sup> The most recent was in 2017, when spending on these policies was 3 billion euros below the 2010 figure.

<sup>5</sup> A total of 22 per cent between 2008 and 2015, affecting the 10 per cent of employees on the lowest wages.

trade unions (CCOO, UGT) and employers' organisations (CEOE and CEPYME). To complete the narrative and practices of the social partners, documents from different institutions and organisations have also been included (economic and social committees, lobbies and so on). Second, field work has been carried out based on semi-structured interviews to reflect the positions and practices of social partners with regard to the 'inclusive growth' paradigm.

The field work covered primarily the cross-sectoral and the sectoral level. Persons responsible for collective bargaining and economists were interviewed, in accordance with the project guidelines. Interviewees included, on one hand, the *Confederación Española de Organizaciones Empresariales* (CEOE), and on the other, *Comisiones Obreras* (CCOO) and *Unión General de Trabajadores* (UGT), the main trade unions in Spain. At the sectoral level, we have benefited from the participation of the Federation of Services CCOO, covering the selected profiles of the project.<sup>6</sup>

The chapter is structured as follows. In the first section, we address the main characteristics of Spanish collective bargaining structures and trends. We address the institutional framework of the Spanish bargaining model, in the context of the crisis and the recovery. We paid special attention to the objectives and strategies of the social partners during these periods. The second section is focused on the 'inclusive growth' paradigm. The first part of this section is dedicated to reconstructing the views of the social partners on defining inclusive growth, as well as their positions on economic development and redistribution. The second part is focused on the inclusiveness on the Spanish collective bargaining system. In particular, we analyse what elements are relevant for equality and redistribution and the recent development of collective bargaining. Here, we also address the role of the collective bargaining system in facing the challenges of inclusive growth, as well as the social partners' positions and interests in this respect. Special attention has been devoted to the practices and campaigns developed by employers and trade unions, both at the national-confederal and sectoral levels. Finally, we summarize the key conclusions of our analysis.

## 1 Collective bargaining structure and context

This section presents the Spanish collective bargaining system and strategies of the social partners. It is divided into three parts. In the first, we address the main characteristics of the institutional framework, as well as recent trends in collective bargaining and wages. In the second, we concentrate on social partners' strategies in collective bargaining, during the crisis and the recovery, taking into consideration the influential factors in changing their strategies and their assessments of previous rounds of negotiation. The section concludes with the social partners' positions on economic growth and productive factors.

### 1.1 Institutional framework

The main characteristics of the industrial relations framework in Spain are linked to the institutional role of the trade unions. They are recognized as representatives of the social and economic interests of workers (Article 7 Spanish Constitution, SC), as well as in collective bargaining and the exercise of the right to strike

---

<sup>6</sup> The field work included the following: the deputy secretary of trade union action of *Comisiones Obreras* (CCOO); the secretary of trade union policy of *Unión General de Trabajadores* (UGT); the director of the economic cabinet of CCOO; one of the advisors of the economic and social committee of Spain of CCOO; the director of the labour relations department of *Confederación Española de Organizaciones Empresariales* (CEOE); and the person responsible for trade union action at the Services Federation CCOO.

(Articles 28 and 37 SC), thereby giving essential content to the right of freedom of association. This constitutional configuration of industrial relations is related (according to the jurisprudence of the Constitutional Court) to the construction of a wage society that is more equal in social, economic and cultural terms.

The first draft of the Workers' Statute (1980) marked the starting point of democratic industrial relations, with concertation and social dialogue as basic axes. Based on the unity of union action in terms of co-federal unionism (CCOO and UGT), this scheme has been developed in accordance with their status as socio-political instruments, without which the 'democratic normalisation, socio-economic development and modernisation of labour relations in Spain' cannot be understood (CES, 2015a). In terms of collective bargaining, it must be remembered that the collective agreement, whose rules of legitimacy conform to the contents of the statutory rule (Title III Workers' Statute), has general regulatory effectiveness (*erga omnes*). This is a clear development of the constitutional mandate (Art. 37.1 SC), whereby 'the law shall guarantee the right to collective bargaining between the representatives of workers and employers, as well as the binding force of the agreements'. In such a way, working and employment conditions included in collective agreements will be applied to all workers, whether or not they are affiliated to the signatory unions. Without a doubt, this has traditionally affected the rate of affiliation in Spain.

Successive – and numerous – labour reforms have been eroding these fundamental constitutional provisions.<sup>7</sup> The authoritarian imposition of labour reforms (with too frequent recourse to Royal Decree-Laws) has been used to introduce collective bargaining into the private sector. This broke with the social partners' position, who generally take the view that collective bargaining is more appropriate at the sectoral level (more specifically at the provincial sectoral level). This strategy on the part of the social partners finds its primary purpose, on one hand, in the social cohesion and equality offered by collective bargaining in terms of living and working conditions and, on the other hand, in the structure of employers' associations, where again the provincial level has traditionally been where business interests have been able to agglutinate in the different economic sectors.

The economic crisis in Spain, which began to hit the country hard from 2010, was used as a vehicle to reconfigure collective bargaining and therefore the balance of power between the social partners (Rocha, 2014; Van Gyes and Schulten, 2015; Rocha, 2017a). The most recent labour law changes (especially those in 2012) have produced three main changes<sup>8</sup>: (i) the absolute priority of company-level agreements over higher level ones,<sup>9</sup> which has reinforced unilateral decision-making on the part of employers in determining the conditions of work and employment; (ii) it is now permitted to revoke or disregard collective agreements, not only sectoral agreements, but also collective agreements signed by the employer; and (iii) the validity of

---

<sup>7</sup> Since the 1980s, numerous labour reforms have been implemented in Spain (more than 50), leading to a progressive deregulation of employment and working conditions. There have been, however, several milestones in the opposite direction that should be highlighted. On one hand, the *Inter-confederal Agreement for Stability in Employment* (1997) brought about a change of direction, forcing the reformulation of public employment policies by not encouraging the hiring of temporary workers and instead promoting permanent contracts. The main consequence of this agreement was the recovery of the centrality of the indefinite contract (Pérez Rey, 2004). On the other hand, coinciding with the end of the 1990s and the beginning of the twenty-first century, the idea that collective bargaining can greatly influence employment creation emerged. Under this understanding, several inter-confederal agreements were signed, introducing an exchange between labour flexibility and job creation, mainly in the development of the employment relationship (wages, working time and functional mobility). However, it was not possible to link job creation to the collective bargaining process, nor to put the main emphasis on permanent employment, as evidenced by the evolution of the rate of temporary employment in Spain (Trillo, 2011).

<sup>8</sup> In this regard, we must highlight the work of the Supreme Court, which has declared that the rights contained in a collective agreement become part of the employment contract. If the collective agreement expires, workers retain their rights. This interpretation, however, does not resolve the problem with respect to workers who have been hired at a later date, after the collective agreement came into force. (STS 264/2014, 22 December).

<sup>9</sup> So-called *proximity bargaining*: a euphemism, given current business conditions in Spain. According to the Harmonised Demographics of Companies (INE) 91 per cent of the companies in Spain had fewer than 10 workers in 2014 (most recent published data 2017).

collective agreements is now significantly limited, so that once the agreement expires, the maximum legal working day and minimum wage should be applied.

Ultimately, this barely specified technique of (neoliberal) policymaking tries to present collective bargaining as an ‘adhesive act’ to the entrepreneurial will, allowing employers, once the collective agreement has been modified collectively, to introduce substantial modifications to working conditions unilaterally and with judicial control coming after the fact, if at all (Article 41 Workers' Statute) (Baylos, 2011). More examples of this unilateral approach occurred during the crisis, for example, in employment and training, where no consultation or negotiation has taken place<sup>10</sup> or no agreement reached.<sup>11</sup> In contrast, the social partners have acted responsibly, with a remarkable wage moderation policy during the crisis, as expressed in the Inter-confederal Agreements (Cruces et al., 2016). All in all, despite various legislative attempts – first and foremost, 1994 – the desired establishment and development of an autonomous framework has not occurred (Garrido, 2015).

In terms of social partner participation, during the crisis period, the unilateral approach to government policy-making has been the norm, particularly since 2012. It is especially striking that while there has been a certain degree of participation or consultation with regard to social policies, labour market policy and collective bargaining constitute an exception. Social dialogue and wage concertation have played a fundamental role as socio-economic mechanisms since Spain returned to democracy (Molina and Miguélez, 2013). As things stand, however, social dialogue has been ruptured since the advent of austerity and labour reforms. This breakdown represents a considerable discontinuity, although not a unique one.

The European Social Dialogue and the relevant instruments at national level have also been eroded by this unilateral policymaking. In Spain, the negotiation of National Reform Programmes (NRP) with the social partners has no formal mechanism or pre-established process. Social partner involvement depends very much on the government’s willingness to invite them. In this regard, at the national level, social partner participation has been very limited. Officially the government recognizes the difficult climate for social dialogue, but emphasizes the subsidiarity principle with regard to the national level and the importance of social partner participation (CES, 2015a; Baeza, 2013).

As regards the Spanish wage model, the *Pactos de la Moncloa* (1977) established government inflation forecasts as the basic criterion for wage bargaining, instead of past inflation, which was used during the dictatorship (Pérez Infante, 2011). Sharing in productivity gains and prices have been the elements used by the inter-confederal agreements on collective bargaining, in which the social partners defined the objectives of wage rises for the collective bargaining framework. This wage model has been modified over past decades, incorporating changes and complementary indicators. During 2002–2008, the wage model was complemented with two other items (Perez Infante, 2011): (i) the possibility that agreed wage increases may surpass the inflation forecast, with a limit of per capita (employee) productivity and (ii) the possibility of including wage guarantee clauses in order to avoid losses in purchasing power if in the end inflation exceeds the forecast (this happened continuously from 1999 to 2007). In 2009, no inter-confederal agreement was in force and inflation turned out to be lower than the forecast (2 per cent) and the ECB objective for the euro zone.

---

<sup>10</sup> January 2013: the extension of the Programme for the reskilling of the long-term unemployed without unemployment protection (*Prepara Plan*). December 2013 – Mechanisms to enhance employment stability and employability. February 2014 – Emergency measures to boost employment and open-ended contracts. February 2014 – Protection of part-time workers and other socio-economic policies. September 2014 – Employment incentives and activation.

<sup>11</sup> March 2015 – Emergency reform of the vocational training system.



**Table 1: Wage setting coordination guidelines negotiated by the social partners at peak level, 2002–2017**

Name of agreement	Year	Wage setting guidelines
<b>Agreement on Collective Bargaining 2002</b>	2002	Forecast inflation (2%) + Ex-post indexation
<b>Agreement on Collective Bargaining 2003</b>	2003	Forecast inflation (2%) + productivity + Ex-post indexation
<b>Extension of the 2003 Agreement for 2004</b>	2004	Forecast inflation (2%) + productivity + Ex-post indexation
<b>Agreement on Collective Bargaining 2005</b>	2005	Forecast inflation (2%) + productivity + Ex-post indexation
<b>Extension of the 2005 Agreement for 2006</b>	2006	Forecast inflation (2%) + productivity + Ex-post indexation
<b>Agreement on Collective Bargaining 2007</b>	2007	Forecast inflation (2%) + productivity + Ex-post indexation
<b>Extension of the 2007 Agreement for 2008</b>	2008	Forecast inflation (2%) + productivity + Ex-post indexation
–	2009	Forecast inflation (2%) + productivity + Ex-post indexation
<b>Inter-confederal Agreement on Employment and Collective Bargaining, 2010, 2011 and 2012 (AECB-I)</b>	2010	1% + Wage indexation clause (inflation for the whole period)
	2011	1–2% + Wage indexation clause (inflation for the whole period)
<b>Inter-confederal Agreement on Employment and Collective Bargaining 2012, 2013 and 2014 (AECBII)</b>	2012	1.5–2.5% (AENC I); 0.5% + Wage indexation clause resulting from the difference between actual inflation and the ECB's inflation criterion of 2% (AENC II)
	2013	0.6% + Wage indexation clause resulting from the difference between actual inflation and the ECB inflation criterion of 2%
	2014	0.6% if GDP growth in 2013 below 1%; 1% if GDP growth in 2013 between 1 and 2%; 1.5% (maximum) if GDP growth in 2013 above 2%
<b>Inter-confederal Agreement on Employment and Collective Bargaining 2015, 2016 and 2017 (AECBIII)</b>	2015	1% maximum (no wage indexation clause based on CPI; GDP included)
	2016	1.5% maximum (no wage indexation clause based on CPI; GDP included)

Source: Authors' elaboration based on Molina and Miguélez (2017).

In 2010 inflation rebounded and surpassed the ECB target. In this context, a new agreement (AECB-I) was signed by the social partners. Government forecast inflation and productivity increases were dispensed with and wage bands were established for each year (from 1 to 1.5 per cent). Wage guarantee clauses were also introduced, based on the agreed wage increase and annual real inflation. This AECB also recommended reviewing multi-year collective agreements in line with the new wage bands. Following a wage moderation policy, AECB-II of 2012 set a wage increase not higher than 0.5 per cent in 2012 and 0.6 per cent in 2013. For 2014, economic growth (previous year's GDP increase at constant prices) was taken as a reference, resulting in a range of scenarios.<sup>12</sup> The aim was to limit losses in the event of prices increases, to be applied when inflation was higher than the ECB target. In this case, the composition of the CPI (oil price development) was also considered.<sup>13</sup> The resulting mechanism was influenced by the European debate on de-indexation (related to the Euro-Plus Pact, 2011). The AECB-III (in force since 2015) contained a simplification of the wage upgrading model, but with important changes: wage guarantee clauses based on the CPI were not included. With regard to targets, wage increases of up to 1 per cent for 2015 and 1.5 per cent for 2016 were envisaged, practicing wage moderation once again. For 2017, in addition to inflation,

<sup>12</sup> If GDP in 2013 was lower than 1 per cent, the wage increase would be no more than 0.6 per cent; if GDP was between 1 and 2 per cent, wage rises would be lower than 1 per cent; and if GDP reached or exceeded 2 per cent, wage rises would be no more than 1.5 per cent.

<sup>13</sup> The updating would come into effect when the CPI rose by more than 2 per cent. In this case, CPI composition is also considered. The impact of oil prices is to be discounted if the annual price rise is higher than 10 per cent in this period.

GDP evolution and the macroeconomic framework were also considered. In the specific case of company collective agreements, additional increases can be considered (such as variable pay), providing that they are based on measurable and agreed indicators.<sup>14</sup>

Regarding the guarantee clause it is important to note that only 12.5 per cent of workers covered by a collective agreement were affected by a wage guarantee clause in 2015 (according to Spain's Statistics on Collective Bargaining<sup>15</sup>), of whom one-fifth stated that the clause had been implemented. Ways of restoring lost purchasing power were debated in these negotiations, although low inflation meant that this was not then a major problem. Nevertheless, significantly fewer workers were covered by this type of clause. In 2008, 67.3 per cent of workers were affected, falling to 47.1 per cent in 2010 and only 26.9 per cent in 2012. In a context of rising prices, these clauses inevitably constitute a clash of interests between employers and unions (see below) in the current inter-confederal negotiations (2017–2018).

The wage model is completed by the minimum wage, which is set by the government, which can consult the social partners. During the crisis period, different governments have chosen to unilaterally fix the increase or freeze the minimum wage, impacting minimum wage dynamics.<sup>16</sup> In 2016, however, a consultation and negotiation process was opened that concluded in 2017 with the *Social Agreement on the Interprofessional Minimum Wage (2018–2020)*. In the Spanish labour market, in which almost 30 per cent of workers are classified as 'poor', this agreement was supposed to give a boost to the lower paid.<sup>17</sup> As a result, the minimum wage is to be increased by 4 per cent in 2018, 5 per cent in 2019 and 10 per cent in 2020,<sup>18</sup> if the same conditions are repeated.<sup>19</sup> The agreement has had two immediate effects: restoration of social dialogue and abandonment of the policy of using wage devaluation as the sole means of boosting the economy.

## 1.2 Trends and strategies in a period of austerity

The trends and strategies described in this section fundamentally accept the validity of the normative framework within which both internal devaluation and austerity policies were introduced, especially in the private sector. These trends and strategies derive not from the legislative level, but from collective autonomy and social dialogue itself. Accordingly, the present section is divided into the following parts: (i) trends in collective bargaining and wages; (ii) objectives of the social partners and assessment of previous negotiations; and (iii) their positions on economic growth and wages.

---

<sup>14</sup> Secretaría Confederal de Acción Sindical de CCOO (2015).

<sup>15</sup> Ministry of Employment and Social Security.

<sup>16</sup> The main dynamics were as follows. First, low wage increases and loss of purchasing power. Since 2010, increases in the minimum wage have either been very low (1.5 or less) or have been frozen (2012 and 2014). As a result, a considerable loss of purchasing power was registered in 2010, 2011 and 2016. The wage freezes in 2013 and 2015 were ameliorated by low inflation. Second, the gap with the average wage (31 per cent in 2016) and the median wage (37 per cent) has been maintained (according to OCDE data). In comparison, the minimum wage in Spain is the fourth lowest in the EU with regard to productivity, far from the targets laid down in the European Social Charter (Gabinete Económico de CCOO, 2017b). Spain continues to lag behind other European countries, as noted at the beginning of the crisis (Schulten, 2012).

<sup>17</sup> For example, a close relationship has been shown between the minimum wage and poverty dynamics. In 2015, the subsistence minimum in Spain was a gross 9 080.40 euros per year (with imputed rent), below the at risk of poverty threshold for one person (9 335 euros). It is also well below the threshold for a household of two adults (14 003 euros) or two adults and two children (19 604 euros) (Gabinete Económico de CCOO, 2017b).

<sup>18</sup> The targets are: 4 per cent for 2018, resulting in 736 euros per month in 14 payments and 10 304 euros per year; 5 per cent for 2019, resulting in 773 euros per month in 14 payments and 10 819 euros per year; and 10 per cent for 2020, resulting in 850 euros per month in 12 payments and 11 901 euros per year.

<sup>19</sup> It will apply when two circumstances occur: a GDP increase of 2.5 per cent or higher and an increase in the average number of persons receiving social security above 400 000 persons.

### 1.2.1 Trends in collective bargaining and wages

The Spanish collective bargaining system has guaranteed a high level of coverage since the 1980s, reaching the highest level in the period since the restoration of democracy in 2008 (with 11.9 million workers covered). During the crisis period, collective bargaining was very active, but no substantial changes were made in its structure. The number of collective agreements declined significantly in the first stage of the crisis. This trend changed in 2013 and in 2015 (last available data). In this year, 5 600 collective agreements were registered, covering 10.2 million workers; in other words, 1.7 million fewer workers were covered in comparison with 2008.

In recent years, many studies have analysed the impact of the 2012 labour reform on collective bargaining (Cruces et al., 2016). Some relevant trends can be highlighted with regard to the effects of the 2012 labour law reform in Spain. First, it should be noted that a number of collective agreements have not been implemented since the 2012 reform. On the whole, 9 100 collective agreements were recorded during 2012 and 2016, affecting 3.5 million workers. Most were achieved by agreement of the parties during the consultation period (90 per cent) and were focused mainly on wages (60 per cent) (Cruces et al., 2016). Second, although the 2012 labour reform fostered the development of new agreements at company level, this process did not bring about a substantial alteration of the existing structure of collective bargaining in Spain (as has been remarked by Cruz, 2015; Pérez et al., 2016; and European Commission, 2016), due to a number of different factors, but mainly the interests involved and collective bargaining practices.<sup>20</sup> Similar qualitative studies have identified other recent dynamics (Rocha, 2017a), including the priority given to the company level over the sectoral one with regard to wages and the conferral of legitimacy as the signatory parties of some new company collective agreements on so-called ‘multiservices’ companies – most of which have driven down working conditions – with regard to sectoral agreements. Third, the impact of employers’ right to modify working conditions (Art. 41 Workers’ Statute) has not been fully evaluated. Apart from anything else, because this is implemented unilaterally by the employer without control or participation of the unions, or official registration, there is a notable lack of information. The amendment of Article 41 of the Workers Statute has been one of the key measures used by employers to cut wages (Cruces et al., 2016), as confirmed by recent studies on the Labour Price Index (Martín, 2017).<sup>21</sup>

In sum, collective bargaining has changed with regard to practices and positions. As a result, a more authoritarian pattern of industrial relations has emerged, with potential consolidation of a model of ‘disorganized decentralisation’ of collective bargaining (Rocha, 2017a). This trend poses some important challenges for bargaining in the Spanish social and economic context (not to mention its business composition, with a high number of SMEs and even a lack of trade unions in certain sectors).

Regarding wage trends, wages have shown a remarkable moderation over the past decade, in line with inflation. It is noteworthy that the social partners have recommended wage moderation at inter-confederal level within the framework of collective bargaining. Some important trends can be identified (see annex). In 2008–2009, wage rises were falling, in a context of strong economic recession and high job losses. Due to low inflation, the agreed wages were able to maintain purchasing power. In 2010–2012, further wage

---

<sup>20</sup> The limited impact on the structure of collective bargaining is attributed to various factors related to collective bargaining practices (Cruces et al., 2016): (i) the battery of measures offered by the 2012 reform that remove incentives for companies to reach a company collective agreement; (ii) changes in business bargaining positions. After being given more power to determine contracts, employers shifted from their traditional defensive position to a more active one, proposing various measures on wages, flexibility and so on – in some sectors, this has led to an interest in signing sectoral agreements (less business competition); and (iii) changes in trade union positions. The latter came to focus on defending the regulatory framework of sectoral collective agreements and working conditions, in exchange for a certain devaluation (mainly wages).

<sup>21</sup> Analysing wages (according to the Labour Price Index (LPI) elaborated by the *Instituto Nacional de Estadística*) over time, devaluation has concentrated on low wages and workers’ seniority, in other words, changes in working conditions. See Martín (2017).

moderation measures were taken, while the consequences of the crisis and job losses were still visible. Low wages increases were accompanied by a rebound in inflation, producing a reduction in real terms. In 2013–2015, wages increases were reduced even further (reaching 0.5 per cent). Low or negative inflation, however, meant a relative improvement in purchasing power. Finally, in 2016–2017, agreed wages started to grow again, but at levels below inflation. In this period, losses in purchasing power were accompanied by economic recovery and job creation.

In addition, general wage development exhibited two important trends. First, during the recession wage agreements did not involve wage increases. It is important to note the substantial gap between agreed wages and actual wage rises during the recession. Various factors can be adduced to explain this gap: for example, job losses and the composition effect at the beginning of the crisis (2008–2009), or the impact of austerity measures and labour reforms (2010–2013) (Martín and Zarapuz, 2017; Álvarez and Uxó, 2017).

Second, wage devaluation may relate to two trends (Gabinete Económico, 2017): either the lowering of the wage rates, or a fall in income due to precarious employment (e.g. involuntary part-time work, dismissal). According to the Labour Price Index<sup>22</sup> (INE), the average real reduction (inflation subtracted) was –7.6 per cent between 2008 and 2015. Higher wage reductions allowed workers who agreed to them to keep their jobs and affected workers with more seniority. This would indicate that the change introduced in Art. 41 has had a significant impact. Employers did not need to use the relevant procedures to justify non-implementation of wage increases because these wages were still higher than those agreed in the course of collective bargaining. This approach is easier than simply not implementing agreed wage rises and company/sectoral agreements, because non-implementation involves more red tape for employers and achieves less in terms of wage reduction (because it would be inflexible, leading to a permanent wage reduction). Second, *wage devaluation with regard to incomes*. The fall in average wage incomes was lower than the decrease in the wage rates during the same period (2.2 per cent<sup>23</sup>).<sup>24</sup> The fall in the temporary employment rate and the rise in public employment have boosted average wage income, offsetting the negative effects of falling wage rates, part-time employment and the decrease in industrial employment.

As a result of the 2012 labour reform, workers' participation in the recovery has been cut and wage devaluation is becoming permanent. Wage cuts have been concentrated among the low paid, far exceeding average wage reductions. Thus, real wage income was reduced by 22.5 per cent between 2008 and 2015 in the lowest wage decile. The decoupling of average productivity per hour and average wage per hour as a result of internal devaluation is a good example of this. Neither during the crisis or the recovery has the Spanish economy demonstrated competitiveness problems in terms of labour costs, as shown by the development of external trade since 2008, and low and falling unit labour costs (in comparison with other OECD countries) (Uxó et al., 2015; Martín and Zarapuz, 2017; Álvarez et al., 2017). Downward pressure on wages is no longer justified by either competitiveness problems or high company indebtedness. In contrast with the mainstream view, internal devaluation has made it possible to reduce indebtedness and to increase profit margins. Corporate profits recovered by 5 billion euros in real terms in 2016, above their 2007 level, while in 2017 investment and employees' compensation stood at 95.9 million euros and 16.2 million euros, respectively, below 2007 levels, also in real terms (Martín and Zarapuz, 2017).

---

<sup>22</sup> The Labour Price Index is produced by the National Statistics Institute, which estimates the variation of wages paid for a fixed 'basket of jobs'. It has been implemented within the framework of the Spanish Labour Force Survey since 2016.

<sup>23</sup> Real wages. Estimated from Annual Labour Cost Survey (INE).

<sup>24</sup> This is estimated by reference to the Quarterly Labour Cost Survey and the Annual Survey of Salary Structure, which offer the same result.

### **1.2.2 Strategies of social partners in collective bargaining**

In the field of social dialogue, the objectives of social agents during crisis have covered different issues, but mainly focused on wage moderation, internal flexibility and job creation (AENC-I to AENC-III). Concerning collective bargaining, the results has been focused on wage bargaining, as it has been traditionally. Employment conditions have had some weight on priorities in certain sectors, as well as vocational training and health at work. Nevertheless, social agents have displayed conflicting objectives throughout the periods of crisis and recovery. Structural factors (such as high levels of unemployment) or institutional factors (such as changing the legal framework through labour reforms) are key elements in understanding how the positions of social agents have been articulated. According to available documents and the information provided by the interviewers, social agents' objectives regarding employment and wages could be concreted as follows.

#### **1.2.3 Crisis period: preserving employment and collective agreement versus wage devaluation**

In general terms, interviewees expressed the view that traditionally collective bargaining focused mainly on wages. From a trade union perspective, during the first stage of the crisis (2008–2009), the preservation of employment was one of the main objectives, which has influenced on wage bargaining to a certain extent. High unemployment rates and long-term unemployment forced this choice. Low inflation was also a factor in wage moderation, which employers were keen to bring forward as an argument against wage rises. During the first stage of crisis, unions' proposals also included internal flexibility to deal with the crisis (some of them were incorporated into the AECBs).

During the period of austerity and labour reforms (2010–2014), public sector employment, services and defence of collective agreements were added to trade union objectives. From their point of view, the labour reforms – especially those of 2012 – have modified labour relations systems substantially, eroding workers' negotiating power and giving employers tools implementing internal devaluation. Saving collective agreements and collective bargaining was essential. For the trade unions, reviving collective bargaining took a lot of effort, one agreement at a time. In addition, in accordance with their socio-political role, from the beginning of the crisis the trade unions laid down numerous objectives and made numerous proposals to combat poverty and inequality, in a number of areas (social protection, taxation, changes in the production model; see below).

In contrast, for employers the crisis period (2010–2011) marked a 'before and after' with regard to two issues in particular: certainty of bargaining, with the removal of the wage guarantee clauses; and wage adjustment during the crisis. Traditionally, employers have taken a more passive than active position on wages, trying to avoid focus on how much workers should share in gains and being less innovative with regard to bargaining. According to this view, they do not want wage increases to depress profits and want employment to increase inasmuch as profitability allows it.

#### **1.2.4 Recovery period: wages as a factor of growth versus labour flexibility**

A bipartite negotiation was initiated in 2016 with no final signature in 2017. Conflicting positions on wages and the collective bargaining model were determined by current objectives and strategies. Inter-confederal negotiations between employers and trade unions continue in 2018.

In the recovery period (2015–2017) the trade unions noted the need to change the wage paradigm, taking into account that workers have made a great effort to continue wage moderation. In addition, they noted the weakness of job creation, based on a high proportion of temporary and precarious jobs, reinforcing

inequality. The trade unions focused on two main issues: wages and employment conditions. Thus, on one hand, they proposed wage rises as a factor of growth, enhancing the role of collective bargaining. They thus called for substantial wage increases. They pointed out that wages should not only recover purchasing power, but also make up for the loss of earnings experienced during recent years. In addition, wages should benefit from productivity gains – a redistribution of the cake.

On the other hand, regarding employment they proposed measures concerning job creation and quality of employment. They emphasized that steps must be taken to reduce the high levels of precariousness arising from both temporary and part-time hiring. The widespread use of part-time contracts by employers (with the extension of complementary hours) has meant an extension of low wages, putting many workers into a situation of poverty. The trade unions proposed measures to encourage employers to start hiring again, as well as to address illegal employment and consolidate complementary hours.

How were trade union wage objectives realized in collective bargaining? They pressed for wage increases in accordance with productivity and prices. They considered it essential to restore the wage guarantee clauses as a mechanism of maintaining purchasing power. Two specific lines of action on collective bargaining were defined (Table 2): wage increases and low wages. They emphasized the importance of negotiating wages on the basis of productivity (at sectoral and company levels) and inflation as part of a wage guarantee clause. They also proposed an additional increase to restore lost purchasing power. In the same way, they were open to negotiating on productivity when the economy is growing and wage moderation in times of crisis, but with maintenance of jobs. With regard to low wages, they called for specific measures at each level of bargaining, taking into account that bargaining should aim at bringing low wages above the minimum wage, as was previously the case.

**Table 2: Trade unions' objectives on wages for the new AECB**

<p><b>Three priority objectives</b></p> <ul style="list-style-type: none"><li>– Wages should share in economic growth and the recovery that companies have enjoyed since 2014</li><li>– Wages should recover purchasing power progressively, as well as their share in income, which has lost ground since the beginning of the crisis in 2008</li><li>– Low wages should be considerably improved. They have lost the most ground in recent years.</li></ul>
<p><b>How these objectives should be pursued in collective bargaining</b></p> <p><b>Regarding wage increases</b></p> <p>Wage increases should be in line with expected productivity at each negotiation level. Wages increases have to respond to real productivity in each sector or company. In any case, the increment should always be higher than inflation. Inflation acts as a floor because wages must not lose purchasing power again, as happened in 2017.</p> <p>Wages should incorporate an additional increase to recover purchasing power progressively (7 percentage points have been lost since 2008) and their share in profit increases. Workers have fallen behind in this respect since 2008 (by 3 percentage points). This additional increase should amount to 1.5 per cent per year (2018 and 2019).</p> <p>Wage guarantee clauses should be included to ensure purchasing power (for example, if inflation surpasses the expected 1.6 per cent for the current year).</p> <p>No specific figure is proposed, because each sector and company should adapt these criteria to their economic situation. Nor are wage bands planned, which would tie negotiations upwards and downwards. The key must be productivity, on one hand, and recovery, on the other. This has to be made concrete for each sector and company.</p> <p>It is important that negotiators are aware of productivity in their sector and company. The government is requested to periodically submit fiscal and social security information to the joint collective bargaining committees, using the agreement code,<sup>25</sup> which companies are obliged to provide to the Administration. Meanwhile, productivity development can be approximated with the official statistics (INE) for each productive branch, based on the National Accounts.</p> <p><b>Regarding higher increases for low wages</b></p> <p>A priority increase for low wages should be specified. This must be done at each level of negotiation, at which wage tables are defined.</p> <p>Wages in collective agreements must not be below the development of the subsistence minimum (SMI), but generally above it. Thus if the SMI is 850 euros in 2020, the lowest agreed wage should be higher. A gross wage of 1 000 euros is demanded as a reference minimum.</p> <p>Finally, it is proposed that the wage increase each year should be articulated, in whole or in part, as a linear increase for all workers, which will benefit low wages proportionally more; after all, low wages have lost more purchasing power since 2008.</p>

Source: Authors' elaboration based on 'Explanation of the wage criteria proposed by CCOO and UGT for a potential AECB' (2018).

Sharing of company income ('the cake') constitutes the central element of negotiations for trade unions. According to them, prices determine purchasing power. From this base, negotiations must go further to take into account productivity gains, which should determine workers' share in sectoral and company gains.

Regarding wages, wage guarantee clauses are at the centre of the current debate, indeed they are the 'sticking point' of current inter-confederal negotiations. For trade unions, these clauses have been an essential element of the Spanish model of collective bargaining. They consider that their elimination was an important loss in the last inter-confederal agreement, although without the prevailing low inflation the impact would have been even greater. They assert that such clauses will be necessary to reflect future economic growth. They believe that this is one of the reasons for the lack of agreement between employers' associations and

---

<sup>25</sup> In Spain, each registered collective agreement can be identified by a number, called the 'agreement code'.

trade unions in the current negotiations. The employers argue that such clauses are likely to be inflationary, at least to some degree, insofar as wages put pressure on prices. The trade unions, however, emphasize that wage reviews are carried out at the end of the year, so that price rises early in a given year may be lower because there is no pressure from wages.

In any case, the trade unions are open to negotiating wages on the basis of other indicators, too, provided that purchasing power and prices are guaranteed. In fact, this has happened in previous agreements, which took into consideration GDP changes, oil prices and so on. For example, they would be willing to consider elements exogenous to the initial model (such as energy), as long as the costs (of, for example, energy) are shared by both parties (workers and employers). More generally, the government currently seems inclined to continue without wage guarantee clauses, arguing that they jeopardize competitiveness. The trade unions point to other indicators, however; losses of competitiveness are not due primarily to labour costs and the government is guilty of emphasizing a short-term focus in economic policymaking.

Finally, the trade unions consider that information (and its quality) is crucial element for wage bargaining. In this respect, more information and indicators are demanded for the bargaining tables. Information used in negotiations tends to be very weak. The trade unions would welcome new indicators and formulas as long as wage guarantee clauses are revived. There is some experience of this at sectoral level, such as variable remuneration at sectoral level in the service sector,<sup>26</sup> or new indicators, as in the financial sector.

By contrast, the employers' main objectives are job creation, flexibility and differences in employment conditions (between temporary and permanent contracts). In their view, employment creation would be enhanced if collective bargaining outcomes included greater flexibility, especially with regard to working time. Employers welcome recent labour reforms, especially those of 2012, which offer various forms of flexibility (dismissal, modification of conditions and so on). They see no need for any more changes in the short term. They also assume that there is no more room for flexibility on other employment conditions (hiring, dismissals or wages), unlike working time, on which collective bargaining can be developed. From their point of view, other matters (rather than wages) should draw the attention of negotiators in collective bargaining. They propose 'upgrading' the bargaining process by reducing the emphasis on wages and increasing the role of other issues (such as working time).

### **1.2.5 A correlation of forces issue: influencing factors**

As we have seen, the social partners' objectives have changed during the crisis and recovery periods. Their different positions on bargaining are likely to have been influenced by various factors. According to the trade union interviewees, the correlation of forces between capital and labour has been modified during this period by two elements in particular: the high levels of unemployment and the impact of labour reforms on bargaining power.

During the crisis, unemployment and the growth of the 'reserve army of labour' have been decisive factors in determining the social partners' aims and strategies with regard to wage negotiations. Employment preservation was negotiated in exchange for wage moderation. As already mentioned, during the crisis the trade unions focused their efforts on maintaining the labour relations model and collective agreements. Several proposals and alternatives to the unilateral reforms were offered, combined with the mobilisation of workers (with some general strikes). The maintenance of employment and collective agreements as an instrument for regulating working conditions were their main vectors of action.

---

<sup>26</sup> Variable remuneration systems have also been introduced in bargaining in some service sectors (Trade Union 4).

A second factor is the impact of the last labour reforms (2010–2012). According to the trade unions, changes imposed by the 2012 reforms have significantly eroded their bargaining power, modifying the industrial relations model built since the restoration of democracy. Two aspects in particular are highlighted: the priority of the company agreement and the modification of working conditions (Art. 41 Workers' Statute). Collective bargaining has shifted to reinforce unilateral decision-making by the employer in the regulation of working conditions. The changes arising from the reforms are seen as factors putting downward pressure on wages, as demonstrated in the recovery period. Productivity has been growing significantly while wages lag behind. As a result, profit margins have increased and the economy is growing, while workers are not sharing in the gains.

The trade unions have also noted that the changes made after the 2012 labour reforms, especially the breakdown of sectoral agreements and promotion of company agreements, have not been fully exploited by the employers. According to the unions, this is because of low inflation and the possibilities available to employers for changing wage conditions (Art. 41) without breaking sectoral agreements. If conditions change in the future, however, they may want to use this route nevertheless. Thus, the 2012 labour reform has provided tools for internal devaluation both for the time being and the future.

An impact due to the labour reforms has also been discerned with regard to the priority given to company agreements. Depending on the type of company, it has had an impact on both traditional business models and on 'multi-service' companies. The latter in particular, as already mentioned, use the labour reforms to degrade working conditions, for example, with their use of the minimum wage, broad functional scope and job categories as references for the company agreement. Large companies especially have exercised this option.

For this reason, the trade unions consider it necessary to derogate from the 2012 labour reforms with regard to its three main changes: the priority of company agreements, the options available to allow employers not to implement collective agreements and the limits imposed on the so-called 'ultra-activity' of collective agreements (that is, their remaining in force even after expiry if the employers refuse to sign a new agreement). According to the unions, this has substantially curtailed the capacity of collective bargaining and unions to influence the regulation of working conditions. Changing the priority given to company agreements, the inclusion of wage guarantee clauses and the negotiation of wage increases upwards are central objectives of the unions, enabling collective bargaining to improve the distribution of the fruits of economic recovery. Specifically, one of the most damaging measures of the reforms – namely, the unilateral modification of working conditions by the employer (Article 41) – could be modified into a recovery mechanism that, on the basis of negotiations, would allow internal flexibility measures and ensure employment and the redistribution of economic gains in periods of recovery and economic growth.

On the **employers' side**, the labour reforms have been welcomed. After all, they allow the employers to degrade working conditions in response to a fall in economic activity, indebtedness and falling corporate profits. Even once economic recovery has been attained, the focus is on achieving greater flexibility.

Regarding the main changes achieved by the reforms they emphasize the following. First, internal devaluation is key. The employers assert that the three most important elements of the 2012 reform have not had a 'destructive impact'. They have certainly had an effect, but 'not too much'. First, there has been wage moderation, with wage rises falling from '4 per cent to 1.74 per cent'. Second, in terms of the non-implementation of agreements, they remark that, when this has happened, it has been because wages 'were not properly set by the negotiators', taking proper account of final company results (Employers 1). Third, they consider that the company agreement has not been a major instrument for internal devaluation, highlighting the positive improvements in sectoral agreements for employers, as reflected in national statistics. They are happy with the sectoral agreements because the latter provide 'a good reference', fitting

in well with the existing framework. In this context, it should be noted that employers do not make full use of company agreements as a competition mechanism to drive costs down; the sectoral agreement tends to be used as a regulatory framework between companies. Company agreements involve costs for employers, so many employers are not willing to implement them. It is also argued that this kind of collective agreement is not really appropriate for small companies.

Regarding ultra-activity, the employers take the view that a ‘real modernisation of collective bargaining’ would be achieved when negotiations ‘could start from zero’. For them, collective bargaining is a negotiation between two parties and as such should be able to start from scratch every time, although they don’t hold out much hope that the current framework could change radically.

Finally, they recognize – like the trade unions – that we cannot know exactly how many companies have used the mechanism for modifying working conditions (Art. 41). Given the low level of disputes (individual and collective), they consider that its impact has been modest. They argue that during the crisis ‘adaptation’ (modification of working conditions) has been done by agreement or if without agreement only because there was no alternative. They also recognize that in big companies these processes have been ‘more formalized’ (Employers 1).

It must also be mentioned that the economic crisis and the labour reforms have shifted the balance of power in favour of business. It has also been noted that the employers’ side is to some extent fraught with contradictions given the loss of importance of employers’ associations, which is due to the wide range of business strategies and models (large companies vs SMEs, innovative sectors vs residual sectors, traditional businesses vs internet platforms and so on). In general, employers’ associations value social dialogue, but companies are not very innovative in their collective bargaining practices, especially large companies and strategic sectors. Otherwise, companies do not usually introduce changes unless conflict arises.

### **1.2.6 Different assessments of previous negotiation rounds**

The social partners welcome having a framework to guide collective bargaining, based on mutual consensus. They differ in their views of previous negotiations, however. From a trade union perspective, the inter-confederal agreements during the crisis were reached under special circumstances and expressed a strong exercise of responsibility with regard to wage moderation, as long as wage increases were respected. They also point out some employers’ non-compliance with compromises on employment.

The efforts made to reach previous agreements (especially the AECB-II) is remarked upon by the trade unions, who point out that they were signed in a double-dip recession and featured notable wage moderation. The most unwelcome outcome was the modification of the wage guarantee clause, which makes it difficult to recover purchasing power in the short term. They take the view that this has not been noticed because inflation has been negative or very low, but that this will change and the lack of such clauses will impact on wage trends. In their opinion, the paradigm should be changed and workers’ efforts in previous years should be rewarded.

In the current negotiations, the trade unions seem intent on reaching agreement, but warn of the need to change the paradigm established by recent agreements. In this regard, they emphasize that inter-confederal agreements should be available to workers, helping them to share in the fruits of economic recovery, incorporating the aforementioned elements of wage increases, guarantee clauses, hiring changes and so on. In this context, the importance of worker mobilisation for collective bargaining is highlighted. If no agreement is reached with the employers, they believe that mobilisation and information campaigns will be necessary to get employers to change their positions (far from a social partnership approach), which have been entrenched by the crisis and labour reforms.

For the employers, previous agreements have been very useful, mainly with regard to wages, with less impact on other issues. They argue that recommendations at the inter-confederal level were useful, as negotiators at different levels of bargaining referred to those previous agreements. For them this change has meant greater security, insofar as they reduced uncertainty with regard to wage negotiations. The importance of the wage guarantee clauses is that their absence explains the lack of agreement in the bipartite negotiations in 2016. Trade union interviewees considered that no agreement was finally signed with employers because ‘they did not want to restore the wage guarantee clause. (...) It is the centrepiece around which the mechanisms for negotiating on the basis of future inflation turns’ (Trade unions 2).

### **1.2.7 Positions on economic growth: the roles attributed to different factors**

There is an extensive literature describing the Spanish model of growth during the crisis: a model relying excessively on particular sectors (such as construction), high temporary employment, low wages and strong indebtedness on the part of households and the public administration. This model of growth was very weak in the face of economic cycles, resulting in high levels of unemployment and poverty (Rocha et al. 2008; Rocha, 2009). This diagnosis was shared by the social partners during the crisis. The specific interests of individual companies have not been incorporated into it, however. After two recessions, the recovery of the Spanish economy is taking place in similar sectors and based on similar growth factors, with a strong emphasis on activities with low added value, extensive use of low skilled and cheap labour (such as tourism or retail) (Martín and Zarapuz, 2017).

When analysing the positions of the social partners, it is useful to know the role and priority attributed to different elements: the production system and the quality of employment; wages and collective bargaining; or social policies and fiscal policies. We shall now examine their ideas on how (and in what ways) Spain should compete in the global economy, and then how generated profits should be distributed among the population.

### **1.2.8 The employers’ view: similar growth factors and greater flexibility at work**

Within the framework of the general elections of 2015 and 2016, the social partners made proposals for the new political cycle. Business organisations proposed measures for very different types of policies (see annex). Several elements should be highlighted: the importance attributed to the external sector, the demand for greater flexibility at work and administrative reform, demanding greater public–private collaboration. It is also worth stressing the proposals aimed at job creation and collective bargaining.

Specifically, in the field of employment, they proposed ‘flexibility measures to support job creation’: (i) to strengthen the efficiency of employment policies so that they met the needs of companies and workers, also improving their link to education and training policies; (ii) to improve job intermediation mechanisms by encouraging public–private collaboration; public job intermediation places less than 3 per cent of unemployment workers and is clearly insufficient; (iii) to rationalize types of contracts and, especially, bonus schemes, promoting permanent contracts (not penalizing justified temporary hiring), boosting part-time hiring and intensifying the hiring of young people with more flexible formulas; (iv) to increase internal flexibility mechanisms available to companies to make it easier for them to adapt to market needs (CEOE and CEPYME, 2015).

Regarding the ‘modernisation of collective bargaining and commitment to social dialogue’, employers presented two proposals: (a) to modernize the collective bargaining system to make it more agile, efficient and tailored to the needs imposed by the new labour relations framework. Both in the service sector and the industrial sector experience shows that increased flexibilisation results in improved competitiveness; (b)

to promote the use of autonomous systems for the resolution of labour disputes' (CEOE and CEPYME, 2015).

Under this scheme, wages should not compromise either productivity or investment (although, as has been noted, the recovery has not been directed towards investment). The employers are aware of the importance of wages in the economy but with limitations, demanding less state inference because 'this is a private issue'. Their interest is focused on the impact of wages on profits. In terms of employment, job creation is determined by what profitability allows. No social concept of wages is defined by the employers. Wages are negotiated and result from the agreement between the partners. If agreement is reached, according to the employers, that by definition is what is required in each activity and sector. On this view, collective bargaining should seek to create more employment, showing more flexibility with regard to the company's needs. At this respect, they are open to negotiated flexibility schemes, but with 'no minimums' (Employers 1).

### 1.2.9 Trade unions: wages, collective bargaining, quality of employment and social policies

The trade unions proposed '20 urgent actions for progress and social well-being' in 2016, to be considered in the new political cycle. They can be aggregated along five vectors of change: employment; changing the production model; collective bargaining and wages; social policies; fiscal policies; and human and democratic rights (see annex). Among the various proposals, they point to the need to change the direction of austerity policy (Spain and Europe), promoting a social expenditure floor in the Constitution and repealing the labour reforms of 2010 and 2012.

Since the beginning of the crisis, the trade unions have been developing numerous proposals for amending government economic and social policies. The main lines of action are: changing the productive model; changes in policies (industrial, education and so on) for creating employment (labour legislation does not create jobs) and reducing precarious employment; promoting wage increases, which would be crucial both economically and socially; social policies and reinforcement of the social protection system; and a new approach to fiscal policy.<sup>27</sup> Also worth mentioning is the proposal for a Minimum Income Benefit (MIB) made by the trade unions (CCOO and UGT) in 2017.<sup>28</sup>

---

<sup>27</sup> *Changing the production model*, with industrial policies, seeking specialisation in more value added and innovative sectors, combined with higher quality employment. This has been demanded during the crisis but also in the recovery period (Reports of the Confederal Council of CCOO). Changes in *labour legislation do not create* employment, other policies are needed (industrial, education and so on) (Reports of the Confederal Council of CCOO). In Spain, more than 52 labour reforms have been introduced since the return to democracy and employment quality has not improved significantly (VV.AA., 2012). The *reduction of precariousness*, promoting employment stability. Measures were demanded previously and are also required during the recovery period (Reports of the Confederal Council of CCOO). *Wages are central* both economically and socially. During the crisis several proposals for an 'income pact' were made (Reports of the Confederal Council of CCOO). In the current situation, they are seen essential because nothing else will be able to achieve this. The *strengthening of the collective bargaining* system, especially at sectoral and national level (Reports of the Confederal Council of CCOO). In response to the labour reforms of 2010 and 2012, workers have been mobilized and proposals made to try to ensure existing labour rights and workers participation in regulating working conditions. *Social policies* and the reinforcement of social protection system: since the beginning of the crisis, social needs have increased, while many social cuts have been introduced. Trade union proposals have focused on reinforcing the system and its coverage in different areas (pensions, unemployment, health care, dependency and minimum income) (Reports of the Confederal Council of CCOO). A new scheme for *fiscal policies*: in order to address these changes, trade unions have been demanded more progressive fiscal policies (Reports of the Confederal Council of CCOO). Improving the collection capacity of the system (in terms of GDP) is key to improving social protection policies, as well as other public policies (infrastructure, industrial policy). Interviewees pointed out the gap between Spain and average EU levels.

<sup>28</sup> It was proposed to the Congress as a Popular Legislative Initiative Law (with a campaign for 700 signatures), and it was planned to be developed within the framework of the social security system. The aim of this benefit is to protect job seekers with no income. The idea is to eliminate current coverage gaps in the system, improving protection levels nationwide (addressing regional differences). It is justified by the need to improve the distributive efficiency of social transfers, as a key mechanism (CCOO, 2017) for fighting poverty, in particular, child poverty; reducing inequality of income; reducing gender inequality; improving the quality of employment; and bolstering the stability function of social expenditure against falls in aggregate demand.

In the interviews, a number of important points were made about economic growth.

The economy cannot continue to base competitiveness on low wages, which cannot be cut any further. Competitiveness must be based on other factors, such as workers' qualifications, quality and investment in long-term projects. Wage devaluation means that agreed wages have tended to approach the minimum wage; in many sectors, indeed, many people earn the minimum wage. The jobs that have been generated are characterized by precarious conditions, wage cuts and increasing part-time employment.

Interviewees pointed out that competitiveness based on low wages encourages a reactive stance on the part of employers, with low innovation, not just in business strategies but also in collective bargaining and the distribution of productivity gains. Wage devaluation promotes a recovery with lower levels of innovation and a lower share of the fruits of growth for employees. In particular, they highlight the impact of labour reforms on business strategies. Wage devaluation has led to the restoration of profit margins, which are used, on one hand, to reduce company debt, and on the other, to boost corporate profits (as reflected in official statistics). In contrast, investment has been only residual in business strategies. For that reason, the general view is that there has been no change of production model and that companies are still competing on the same factors. According to the interviewees, however, the problem with competitiveness is low capital investment. Productivity should not be at the expense of the employees. Negotiations are difficult because business strategy tends to be based on a lack of investment, low wages, and price competition. It is necessary to plan investment in the medium and long terms, which makes it possible to anticipate technological change. Collective bargaining can play an important role in this.

Overall, with wage devaluation and employment deregulation, income distribution has fallen into the trap of cutting the wages of the lowest paid, without enhancing long-term growth or promoting reform of the production structure, resulting in a fall aggregate demand.

In this context, the interviewees remarked that collective bargaining and class-based unions must play a central role in economic recovery. If there is to be more investment, higher quality employment and technological change, collective bargaining must play a key role in sharing the fruits of the recovery among workers. If not, class-based trade unions, as egalitarian organisations, must defend the interests of the workers, either with mobilisation or negotiation. This highlights the role of the unions in the period since the restoration of democracy and their need for recognition. Among the most recent negotiations, the agreement on the minimum wage and the agreement in the public sector stand out.

The trade unions emphasize that negotiated recovery mechanisms can be introduced in collective bargaining, by means of which companies could adjust without dismissals, via the sectoral agreement. In this way the system would make it possible to adjust incomes in both directions, so that when a crisis comes cuts can be made, which could be recovered in due course. This would also make it possible to reduce temporary employment and inequality. In any case, the interviewees considered that this should be decided via economic policy, through a pact between the social partners and the government.

The trade unions are suspicious of the employers with regard to the paradigm shift on wages, however, above all due to previous experience. According to the unions, the employers want to maintain wage moderation, arguing that this creates jobs. In reality, wage devaluation has not generated the expected employment, and what has been created has been greatly precarised. The unions therefore highlight employers' unfulfilled commitments in terms of modernisation and change of business strategies. The employers continue to harp on about labour costs and the possible impact of wage increases (including the minimum wage) on economic activity. The trade unions are thus calling for real recognition of their role in collective bargaining, which is sometimes forgotten by employers.

As the interviewees highlight, it is therefore important to differentiate between the level of social dialogue and the reality of sectoral and company level: ‘the generic declarations of the employers are one thing, but the specific interests they defend are another; they tend to be very passive because they are not interested in raising wages but in boosting profits’ (Trade unions 2). In this context, it is also necessary to consider type of company (more or less internationalized, in more or less structured sectors and so on). This affects business strategies (competition on costs and prices or investment and quality), as well as the development of collective bargaining, the distribution of productivity gains and regulation of working conditions.

Finally, for the purpose of job creation they proposed a change in the production model, with greater added value sectors and better working conditions. Wages and collective bargaining play an important role, although not a unique one, because legislative initiatives and public policies (such as industrial and social policies) are also relevant.

## 2 The role of collective bargaining in realizing inclusive growth

There is a gap between the proposals made within the framework of social dialogue and reality. Social dialogue is an important element (although not unique) for the social partners during the recovery. According to the role attributed to collective bargaining, wages and social policies we can construct an approximate picture of their distribution. This section addresses the relationship between collective bargaining and the inclusive growth paradigm. To this end, in the first part of the section, we analyse the institutional framework and social partners’ positions. In the second part, we focus on collective bargaining and the reduction of inequalities.

### 2.1 Inclusive growth within the institutional setting

In order to analyse the inclusive growth paradigm within the Spanish institutional framework two issues are considered: (i) the social partners’ definition of inclusive growth, regarding the primary and secondary income distributions; and (ii) the equity elements of the collective bargaining system.

#### 2.1.1 Defining inclusive growth

Two major visions of inclusive growth (and therefore of distribution mechanisms) can be identified. First, a *social pact definition*, in which economic growth must be accompanied by social consensus. This is the vision of the main business and trade union organisations. Second, a *definition outside the social pact*, in which reforms should be carried out (including labour reforms) without social consensus and agreement between the social partners. This position is taken in many quarters (academia, lobbyists and so on) and there is a wide range of proposals (Fedea, 2012). This was the position taken by the government during the austerity and labour reforms periods.

In general terms, the **employers’ organisations** share the social pact vision. Also, certain business lobbies have presented this position, proposing, for example, a law to promote entrepreneurship and business activity, aimed at boosting tax collection, social policies, quality employment and so on (Círculo de Empresarios, 2017). According to the interviews, however, some contradictions may be discerned.

The employers are of the opinion that every country needs to set a minimum income level. Nevertheless, in terms of distribution, greater relevance is attributed to secondary rather than primary distribution. They

consider that public policies (unemployment benefits, minimum income and so on) have a social function that cannot be demanded from wages or prices, which they claim are determined in terms of ‘supply and demand’, within the framework of social partners bargaining in each sector and company. Wages are the result of an agreement between the social partners. This definition clashes, however, with what the social partners recently achieved in the tripartite agreement of 2017: wages constitute the only source of income for most workers, playing an important role in shaping people’s quality of life, as well as in the economy.<sup>29</sup> In the employers’ view, two issues are particularly important with regard to minimum wages and collective bargaining: (i) the gap between agreed wages and minimum wages, which is found even in labour intensive sectors; and (ii) the impact of the minimum wage on the negotiation process, although this has not occurred recently (slight increases and distance between what is laid down in agreements and the minimum wage). This view again is at odds with the agreement on the minimum wage.<sup>30</sup>

In contrast, the definition of inclusive growth that we can construct from the trade unions’ position incorporates actions at both levels of distribution (primary and secondary). Wages and collective bargaining are seen as central in the recovery period, on one hand, as a mechanism for boosting domestic demand, and in the other, as instruments for reducing poverty and inequalities. In accordance with their socio-political nature, the trade union proposals address both primary and secondary income distribution. As already mentioned, they highlight the importance of collective bargaining, not exclusively directed towards fighting inequalities. Social policies are necessary, as are industrial and educational, not to mention fiscal policies. That is why the trade unions include three main aspects in their definition of inclusive growth: decent work and wages; social security; and changes to the production model.

Concerning the first aspect, the unions claim that growth will not be inclusive unless people are able to work, and with decent wages, making it possible for them to participate in the recovery. In the years of the crisis, many people were left out and they have to be brought back in from the cold. Collective bargaining, for its part, can help foster fairer conditions and promote inclusiveness in primary distribution. The trade unions also mention the need to exercise some influence over income sharing but also the expansion of social and labour rights.

In addition, they describe inclusive growth within the social pact paradigm, understanding that redistribution has to be based on a new social contract, as was done initially after the restoration of democracy. Inclusion is defined within the framework of the recovery of the welfare state, in which fiscal and social policies are crucial (health care, education and so on). As they mention, the income has to be shared because in a welfare state ‘equality does not mean that everyone shares the same poverty, but rather than everyone lives in the same dignity’ (Trade unions 4).

They also mention the production model and the labour market. Together, three vectors define inclusive growth: primary distribution, in which collective bargaining is deployed; secondary distribution, with social and fiscal policies; and the production model and quality of employment, which is an essential element in enabling workers to share in the fruits of growth. For example, in the debate on digitalisation, the trade unions believe that collective bargaining should have more scope for adapting to changes and for a more equal distribution of gains.

Finally, concerning the definition of inclusive growth, they caution against the possible use of this for implementing more cuts in the welfare state: “they have coined the term ‘inclusive growth’ to definitively

---

<sup>29</sup> Social Agreement on Interprofessional Minimum Wage, 2018–2020.

<sup>30</sup> Such as a reduction of the wage gap between men and women, labour market cohesion, more equitable distribution of income, improvements in quality of work, a consumption boost and rises in social security benefits.

undermine the welfare state; you know, they invented this; but what they are really [doing] is ... killing the welfare state.” (Trade unions 4)

Thus, as regards primary distribution, the following lines of action are considered.

- Encouraging wage increases, both agreed wages and minimum wages. As already mentioned, the trade unions are proposing wages increases within the framework of collective bargaining, recovering lost purchasing power and redistributing current productivity gains. Special attention is paid to low wages (see above). Concerning minimum wages, they have been emphasizing its importance in fighting poverty since the crisis began. For them, it has to be least up to 60 per cent of the median wage (European Social Charter).
- They welcome the agreement reached on the minimum wage in 2017, described as historic (an 8 per cent total increase). Its impact on collective bargaining is questioned, however, given that wages in collective bargaining have not enjoyed an upward dynamic. In addition, it is argued that, compared with the evolution of productivity, the minimum wage still has further to travel. In any case, they define it as part of equality policy because it guarantees all workers a basic wage.
- Reviewing the contracting framework. For them, agreed wages and minimum wages are the main instruments for reducing inequality in primary income distribution. They also point out, however, that it is necessary to consider labour market developments. Inequality may be reduced in the labour market but increase outside it. Inequality must be lined to the evolution of employment and its quality. In Spain, poverty rates are being reduced due to rising employment, but not levels of inequality, because the employment being generated is very precarious and with low wages.
- Eliminating provisions of the last labour reforms (2010, 2012) that are hindering the redistribution of income and the adaptation of income (in plural) to productivity gains. The upshot of this is to change the one-sidedness of some of the measures of the 2012 labour reform (for example, Art. 41) in favour of negotiated processes. Proposals include eliminating the priority of company agreements, reinforcing the sectoral level and seeking greater articulation and innovation in the contents of collective bargaining.
- Reviewing mechanisms for distributing the costs of the crisis. Since the beginning of the crisis, trade unions have been proposing measures on internal flexibility; for example, mechanisms of internal adjustment in companies to be implemented only when a crisis actually arrives to share the costs of the crisis between capital and labour in exchange for stabilizing employment.

Concerning secondary income distribution, they propose the following lines of action:

- Reinforcing social policies. Two policy objectives are defined: unemployment and exclusion situations. They are increasingly necessary due to high unemployment and the low quality of employment. Incomes are falling due to the fall in demand and social security contributions, in a system in which sources of income (direct and indirect) are highly dependent on level of income and demand.
- Regarding unemployment, it is necessary to implement a ‘shock employment plan’ for the long-term unemployed, based on the public employment services and increased resources. At the same time, the coverage of unemployment protection has to be improved and hiring incentives considered. This plan is especially important given the Spanish growth model, which is not based on industry based on a highly skilled workforce, but on an intensive use of cheap labour.
- Updating and securing pensions, which have lost purchasing power during the crisis. To this end, they demand an increase in system resources, as well as rises in social contributions, a maximum threshold of contributions, self-employed contributions according to actual incomes and proposals for financing via taxes. With wage devaluation and precarious employment, social security contributions have fallen substantially.

- Addressing gaps in the system. Redistribution and benefits mainly reach those who have labour rights (wages and pensions). Minimum income benefits (MIB) are insufficient to cover situations in which there is no employment relationship. Thus a gap has widened during the crisis, as evidenced by inequality levels before and after social transfers. The trade unions have proposed a popular legislative initiative (PLI)<sup>31</sup> to increase levels of coverage and reducing the delays with which MIBs are currently paid, coordinating regional differences.
- Changing tax policies. In Spain, there is room for fiscal policies more in line with European medians, thereby acquiring the necessary resources to carry out policies of redistribution and economic stimulus. There are still major differences between taxation applied to business and to labour, as well as tax collection capacities. Substantial changes are proposed in fiscal policies in order to guarantee public policies. The claim that ‘there is no money’ is false because it is not a problem of resources, but rather of distribution; the aim is a fairer society with better distribution.

### 2.1.2 Collective bargaining model: equity elements

Two main characteristics allow us to approach the study of collective bargaining in Spain from the perspective of equality and inclusion: the structure of bargaining and its coverage.

Regarding the structure of collective bargaining, in Spain it has been dominated by the prevalence of collective agreements at the provincial level. The intention was to foster social cohesion in terms of labour rights, but also living standards, preventing the rise of inequalities in the economy and in the regions. The provisions of the Workers Statute (in its first version of 1980) foresee the impossibility of collective agreements coexisting at different levels to regulate a specific work condition in different and conflicting ways. In this context, higher level collective agreements prevailed unless otherwise provided for. Lower levels were allowed to regulate certain matters (Articles 83 and 84 WS).

This general rule, with a preference for the higher-level collective agreement (sectoral at the state level), was modified in 1994 by the Socialist government, shortly before early elections that would usher in a new government, this time the People’s Party. This modification had two fundamental axes: (i) to increase the competence of collective agreements by modifying certain legal aspects (period of probation, duration of training or contracts, maximum limits of the working day). In addition, other issues became the exclusive competence of collective bargaining: wage structure, overtime payments, professional classification, distribution of the working day in annual calculation, functional and geographical mobility, as well as wage supplements based on seniority; (ii) to promote the decentralisation of collective bargaining (functional and territorial), which led to the possibility of adopting company agreements where there was none, and where there was, the possibility of derogating from what is laid down in the collective agreement at the superior level. The purpose of this was to open up the possibility of developing autonomous labour relations frameworks, although this has not occurred in practice.

The Inter-Confederal Agreement for Collective Bargaining of 1997 sought to establish a structure in which there was a clear division of powers between the different levels or areas of negotiation. For this purpose, the criterion used was that the social partners in each economic sector were to establish the distribution, in accordance with the idea of the ‘system governance capacity’ of collective bargaining involving trade unions and business associations (Baylos, 1997). In this way, implicitly, the ineffectiveness of any legislative or other

---

<sup>31</sup> CCOO and UGT (2016): Proposed Law of Popular Legislative Initiative for the establishment of a minimum income benefit in the field of social security protection.

attempt to establish a structure and coordination of collective bargaining without considering the specific characteristics of each economic sector was admitted (Baylos, 1997).

A few years later, in 2001, there was an attempt to reorder the structure of collective bargaining from the legal side, based on the importance of the sector and free collective bargaining by trade unions and business associations. This attempt failed. However, in 2002 the new Collective Bargaining Agreement (2002) introduced (scarcely demanding) recommendations on appropriate negotiation levels to be developed in certain areas, such as health and safety in the workplace. Very similar examples were produced in 2003 and 2004 with the renewal of collective agreements, again indicating the most appropriate bargaining areas in which to develop a policy of exchange between flexibility and security, in which improving the quality of employment was the main objective.

The AENC of 2005 and 2006 included a section on the structure of collective bargaining, which states that the signatories

“consider it appropriate to ensure, regarding the articulation and structuring of collective bargaining, that negotiators in their respective areas and with full respect for the autonomy of the parties, analyse the structure of collective bargaining in the corresponding sector, state or lower level, as well as the articulation of issues between the different areas of negotiation, and adopt their decisions on the appropriate scope for treating the issues that make up the collective agreement, in a way that facilitates implementation of the agreement and its effectiveness.”

The relationship between the different levels of bargaining (sectoral and company) was resolved, as can be seen from the foregoing, in favour of the sectoral agreement, at least until 2012. From the mid-1980s until 2000, the number of company agreements decreased significantly, from 17 per cent of total collective agreements to 11.4 per cent. In this regard, attention should be drawn to experiences in certain sectors that have been able, more or less, to structure their collective negotiations.<sup>32</sup>

Some other examples can give an account of the centralized and uncoordinated model that has spread throughout Spanish collective bargaining, highlighting the prevalence of the public sector collective agreement, as well as of the regional level in certain matters that seem to be reserved for it.<sup>33</sup> In other cases, there have been sectoral agreements, in which the only content agreed was the distribution of matters in accordance with territorial and business scope, as well as the date on which said matters should be negotiated.<sup>34</sup> Lastly, it is worth highlighting a number of collective agreements that do not reserve certain matters to the company level (as expressed in Art. 84 ET), but expand and reinforce the issues reserved for the public sector collective agreement.<sup>35</sup>

Finally, the normative nature and general effectiveness attributed to so-called statutory collective agreements has always made it possible to protect a significant number of workers, although there have always been situations in which such coverage has been reduced. For example, this generally occurred in relation to the

---

<sup>32</sup> In sectors such as chemicals or perfumery, there has been a distribution of functions between the collective agreement of the public sector level and those of lower territorial scope and even company agreements, without the establishment of specific rules on their structure. A sort of internal distribution has operated, with the renegotiation of the different collective agreements. A certain inertia has developed in this area. In other sectors, such as textiles and clothing, organisation of the structure of collective bargaining has developed around the idea of highlighting the prevailing collective agreement, denying this possibility to lower levels and giving rise to a relationship between bargaining levels within the framework of which improving what was agreed at superior levels was the sole objective of the lower level agreements.

<sup>33</sup> Among others, the Third State Collective Framework for Private Elderly Residences and Home Assistance (2003–2005).

<sup>34</sup> This was clearly in conflict with the jurisprudence of the Supreme Court that, as is known, forbids the establishment of collective bargaining in Art. 83.2 ET. We refer to the case of the State Labour Agreement for the sector Supermarkets, Super-services, Self-Service and Wholesale Distributors of Food (2003–2007).

<sup>35</sup> State Framework Agreement for Companies Organizing Bingo Games (2003–2005).

presence of temporary workers, but also of workers who have a special relationship with the company (senior managers) and to whom collective agreements do not apply.

## **2.2 Collective bargaining challenges concerning inclusive growth: fairness, precarity, poverty**

The social partners have a similar view of the general characteristics of the Spanish labour relations model. It is considered to be an intermediate model, which has traditionally focused on wage negotiation, characterized by a certain inertia and little innovation in practice. Regarding the results of collective bargaining with regard to equality, the unions and the employers take different positions. To analyse them, we look at four elements in particular: (i) the level of fairness embodied in the collective bargaining system; (ii) the views of the social partners; (iii) the roles attributed to the different levels; and (iv) the main current inequality challenges.

### **2.2.1 Views of the social partners: trade unions**

Despite being identified as intermediate model, the trade unions point out that it behaves like a coordinated model (especially on wages). This brings advantages in macroeconomic terms, from their point of view. Regarding fairness, they also consider that it is intermediate; the centralized model of national sectoral agreements is the fairest. They remark that the Spanish model hinges on the provincial sectoral agreement, for the most part.

In terms of fairness, some elements of the collective bargaining system are highlighted.

First, they mention the centrality of *erga omnes* clauses. It is considered the core element that provides for equality in working conditions within the primary distribution of income (wages), covering both affiliated and non-affiliated workers. As they say, 'first and fundamentally, it is collective bargaining of a general character, the *erga omnes* clause. This is fundamental in relation to equality' (Trade unions 2).

Second, in order to ensure equality, they remark, collective agreements should have two elements: they must guarantee fairness and effectiveness. First, the sectoral agreement must be the one on which collective bargaining should be focused. Second, collective bargaining must be effective, which does not happen in all cases (especially in sectoral agreements), where there is not enough information in the bargaining process.

Third, they mention the relevance of information in collective bargaining. They point out that it is necessary to have hard data (for example on social security or taxes) in the negotiation process, which makes collective bargaining more equitable and efficient. Significant changes are expected in statistics and collective bargaining records (agreement code<sup>36</sup>), which will increase information (and its quality), and thus the efficiency of the sectoral agreements on the distribution of productivity gains. From the trade unions' point of view, the employers do not want such information to be provided. The trade unions believe that the government should intervene.

Fourth, collective bargaining is a central instrument for ensuring equality within sectors and companies. Equality is achieved with regard to employers in the distribution of income, and among workers by closing existing gaps (gender, age and so on). In the current period of technological change, collective agreements can play an important role in generating strategic compromises between employers and workers.

---

<sup>36</sup> In 2015, measures were introduced to compel companies to link the collective agreement to the social security system (<https://www.boe.es/boe/dias/2015/07/25/pdfs/BOE-A-2015-8339.pdf>). With this information collective bargaining will be more accurate, in terms of coverage and working conditions. It will make it possible to cross check company information on taxes (and thus on benefits), social security and collective bargaining.

On this view, collective bargaining can lead to sectoral commitments, in accordance with the structure of production and employment conditions. They emphasize that the sectoral level is where inequalities can be addressed. Thus, there is inequality not only within companies, but also within and between sectors (differences between structured sectors and others, in terms of added value, productivity, employment and so on), taking into consideration both national and international levels.

At company level, the trade unions point out that collective bargaining can address inequalities on working conditions (such as wages and employment), but they noted that there has been little innovation on collective bargaining at this level; traditionally, innovations in collective bargaining are focused on big companies rather than the SMEs that are most prevalent in Spain.

One of the most important factors in ensuring that collective bargaining can reduce inequalities is trade union implementation. They point out that in sectors and companies where there is no ‘critical mass’ it is difficult to develop collective bargaining and thereby reduce inequalities. This occurs mainly in the most atomized sectors. Sectoral negotiation makes it possible to address these realities, increasing coverage and anticipating changes.

### **2.2.2 Views of the social partners: employers**

The employers concur in pointing out that there has been little innovation in collective bargaining in terms of contents and practices. They remark that there is much resort to the law in bargaining. For them ‘the future of labour relations is in collective agreements, not in the law. We are the ones who are thinking about reducing this concept of minimum standards that we have always had with regard to wages and standards and to expand the concept of agreement.’

They consider that collective bargaining is a pact between parties in which labour conditions are determined. For them, the function of collective bargaining has traditionally focused on ‘wage rates’. In this framework, they think that wages should continue to be regulated through collective agreements, for several reasons:

“first, because our interlocutors, in this case the unions, have enough power; that is, we are not talking about unbalanced collective bargaining, but theoretically we can count on the same rules of the game and the same power. Second, because those who agree on wages are those who know the needs of the sector, the territory, the company; and three, because to attribute a function, let's call it social, to wages involves imputing responsibilities that maybe wages do not have.” (Employers 1)

The issue of fairness is seen as a trade union issue; ‘that subject ... is up to the unions, really’. From their point of view, the Spanish labour relations system is characterized by significant union power. Along these lines, they emphasize that ‘the anomalous situations, which could arise due to company agreements have been much reduced’. They argue that in ‘large company agreements are absolutely protected by the unions. Therefore, the percentage of agreements that may impose inequalities on workers is probably very low’. For them, trade unions have a strong presence at the multi-employer level, declaring that ‘in the supra-enterprise agreements, those who negotiate are the unions’ (Employers 1).

In the recovery period, they point out that collective bargaining has to take new steps towards modernisation. They point out the necessity of rethinking the collective bargaining model (structure, legitimacy, validity, effectiveness), looking at ‘what works and what does not’. For employers, more flexibility on working conditions (working time) is the key to being more innovative in collective bargaining.

Other aspects are highlighted with regard to the collective bargaining model. First, for the employers, wage setting within collective bargaining has not had a significant impact on unfair competition, due to the features of the system itself. Second, they mention that collective bargaining has not had a negative impact on wages. From their point of view, ‘collective bargaining in Spain has never had the effect, let's say, of

distorting wages, because it has occurred in a very structured way'. In this context, they assert that provincial sectoral differences can be explained by the productivity differences of each sector. Third, they also identify the traditional difficulties of collective bargaining (the delimitation of functional areas, inertia on negotiation processes, low innovation and so on), where 'there is inertia. I repeat that inertia is a problem ... there is little modernisation ... and of course reaching agreements is difficult. Fourth, they remark, like the trade unions, on the weakness of the information used in collective bargaining.

The main thing they demand for collective bargaining, however, is legal certainty. In their opinion, they are focused on 'management' and they need a secure framework for business, in which collective bargaining can be seen as an obstacle. 'Employers want legal security. But what they appreciate the most, I would say also citizens in general, but employers [in particular] what we want in general is legal security. Tell me the rules of the game (...) If they leave me room for manoeuvre, better, but what I want is for you to tell me what I have to do, right? I have to open the store every day, which I cannot negotiate' (Employers 1).

### 2.2.3 The importance attributed to different levels for addressing inequalities

There are also differences between trade unions and employers with regard to the collective bargaining model. From a **trade union** perspective, the model has shown a traditional weak articulation between levels of bargaining. They remark that the state sectoral agreement should be the framework for negotiation processes at lower levels. According to the evolution of each sector, sectoral agreements should be pay due attention to different levels and adapt to sectoral characteristics and changes as they emerge (as in chemicals or banking). They consider that the articulation of collective bargaining is important for ensuring equality because it guarantees minimum working conditions at sectoral level, which can be improved at company level.

Concerning levels and sectors, they highlight the importance of a close knowledge of the features **and working conditions of the production sector** in developing sectoral strategies. The delimitation of activities regulated by collective agreements is important.

The most important thing for fighting inequalities, however, is that **collective bargaining** is carried out with a **strong trade union presence**. Collective bargaining is deployed at different levels in some sectors compared with others. Given that sectoral agreements guarantee greater coverage and levels of equality, how collective bargaining develops in each sector has less influence. Negotiation, union presence and articulation between the different levels are the most important factors. In short, how the collective bargaining structure is ordered depends on the characteristics of the production structure and working conditions of the sectors, as well as on the articulation of interests in each of them. In services, there are significant differences between sectors: for example, in the supermarket sector, where there are company agreements and provincial agreements,<sup>37</sup> while in the financial sector negotiations focus mainly on state agreements.<sup>38</sup>

From the perspective of the **employers**, 'the current structure does not allow different roles'. Regarding the bargaining model, they question the criterion of general efficacy, which '[strongly affects] our collective bargaining'. From their viewpoint, general efficacy limits the autonomy of parties in company bargaining because it does not allow negotiations on certain issues. In sum, it constrains the structure and contents of company-level negotiations.

---

<sup>37</sup> Interview: Trade Unions 4.

<sup>38</sup> Ibid.

For them, multi-employer agreements are seen as the 'bare minimum'. They remark that in previous periods it was seldom applied in many sectors, because the vast majority of companies used to agree wages and working conditions way above it; there was a considerable gap between agreed wages at sectoral and company levels (for example in the ITC and consultancy sectors<sup>39</sup>).

Regarding levels of bargaining, they highlight that the latest labour reforms have made it possible to leap over the apparent sectoral hierarchy in some issues (for example, the fact that provincial collective agreements may block initiatives on specific matters). The structure is somewhat of a patchwork. They point out, however, that if the social partners have got used to this legal regime, it is unlikely to be particularly bad for regulating working conditions.

#### **2.2.4 Inequality challenges of collective bargaining**

In collective bargaining, equality and low wages are not on the agenda of business organisations. For them, wages are negotiated by the partners (employers and trade unions) at different levels, and therefore if they consider that wages are set in accordance with economic performance then all well and good. Inequalities in companies and sectors are not regarded as a suitable topic for collective bargaining; any action to address them would be perceived as external interference.

According to the interviews, too, inequality is not an issue that concerns employers, nor will it be introduced into collective bargaining or business strategies unless it generates problems for management. Inequality and precariousness manifest themselves at company level and individual companies are at liberty to adopt measures whatever measures they see fit to at least contain inequality. In any case, firms' objective is to make profits and do so at the lowest labour cost – often using short-term strategies – rather to attempt to reduce inequality by means of long-term strategies. This is a fundamental contradiction.

As one can imagine, employers may perceive inequalities at the level of the company that they do not want to acknowledge at, say, the sectoral level. The increase in the proportion of precarious workers limits the ability of all companies to adopt a long-term business model if they are to stay competitive.

However, inequality has been at the centre of trade union proposals, during both the crisis and the recovery period. They consider that wages and employment conditions are fraught with inequalities, which can be addressed through collective bargaining. In bargaining, they call particular attention to the following: wage increases, the redistribution of productivity gains, low wages, precariousness and in-work poverty.

First, they have noticed a process of accumulation among better positioned companies and workers, which explains why inequality is not being reduced despite rising employment and falling poverty. There has been a redefinition of working conditions downwards (wage devaluation, increasing part-time employment, loss of purchasing power). Thus, one of the first lines of action in collective bargaining is to participate in the gains of productivity (as already mentioned in the objectives section). Wage devaluation has enabled high business margins and the workforce needs to recover some of what it has lost. The fixing of wages and working hours are key issues for collective bargaining. Although general criteria have not been established, the improvements being negotiated at present indicate that the negotiators want to go down this path.

The trade unions also emphasize that inequality is related to the extension of low wages. They point out that low wage growth is explained by employers' exploitation of the possibilities of the 2012 labour reform (such as 'multiservices' companies and the new business platform models). There are sectors in which the proportion of workers on low wages has increased because wages have been frozen or raised only slightly

---

<sup>39</sup> Ibid.

in comparison with the minimum wage. As a result, the gap between agreed wages and the minimum wage has reduced significantly.

Second, trade unions are warning of increasing precarious situations, affecting mainly young people, women and older workers. Labour deregulation has increased as a consequence of the crisis and labour reform, but this is not unprecedented (for example, temporary work agencies in the 1980s). According to the trade unions, employers' demand for greater flexibility ultimately translates into greater precariousness and poverty for workers, but even worse in a manifest inability to escape this plight. Among the various factors, the influence of part-time employment and extension of working days are highlighted. In practice, full-time jobs are being replaced by part-time jobs, with lower wages and poorer conditions.<sup>40</sup> New contracts are designed to give employers greater flexibility on working time (unpaid overtime work) and achieve higher productivity. For workers it means low wages, long working hours and the impossibility of looking for another job because such conditions prevail in all sectors, although some are more afflicted than others, such as retail.

Equally important are other issues, such as health and safety at work and gender equality, which are also raised in collective bargaining: 'We focus mainly on wage issues, economic recovery and such. [But] (...) there are other rights that have been left on stand-by that we will have to recover and claim' (Trade Unions 4).

As already noted, how trade unions address precarious situations depends on, among other things: (i) sectoral features and (ii) the correlation of forces. The approach adopted in collective bargaining depends on how inequalities are expressed in a particular sector: 'On one hand, the structure of collective bargaining has to adapt to each sector, and on the other hand, we can have homogeneous criteria, but you have to have some margins, you must necessarily have margins of implementation in each sector' (Trade Unions 4). For trade unions, the crucial factor is the correlation of forces and being adaptable to new challenges. In sectors in which there is more strength, more stability of employment and more of a union presence, it is easier to deal with this type of situation. In the case of the most precarious sectors it will be necessary to seek support, coordination with other sectors and trade union cooperation. If an agreement has to be negotiated in a sector in which negotiation is weak, for example, one could benefit from support from another trade union or at least its media capacities to strengthen the negotiating hand. In short, trade unions have to adapt to the new labour realities.

### 3 Conclusion

After a decade of negative effects on workers' working and living conditions as a result of the crisis, unacceptable levels have been reached in terms of distribution of wealth, inequality, poverty, precariousness and access to quality public services. This situation is due not so much to inevitable features of the crisis as to the austerity policies, including so-called 'internal devaluation', which have sought to undermine the most basic social assistance and certainty in labour matters.

The implementation of austerity policies has been seized on as an opportunity to treat public services as a business opportunity for the private sector, resulting in a loss of quality and social efficiency. This situation

---

<sup>40</sup> One of the most recent reforms changed the regulation of complementary hours in part-time contracts, for which a maximum number of hours was not established. This has meant that many full-time contracts were replaced by part-time ones on substantially lower wages.

is characterized by large cuts in public expenditure, leading to an intensification of public services outsourcing, as public sector jobs are reduced drastically. Labour reforms in the private sector have exacerbated this thinning out the public sector through the emergence of so-called ‘multiservice’ companies reinforced by the legislative prioritisation of company collective agreements.

In short, there has been a paradigm shift in state–society relations, in which austerity and internal devaluation measures, together with corporate private interest, undermine equality and solidarity, the centrepieces of social coexistence. The absolute paralysis of collective bargaining in the public sector has, in addition to a degradation of the working and employment conditions of public employees, resulted in a marked weakening of trade union intervention in terms of ensuring the social functions of public services, as well as their adequate quality through the defence of working and employment conditions.

With regard to the private sector, every effort was made in the labour reforms of 2010, 2011 and 2012 to hide the weakening of the collective representation of workers’ interests. Formally, this result has been presented as inevitable, called forth by the need to respond firmly to, on one hand, the economic crisis through internal devaluation and therefore to reduce the wages agreed in collective bargaining. On the other hand, a considerable effort has been made to claim that there are misalignments in the Spanish collective bargaining system between the factors responsible for the crisis. A legal reformulation of the collective bargaining model has thus been carried out. Since 2010 wage reductions have been incessant and have considerably enlarged the number of poor workers.

The Spanish collective bargaining system has suffered greatly in terms of the structure of collective bargaining, the failure to implement collective agreements at the sectoral and/or company level and indeed the validity of collective agreements themselves. This has led to a decline in the coverage rate and has diverted attention from the turn away from a more equitable distribution wealth. However, the most representative trade union organisations, CCOO and UGT, have designed and pursued a trade union agenda that has ploughed a middle course between the resistance and mobilisation of the early years after the restoration of democracy to result in the recovery of collective bargaining as a fundamental instrument of equality. And all this in an unfavourable political context – or at least not a favourable one – in which government and the employers have done everything they can to present their preferred labour relations as a *fait accompli* without any public dimension and to portray trade unions as institutions belonging to a glorious past.

The struggle of unions to redirect socioeconomic policies towards inclusive growth is confronted by a total lack of interest on the part of the Spanish Confederation of Employers, underlying the gulf between the partners’ different strategies and interests.

Regarding inclusive growth, the definitions of the social partners accept the social pact scheme, but there are differences concerning the roles attributed to wages and collective bargaining. Thus, on one hand, the employers consider that wages do not have a social function; for them, collective bargaining is part of a private relationship, in which wages are negotiated in accordance with the evolution of ‘demand and supply’. In contrast, for the unions collective bargaining is a central element of distribution and reduction of inequalities. Growth will not be inclusive unless workers can participate in the gains of recovery. For this reason, they highlight the importance of collective bargaining in the primary distribution of income. The strengthening of the welfare state is highlighted through policies centred on the secondary distribution of income. In particular, social policies (employment, pensions and social inclusion) are highlighted, as well as fiscal policies. Finally, specific policies for changing the production model (industrial and educational policies) are also included.

The social partners thus have different views concerning collective bargaining and the reduction of inequalities. With regard to the production model, the following aspects are highlighted by the trade unions: *erga omnes* clauses; the effectiveness and efficiency of collective bargaining, in particular sectoral bargaining; the level of information for collective bargaining; the sectoral perspective (productive and employment characteristics); union embeddedness in sectors and companies; and the political and social contexts (in particular, rights and freedoms). In the case of the employers, equality is not an appropriate issue for collective bargaining. As we have already mentioned, they regard collective bargaining as a pact between the parties, which must be 'rethought' from the ground up. They demand more flexibility and more 'legal certainty' in the collective bargaining system.

The upshot is that unless inequality creates problems for the business strategies of specific companies, businesses will not pay it any regard. Within their usually short-term strategies, employers have a fairly passive position with regard to inequalities, even if these are perceived at the sectoral level. There is therefore a contradiction between the general perspective and concrete business practices. On the other hand, inequality has been at the centre of trade union proposals during the crisis and the recovery. Inequality is linked to wages and employment conditions. Among the main challenges are the following: the unequal recovery of companies and workers; precarious work; the extension of low wages; the impact of part-time employment; and sectoral differences. The main factors in addressing these issues in collective bargaining are the correlation of forces and the ability of unions to adapt to new situations.

Finally, various campaigns and actions have been carried out by the unions within the framework of collective bargaining. At the confederal level, the most important campaign is related to 'multiservices' companies. These companies have taken advantage of the priority given to company agreements to impose lower wages and worse conditions with no reference to sectoral agreements. According to the trade unions, the reform was aimed at boosting such companies. Trade union activities have been conducted on several fronts, from the contestation of agreements, to the organisation of workers in different sectors and companies.

Trade union initiatives have also been pursued at sectoral level. In the service sector three main campaigns have been launched. First, the 'precarity campaign' is trying to tackle precarious situations in service sectors (retail, consultancy, banking). In particular, this campaign has highlighted the extreme working conditions of hotel ancillary staff (mainly women). Another initiative in the service sector is the '8 euros per hour' campaign. The unions are pursuing this campaign with the objective of linking workers to wage bargaining. The campaign focuses on the hospitality and retail sectors, but it is also applicable to other sectors in which precarisation has increased (such as consultancy). Third, although it has had less media impact, a campaign was launched on regulating extra hours in the financial sector.<sup>41</sup>

In sum, the unions assert that the dynamics of collective bargaining must change. Collective bargaining must be revived on the firm understanding that it is necessary for attaining decent work, in terms of both wages and employment conditions. The dignity of work is understood as a central element of people's lives. The latest demands of women and pensioners in Spain have highlighted the negative impact of economic policies on living conditions. It is necessary that such demands be extended to work and collective bargaining.

---

<sup>41</sup> Interview: Trade Unions 4.

## References

- Alfonso, C. and Fabregat, G. (2016) El convenio de empresa tras la reforma laboral: proceso de negociación y legitimidad, in VV.AA., *Los convenios de empresa de nueva creación tras la reforma laboral de 2012*, Madrid: Lefebvre El Derecho.
- Alfonso, C.L. et al. (2018) *La negociación colectiva en las empresas multiservicios. Un balance crítico*, Madrid: Lefebvre El Derecho y Fundación 1º de Mayo.
- Álvarez, N. and Uxó, J. (2017) *Empleo: ideas para acabar con la precariedad. Radiografías de la recuperación*, En Contexto y Acción ([www.ctxt.es](http://www.ctxt.es))
- Álvarez, N. et al. (2017) *Internal devaluation in a wage-led economy. The case of Spain*, WP 05/17, Madrid: ICEI.
- Aragón, J., Rocha, F. and De la Fuente, L. (2011) *La negociación colectiva y la información económica en España*. Estudio nº 43. Fundación 1º de Mayo. Madrid.
- Baeza, R. (ed.) (2013) *Gobernanza económica de la Unión Europea y salida de la crisis*, Fundación 1º de Mayo.
- Baylos, A. (ed.) (2011) *Garantías de empleo y derechos laborales en la Ley 35/2010 de Reforma laboral*, Albacete: Bomarzo.
- Baylos, A. (1997) Los acuerdos de abril de 1997 sobre la negociación colectiva: algunas impresiones, *Revista Española de Derecho del Trabajo*, nº 85, Civitas.
- Beltrán et al. (2008) *Una agenda de crecimiento para España*, Fedea: Madrid.
- BOE (2010) *Acuerdo para el Empleo y la Negociación Colectiva*, 2010, 2011 y 2012. (<https://www.boe.es/boe/dias/2010/02/22/pdfs/BOE-A-2010-2844.pdf>)
- BOE (2012) *II Acuerdo para el Empleo y la Negociación Colectiva*, 2012, 2013, 2014. (<https://www.boe.es/boe/dias/2012/02/06/pdfs/BOE-A-2012-1778.pdf>)
- BOE (2015) *III Acuerdo para el Empleo y la Negociación Colectiva*, 2015, 2016, 2017. (<https://www.boe.es/boe/dias/2015/06/20/pdfs/BOE-A-2015-6865.pdf>)
- CCOO (2017a) *Mercado de trabajo y protección por desempleo. III Trimestre de 2017*, Secretaría de Protección Social de Comisiones Obreras. Informe 135, Madrid: Fundación 1º de Mayo.
- CCOO (2017b) *Segunda comparecencia de la Confederación Sindical de CCOO, en relación con la Proposición de Ley de Iniciativa Legislativa Popular para establecer una Prestación de Ingresos Mínimos en el ámbito de protección de la Seguridad Social*, Madrid: Secretaría de Políticas Públicas y Protección Social de CCOO.
- CCOO (2017c) *Ganar hegemonía pasa por ampliar el marco de alianzas en la sociedad y desplegar una intensa campaña en las empresas y los sectores. Informe aprobado por el Consejo Confederal de la CS de CCOO el 15 de febrero de 2017*, Cuaderno de Información Sindical, nº 55, Madrid: CCOO.
- CCOO (2016a) *Es urgente disponer de un nuevo Gobierno que responda al mensaje de la ciudadanía. Informe aprobado por el Consejo Confederal de la CS de CCOO, celebrado el 19 y 20 de enero de 2016*, Cuaderno de Información Sindical, nº 49, Madrid: CCOO.
- CCOO (2016b) *Si la recesión iniciada en 2008 fue la más intensa desde la Gran Depresión, La salida está siendo la más lenta e inestable. Informe aprobado por el Consejo Confederal de la CS de CCOO, celebrado el 19 de abril de 2016*, Cuaderno de Información Sindical, nº 50, Madrid: CCOO.

- CCOO (2014a) *La estrategia Sindical de CCOO. Las reformas internas. Informe aprobado por el Consejo Confederal de la CS de CCOO celebrado el 28 de enero de 2014*, Cuaderno de Información Sindical, nº 40, Madrid: CCOO.
- CCOO (2014b) *Consolidar el crecimiento, crear empleo de calidad, reforzar las redes de protección social y mejorar los salarios, prioridades de CCOO en el diálogo social. Informe aprobado por el Consejo Confederal de la CS de CCOO celebrado el 23 de Septiembre de 2014*. Cuaderno de Información Sindical, nº 45, Madrid: CCOO.
- CCOO (2014c) *La lucha contra la pobreza y la desigualdad, prioridades de CCOO. Informe aprobado por el Consejo Confederal de la CS de CCOO celebrado el 10 y 11 de diciembre de 2014*, Cuaderno de Información Sindical, nº 46, Madrid: CCOO.
- CCOO and UGT (2015) *Análisis de CCOO y UGT sobre el Proyecto de Real Decreto de Desindexación de la economía Española*, UGT.
- CEOE and CEPYME (2015) *Reforms to consolidate the recovery: Spanish business proposals for the General Elections, 20<sup>th</sup> December 2015*, Madrid: CEOE y CEPYME.
- CEOE and CEPYME (2015b) *15 Reformas para consolidar la recuperación. Propuestas empresariales ante las elecciones generales del 20 de diciembre de 2015*, Madrid: CEOE y CEPYME.
- CES (2015a) El diálogo social y las relaciones laborales en el contexto de la recuperación, *Revista Cauces*, nº 30.
- CES (2015b) *Sobre el Proyecto de Real Decreto de desindexación de la economía española. Dictamen 10/2015*, Sesión ordinaria del pleno de 25 de junio de 2015, Madrid: Consejo Económico y Social de España.
- CES (2017) *Memoria sobre la situación socioeconómica y laboral de España en 2016*, Madrid: Consejo Económico y Social de España.
- Círculo de empresarios (2017) *Un pacto para un crecimiento integrador*. Círculo de empresarios, Madrid.
- Cruz, J. (2015) *La incidencia de la reforma laboral sobre la estructura de la negociación colectiva*, Madrid: Ministerio de Empleo y Seguridad Social.
- De la Fuente, A. (2016) *Retos de la economía española: el mercado de trabajo*, Fedea Policy Papers, 2016/11, Madrid.
- European Commission (2016) *Commission Staff Working Document. Country Report. Spain 2016. Including and In-Depth Review of the prevention and correction of macroeconomic imbalances*, Brussels, SWD (2016) 78 final.
- Fedea (2011) *Nueve propuestas para la reforma de la negociación colectiva en España*, Madrid.
- Fedea (2012) *Diez principios fundamentales para lograr una reforma laboral eficaz y justa*, Madrid.
- Gabinete Económico de CCOO (2017) *España, la recuperación no llega a las personas*, Madrid: Gabinete Económico de Comisiones Obreras.
- Gabinete Económico de CCOO (2017b) *El bajo SMI obedece a decisiones políticas, no económicas*, Madrid: Gabinete Económico de Comisiones Obreras.
- García Pérez, J.I. (2016) *El efecto de la Reforma Laboral de 2012 sobre la dualidad y el empleo: cambios en la contratación y el despido por tipo de contrato*, Fedea Policy Papers 2016/06, Madrid: Fedea.
- García Pérez, J.I. and Jansen, M. (2015) *Qué sabemos sobre sus efectos y qué queda por hacer?* Fedea Policy Papers 2015/04, Madrid: Fedea.
- Garrido, E. (2015) Estructura y concurrencia en la negociación colectiva, in AA.VV., *Perspectiva de evolución de la negociación colectiva en el marco comparado europeo*, Madrid: Cinca.

- Jansen, M. et al. (2016) *El legado de la crisis: el mercado de trabajo español y las secuelas de la gran recesión*, Madrid: Fedea.
- Labour Guide (2017) *Labour Guide of the Employment and Social Security Ministry*, 2017 (updated 28 June 2017).
- Law 2/2015, of 30 March, on the de-indexation of the Spanish economy.  
(<https://www.boe.es/boe/dias/2015/03/31/pdfs/BOE-A-2015-3443.pdf>)
- Martín, C. and Zarapuz, L. (2017) *Situación económica de España y PGE 2017*. En *Clave de Economía*, 4/2017, Madrid: Comisiones Obreras.
- Merino, A. (2012) Cambios en la estructura negocial: ¿descentralización o desactivación de la negociación colectiva? in *Lan Harremanak: Revista de Relaciones laborales*, 27, 35–56.
- Molina, O. and Miguélez, F. (2017) Post-crisis social dialogue in Spain: the calm after the storm, in Guardiancich, I. and Molina, O. (eds), *Talking through the crisis: social dialogue and industrial relations trends in selected EU countries*, Geneva: ILO.
- Pérez Infante, J.I. (2011) La negociación colectiva y los salarios en España: un análisis económico agregado in *Cuadernos de Relaciones Laborales*, 29 (2), 261–302, Madrid: UCM.
- Pérez, F. et al. (eds) (2016) *Balance de la reforma laboral de 2012*, Abacete: Editorial Bomarzo.
- Pérez Rey, J. (2004) *Estabilidad en el empleo*, Madrid: Trotta.
- Piasna, A. (2017) *Bad jobs recovery? European Job Quality Index, 2005-2010*. Working paper 2017.06, Brussels: ETUI.
- Rocha, F. (2009) Crisis económica y cambio de modelo productivo en España, *Estudio n° 2*, Madrid: Fundación 1° de Mayo.
- Rocha, F. (2017a) *La negociación colectiva multipatronal. Tendencias hacia la descentralización en cinco países europeos*, Informe 134, Madrid: Fundación 1° de Mayo.
- Rocha, F. (2017b) La digitalización y el empleo decente en España. Retos y propuestas de Actuación, in *El futuro del trabajo que queremos. Conferencia Nacional Tripartita*. Volume II, Madrid: OIT y Ministerio de Empleo y Seguridad Social.
- Rocha, F. (ed.) (2014) *The new EU economic governance and its impact on the national collective bargaining system*, Madrid: Fundación 1° de Mayo.
- Rocha, F. et al. (2008) *Cambios productivos y de empleo en España*, Ministerio de Trabajo e Inmigración, Madrid.
- Rocha, F., López, E., Pobre, V. and Temprano, L. (2016) *Vocational training for employment in Information and Communication Technologies in Spain*, Dublin: Eurofound.
- Schulten, T. (2012) *Minimum Wages in Europe under austerity*. WSI Minimum Wage Report 2012, ETUI Policy Brief. N° 5/2012. Brussels.
- Secretaría Confederal de Acción Sindical de CCOO (2014) *Criterios de actuación sindical. El desarrollo de la negociación colectiva en el marco legal*. Cuadernos de Acción Sindical. Enero 2014. Confederación Sindical de Comisiones Obreras.
- Secretaría Confederal de Acción Sindical de CCOO (2015) III Acuerdo para el Empleo y la Negociación Colectiva. Valoración y Criterios Sindicales. *Cuadernos de información Sindical. Junio 2015*. Confederación Sindical de Comisiones Obreras.

- Trillo, F. (2011) Flexibilidad y tiempo de trabajo: consolidación normativa de un modelo (im)productivo antisocial, in AA.VV. (Baylos, A. ed.), *Garantías de empleo y derechos laborales en la Ley 35/2010 de Reforma laboral*, Albacete: Bomarzo.
- Uxó, J. et al. (2015) Reforma laboral, devaluación salarial y empleo: una perspectiva macroeconómica, in *Revista de Economía Laboral*, 12, Asociación Española de Economía del Trabajo.
- UGT (2017) *Documento de análisis del RD de Desindexación de la Economía*, UGT.
- Van Gyes, G. and Schulten, T. (2015) *Wage bargaining under the new European Economic Governance. Alternative strategies for inclusive growth*, Brussels: ETUI.
- Vanhercke, B. et al. (2017) *Social policy in the European Union: state of play 2016*, Brussels: ETUI.
- Vivero, J. (ed.) (2016) La prioridad aplicativa del convenio de empresa en materia salarial, in VV.AA., *Los convenios de empresa de nueva creación tras la reforma laboral de 2012*, Madrid: Lefbvre El Derecho. 97–238.
- VV.AA. (2012) *52 reformas desde la aprobación del Estatuto de los Trabajadores en 1980*. Informe Febrero, Madrid: Fundación 1º de Mayo.

## Annex

**Table A.1: Evolution of agreed wages, inflation, real GDP and employment, 2008–2017 (variation rate in %)**

	Agreed wages	CPI	Real agreed wages	Real GDP	Employment
<b>2008</b>	3.6	1.4	2.2	1.9	0.0
<b>2009</b>	2.3	0.8	1.5	-4.1	-6.1
<b>2010</b>	1.5	3.0	-1.5	-2.8	-2.3
<b>2011</b>	2.0	2.4	-0.4	-3.4	-2.6
<b>2012</b>	1.0	2.9	-1.9	-5.8	-4.3
<b>2013</b>	0.5	0.3	0.2	-1.7	-2.3
<b>2014</b>	0.5	-1.0	1.5	2.2	1.1
<b>2015</b>	0.7	0.0	0.7	4.1	2.8
<b>2016*</b>	1.0	1.6	-0.6	2.0	2.5
<b>2017*</b>	1.4	1.7	-0.3		

Note: \*Provisional data: 2016 and 2017.

Source: Authors' elaboration based on *Estadística de Convenios Colectivos* (MEYSS), *Índice de Precios al Consumo* (INE) and *Contabilidad Nacional Anual* (INE).

**Table A.2: Reforms to consolidate the recovery, 2015**

1. A public administration that fosters growth and employment: regulatory framework, market unity and tax consolidation
2. Flexibility measures to support job creation and the development of agreement mechanisms
3. Modernisation of collective bargaining and commitment to social dialogue
4. Foreign sector: the key to sustainability
5. Companies fully integrated in the European Union
6. Education: development of vocational training and university policies
7. Vocational training for jobs as competitiveness mechanisms for companies
8. Sustainability of the social security system to allow a reduction of corporate social contributions
9. Financing to grow and reinforce the business sector
10. Corporate social responsibility
11. Innovation and digitalisation: pillars for the future of our economy
12. A competitive industry, energy and the environment
13. Transport, logistics, urban planning and efficient infrastructures
14. Health care sector: public–private partnership, health and social integration and dependency system
15. Equal opportunities: measures to enable implementation thereof, taking into account companies' organisational needs

Source: CEOE, CEPYME, 2015.

**Table A.3: 20 Urgent actions for progress and social well-being, 2016**

1. Shock Plan for Employment: the fight against unemployment must be the number one objective
2. Repeal labour reforms and fight against precariousness
3. Stop austerity policies in both Spain and the European Union
4. Raise the minimum wage and boost real wage increases to recompose income and push growth
5. Strengthen active employment policies and extend the social protection system
6. Reform fiscal policies and make the wealthier pay more
7. Promote a social expenditure floor in the Constitution
8. Strengthen social expenditure, reversing reforms and cuts
9. Restore the Social Pact of Toledo, repealing pension reforms from 2012
10. Repeal the LOMCE for a social and political pact on education
11. Guarantee equality of treatment and no discrimination
12. Reinforce the prevention of occupational hazards
13. Fight against poverty: establish a minimum income benefit
14. Fight against new forms of poverty
15. Build a new integrated social services system
16. Implement the dependency law immediately
17. Implement a strategic plan for industry
18. Advance the quality of our democracy
19. Defend a social European Union, with Human Rights
20. Require that free trade agreements be tools for progress, as well as democratic and transparent

Source: CCOO and UGT, 2016.

**Table A.4: Minimum income benefit: CCOO and UGT proposal, 2017**

**Beneficiaries**

MIB beneficiaries will be persons between 18 and 64 years of age, unemployed without unemployment protection or inactive without benefit for social exclusion or retirement pension. Their personal and per capita annual household income should be lower, in both cases, than 75 per cent of the SMI of each year, without extra payments.

**Estimation of beneficiaries and cost**

Between 2007 and 2017, the series of potential total beneficiaries (unemployed and inactive) grew from 1 358 000 beneficiaries in 2007 to a high of 2 362 000 in 2013 and then to 1 923 000 beneficiaries in 2017.

The cost of the PIM would vary throughout the cycle between 6.5 and 12 billion euros, or 5.8 and 10.2 billion, if it is expressed net of VAT. The potential cost of the MIB ranges between 0.60 per cent and 1.18 per cent of GDP in 2007–2017, or 0.53 per cent and 0.99 per cent net.

Source: Secretaría de Políticas Públicas y Protección Social of CCOO, 2017.