

The Regional Trade-Union: Lessons from Spain

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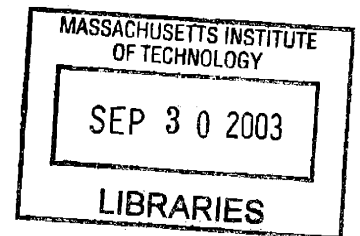
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## ABSTRACT

The region has emerged in the last two decades as a new field of trade-union activity. There is increasing interaction across Europe between unions, employer associations, and state actors at the subnational territorial level. These practices take different forms and cover a wide range of issues, with training and labor market policies being the most common.

Some scholars see in the regional trade union the promise of union revitalization, providing a more adaptable alternative in today's flexible economy. Yet others consider it a recipe for weakness and fragmentation. This thesis argues that the region is an important site for trade unions because it is well suited for addressing employment problems and reaching out to "outsiders:" the unemployed, temporary workers, and others in the more insecure parts of the labor market. My research, which compares the experience of different Spanish regions, links successful intervention to two conditions. One is that the union fully connects its efforts in the region to collective bargaining. The other is that it works within the framework of national agreements and institutions, rather than in opposition to them. Contrary to the academic tendency to view the regional and national union in competing terms, these findings underscore the complementarities between them. Moving into this new field requires unions to develop local capacity in labor market policy, regional development, etc. But it also calls for the national level of the organization to provide coordination and to diffuse, compare, and evaluate regional practices in order to promote learning.

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# **CHAPTER ONE**

## **THE REGION AS A NEW FIELD OF TRADE UNION ACTIVITY**



## 1. INTRODUCTION

The region has emerged in the last two decades as a new field of trade union activity. There is increasing interaction across Europe between trade unions, employer associations, and state actors at the subnational territorial level. These practices take different forms and cover a wide range of issues, with vocational training and labor market policies being the most common. Other examples include regional development, structural adjustment, social policies, health and safety, the environment, etc.

These practices are proliferating. A 1996 study commissioned by the EU covered seventeen regions in five large countries: France, Germany, Italy, Spain, and the UK. It found that trade unions were involved in virtually all these regions and that, for most, this was a novel experience.<sup>1</sup> Another 2001 OECD study of "local partnerships" to tackle issues of economic development and employment includes cases from Austria, Belgium, Denmark, Finland, Ireland, Italy and the US.<sup>2</sup> How do we account for this increase? What does it mean for traditional systems of labor politics?

The literature links this trend to broad changes in the political economy. First, the advent of post-Fordist, flexible forms of production has caused a great deal of diversity in work organization and employment relations among firms, which fuels bargaining decentralization. At the same time, flexible production tends to be associated with territorial clustering, creating

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<sup>1</sup> Detlev Albers, et al, *At Regional Level on behalf of Europe's Regions. Developing a New Field of Trade Union Activity*, (Luxembourg: Office for Official Publications of the European Communities, 1996).

<sup>2</sup> Sylvain Giguère, *Local Partnerships for Better Governance*, (Paris: OECD, 2001).

firm interdependencies that can be the basis for collective action at this level. Second, the shift to supply-side policies has led regional and local governments to play more active roles in economic development. This is partly due to the central state's wish to unload responsibility, and partly due to the fact that these policies need to be tailored to local conditions in order to be effective. Finally, European integration has also contributed to raise the political profile of regions, especially through their role in the administration of the structural funds. There is a debate, however, between those who urge the labor movement to become more decentralized and embedded in local society in order to adapt to these changes (e.g., Locke, 1990) and those who see the regional trade union as a recipe for fragmentation and weakness (e.g., Streeck & Schmitter, 1991).

I argue that the region is an important site for trade unions because it is well suited for addressing employment problems and reaching out to "outsiders:" the unemployed, temporary workers, and others in the more insecure segments of the labor market. My research, which compares the experience of different Spanish regions, links successful intervention to two conditions. One is that the trade union fully connects its efforts in the region to collective bargaining. The other is that it works within the framework of national agreements and institutions, rather than in opposition to them. Contrary to the academic tendency to view the regional and national trade union in competing terms, these findings underscore the complementarities between them. Moving into this new terrain requires unions to develop local capacity in labor market policy, regional development, etc. But it also calls for the national level of the organization to provide coordination and to diffuse, compare, and evaluate regional practices in order to promote learning.



My dissertation seeks to contribute to our understanding of how European neo-corporatism is changing into more complex multilevel bargaining systems. It explores an aspect of this transformation that is little known: the role of the trade unions in the regions. Ten years ago, the conventional wisdom was that neo-corporatism was in a process of decline. Centralized bargaining seemed at odds with flexibility, and both governments and employers had lost interest in concertation. However, this prediction did not quite come true. Most systems underwent "organized decentralization" (Traxler, 1995) with a delegation of bargaining tasks to lower levels, and especially to the company level, while maintaining coordinating controls. "Social pacts" on national incomes policies and other issues made a comeback in many countries. To this we must add the growing activity at the regional and the EU levels.

Trade unions are just beginning to discover the region (Albers et al, 1996). These authors identify some factors that either favor or hinder this discovery. For example, in areas with a strong regional or even "national" identity (e.g., Scotland), unions tend to develop regional concepts and plans much more naturally than in other areas. Another important factor is the institutional status of the region. The high level of powers and resources of the German *Länder* has encouraged strong union involvement (e.g., North-Rhine Westphalia). On the other hand, they argue, where internal organizational structures are dominated by sectoral unions, as in Germany, it is difficult for the trade union to develop an integrated view of regional problems.

In Italy, the regions' weak identity and low political clout has often kept the cooperation typical of industrial districts from scaling up (Trigilia, 1991). However, since the mid 1990s, the Italian unions have promoted an interesting experiment with Territorial Pacts (Pedersini, 1997). The pacts usually cover an area smaller than the region (e.g., a province, or city), and involve

local and regional authorities, trade unions, employer associations, and other actors such as banks and universities. These actors sit down to define development goals for the area and identify priority projects around which efforts are to be coordinated. They are responsible for part of the funding and receive technical assistance from the CNEL, the national council that brings together unions and employer associations. In 1997, the EU launched a similar pilot program to promote Territorial Employment Pacts, which funded technical assistance and networking for 89 pacts across the union.

Further insight into the workings of industrial relations at regional level is provided by a study of the so called "Four Motor Regions" (Baden-Württemberg, Catalonia, Lombardy, Rhône-Alpes) edited by Ida Regalia.<sup>3</sup> Regalia argues that the incrementalism and low visibility that characterizes regional practices often leads to positive functions, such as reducing social tensions, serving as probing ground for experimentation, and providing collective goods for local economies. She proposes that we look at industrial relations arrangements at the regional level as *an accumulation of social capital* which can be used to improve economic governance. On the flip side, she adds, they tend to be marked by poor coordination, discontinuity, and duplication of activities.

Finally, the OECD "local partnerships" study raises another interesting issue: inclusiveness. The drive for creating partnerships comes in part from the notion that tripartite neo-corporatist arrangements are not inclusive enough, since disadvantaged groups such as the

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<sup>3</sup> Ida Regalia, ed., *Regioni e relazioni industriali in Europa. Potenzialità e limiti di un livello intermedio di regolazione sociale*, (Milan, Franco Angeli: 1997) and "Industrial Relations at Regional Level in Europe: Strengths and Weaknesses of an Intermediate Level of Social Regulation," *European Journal of Industrial Relations*, vol. 4, n. 2 (1998).

long-term unemployed and welfare recipients are not represented in trade unions. In some countries (e.g., Ireland, Finland), social partnerships have been established in recent years to design and implement anti-poverty programs. These partnerships include representatives from churches and NGOs serving disadvantaged groups alongside business and labor. However, the study reports that the distinction between partnerships and traditional tripartism is blurring. Tripartite organizations are widening their sphere of work, both in terms of policy and of target groups, and developing mechanisms for involving NGOs or the community at large in their deliberations. In Denmark, the regional labor market councils have been reformed to include representatives from local government, who is in charge of social assistance to those ineligible for unemployment benefits. This has led to increased attention to this group. Planning workshops are also being used to generate input from the public. Similar changes have taken place in tripartite employment service boards (e.g., Flanders, Austria). The study concludes that it may be sometimes more efficient to broaden the scope of discussions in existing frameworks than to set up new fora. Among other things, this may avoid problems of legitimacy and accountability associated with representation from non-elected NGOs.

Employment policy has become more decentralized in many countries with the aim of making it more flexible and adapted to local conditions. Participation by local stakeholders is being encouraged in order to tap into their knowledge of these conditions and promote synergies--e.g., between employment and regional development efforts. A prime mover behind these changes is the growing Europeanization of employment policy. At the Luxembourg (1997) and Lisbon (2000) summits, the EU adopted a European employment strategy based on four pillars: employability, entrepreneurship, adaptability, and equal opportunity. It set the goal of

reaching full employment by 2010 and devised an analogous process to that used for monetary convergence, based on the negotiation and evaluation of annual National Employment Action Plans (NAPs). The strategy emphasizes decentralized participation by local actors and promotes the use of territorial employment pacts. Regional or local action plans are also emerging in a number of countries within the NAPs framework.<sup>4</sup> Trade union involvement in the regions will most likely increase in the coming years because of these developments.

## **2. THE SPANISH CASE**

A rich mosaic of regional pacts between trade unions, employer associations, and regional governments has developed in Spain over the last two decades. The ongoing process of state decentralization and, in particular, its asymmetric and competitive nature,<sup>5</sup> has provided a fertile ground for political exchange in the regions. Spain is also a large recipient of EU structural funds, which have given a big boost to regional development and labor market policies since 1985 (the year the country joined the EC).

Spanish trade unions were quick to grasp these opportunities, and have increasingly taken the initiative in regional pact making through a series of decentralized campaigns. At the

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<sup>4</sup> "Strengthening the Local Dimension of the European Employment Strategy", Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee, and the Committee of the Regions, COM (2001) 629 final 06.11.2001.

<sup>5</sup> After Franco's death, the 1978 Constitution provided for a Spanish "State of Autonomies" to accommodate the historical claims of minority nations in the Basque country, Catalonia, and Galicia. Seventeen regions or "Autonomous Communities" were established with their own elected governments and legislatures, but with large asymmetries in the pace at which different groups of regions were to acquire autonomy, as well as in the content of powers transferred and the resources at their command. The process has been marked by competition and uncertainty about the final state design, with Basques and Catalans demanding greater powers as other regions strive to catch up with them.

same time, they have been deeply ambivalent and wary that regional ventures may spin out of control and undermine national unity and solidarity. Spain provides, therefore, a well-placed observatory for exploring the regional trade union and its relationship with national labor politics.

I advance three claims from the Spanish experience. The first claim is that trade unions have, in fact, followed quite different strategies in different regions. Based on archival research and interviews of national trade-union officials, I identify three distinct approaches in the Basque country, Catalonia, and Andalusia, all three regions with high institutional powers and strong identities. In the first approach, Basque nationalist unions have emphasized "*ethnic politics*," seeking to create through legislation and accords with employers a separate framework of industrial relations from the rest of Spain. They have put forward highly controversial demands, such as breaking up the social security system. In the second approach, Catalan unions have been geared to "*problem solving*," focusing on the employment crisis and reaching accords with employers and state actors at both the regional and local levels. Catalan unions have also talked of a Catalan framework of industrial relations, but in articulation with the national one and under the umbrella of the Spanish confederations to which they belong. Finally, in the third approach, Andalusian unions have concentrated on "*lobbying*," negotiating tripartite pacts that deal primarily with regional government policies. Coming from the less developed South, Andalusian unions have stressed the importance of national labor standards and bargaining, rather than pursue a regional framework of industrial relations.

These approaches have configured different sets of relationships between the actors in each region. In the Basque country, the focus on ethnic politics has deeply divided the trade

unions, feeding endless ideological conflict and posturing between the four organizations present in the region (ELA, LAB, UGT, CCOO).<sup>6</sup> A graphic example can be found in Spain's most recent general strike in June 2002. In the Basque country, the strike lasted two days: the nationalist unions struck one day before the rest of the country, while the others did so the following day. In the end, the strike became more of a contest between the trade unions than a protest against government policies. This dynamics of intense union rivalry has bogged down institutions such as the Basque Labor Relations Council and Hobetuz, the regional continuous training system. It also made difficult for PRECO, a conflict resolution service created by Basque unions and employers and the first of its kind in Spain, to get off the ground.<sup>7</sup> Despite occasional pacts, Basque industrial relations have remained highly confrontational.

In contrast, relations between the actors in Catalonia have intensified and become more cooperative over the last decade of pactism. Catalonia fits well Ida Regalia's view of regional pacts as social capital accumulation. A key institution is, in this regard, the Catalan Labor Tribunal, a conflict resolution service run jointly by the trade unions and employers' association which has helped them build mutual trust, monitor changes at the workplace, and enhance their governance role in industrial relations. The region also features a vibrant second tier of

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<sup>6</sup> Two nationalist trade unions, ELA (Solidarity of Basque Workers) and LAB (Union of Patriotic Workers), hold the majority in the Basque country. ELA is linked to the Basque nationalist party, which has governed the region over the last twenty years, often in coalition with the socialists. LAB has ties to the radical separatist movement and Basque terrorism. The minority communist CCOO (Worker Commissions) and socialist UGT (General Union of Workers) are the two main trade union confederations in Spain. As of December 2001, ELA reports having 40.8% of delegates in works council elections, followed by CCOO (18%), LAB (15.8%), and UGT (15.3%).

<sup>7</sup> Only two of the trade unions (ELA and CCOO) signed the first PRECO accord in 1984. The accord lasted until 1987 and was not renewed upon expiration. A new version of PRECO was launched in 1990, this time also with UGT support. The fourth union, LAB, joined in 1993.

partnerships at the local and, sometimes, the sector level, which are involved with training and employment programs. Examples of this tier include the Gaudí Institute for the construction industry and the local partnerships in Baix Llobregat. Deliberation platforms, e.g., Barcelona 2000, Vallès pact, have enabled the actors to develop shared understandings of local economies and labor markets, and to identify common goals and objectives. Finally, another important outgrowth of regional pacts in Catalonia is that collective bargaining has become more organized. The number of Catalan workers covered by regional agreements above the firm level has increased markedly. It was 646,510 in the year 2000; almost as much as the 730,142 still covered by provincial agreements that same year.<sup>8</sup>

Andalusia provides yet another contrast. Concertation of regional government policies has become a stable political practice in Andalusia in the 1990s, but appears more ritualistic and legitimation oriented. Vertical interaction with the Andalusian government has prevailed, to the detriment of stronger horizontal ties between the trade unions and employers' association. Collective bargaining remains highly fragmented in seven provincial units, and only recently have regional pacts begun to cover industrial relations issues such as conflict resolution or health and safety.

The second claim of the dissertation is that the Catalan unions' "problem solving" approach, more pragmatic and linked to collective bargaining, has advantages not only in terms of social capital accumulation, but also of concrete benefits for labor. Here the strongest piece of evidence is the ability to cut down the rate of temporary work, a critical issue for Spanish unions

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<sup>8</sup> Source: Labor Ministry. Anuario de estadísticas laborales y de asuntos sociales 2001. Note the very low numbers for regional collective bargaining agreements in both the Basque country and Andalusia.

given the explosive growth in atypical fixed-term work contracts since their liberalization in the mid 1980s. In 1995, when the trend peaked, 35% of wage earners had temporary contracts in both Catalonia and Spain (about three times the EU average). By the end of 2001, the number has fallen to 24.7% in Catalonia, while it stands at 31.7% for Spain.<sup>9</sup>

In 1997, the Spanish trade unions and employer associations signed a landmark accord to promote employment stability. The unions agreed to lower the legal lay-off costs for new hires, in order to make more attractive for companies to hire workers on permanent contracts, and the government granted subsidies for these hires if they either involved target groups, or the conversion of temporary contracts. The accord, however, did not place overall restrictions on the latter. Rules were tightened for some contract types but further regulation was left to collective bargaining.

Spanish collective bargaining has been moving in recent years beyond its traditional narrow focus on wages. New trade-offs have emerged, especially at company level, with trade unions willing to exchange wage restraint and internal flexibility for commitments to hire new workers and to make temporary workers permanent employees. Catalonia, where regional negotiations over the issue of employment stability preceded the national pact, has been at the forefront of experimentation with these deals, which often involve concessions on flexible work time, functional mobility, seniority pay, entry-level wages, etc. Moreover, Catalan unions have accompanied these efforts with regional public campaigns to regulate temp agencies and to report cases of fraud in the use of fixed-term work contracts (e.g., "the 200 most precarious firms" campaign).

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<sup>9</sup> Labor market data are based on INE's Workforce Survey and author's calculations.



The national accord has been implemented with differing degrees of success in our three regions. In contrast to Catalonia, temporary work only declined slightly in the Basque country, from 32.2% in the second quarter of 1997, when the accord was signed, to 30.5% in the end of 2001. In Andalusia, it continued to grow from 44% to 45.4%, the highest rate in Spain.

These results are not simply a reflection of different rates of economic growth. In fact, Catalonia grew at a lower rate than the other two regions in 1997-2001. Regional GVA (Gross Value Added) increased an average 3.4% per year in Catalonia, compared to 4% in Andalusia and 4.1% in the Basque country.<sup>10</sup> Job creation was also stronger in Andalusia (up by 20.4%) and the Basque country (13%) than in Catalonia (10.8%), but failed to translate into more stable jobs. Neither is the difference explained by sector or workforce composition. The results of the 1997 pact are superior in Catalonia in every basic economic branch (i.e., agriculture, industry, construction, services), and in both the private and the public sectors. They are also superior for women and young workers, two groups where temporary work is highly concentrated, and which account for a larger share of the workforce in Catalonia than in the other two regions.

Interestingly, these results are not explained by union density, which is twice as high in the Basque country than in both Andalusia and Catalonia. The critical factor seems rather to be the different orientation and capacities built by the trade unions in each region.

Thus in contrast to the Catalan unions' active implementation of the pact, the Basque ELA criticized it for making lay-offs cheaper and easier. Basque unions were busy at the time with ethnic politics. In 1997, ELA declared dead the regional autonomy statute and called for a united front of all Basque nationalist forces, in order to advance towards self-determination and

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<sup>10</sup> Author's calculation based on INE's Regional Accounting of Spain Series 1995-2001.

a negotiated end to terrorism. In the eyes of moderate nationalists in ELA and PNV, the new coalition with the radical separatist movement, which crystallized in the Lizarra pact and a cease-fire in 1998-99, was a bold attempt to bring peace. But it further polarized Basque society and the trade unions, especially after the killings resumed.

In Andalusia, there was some effort to implement the accord through collective bargaining. Trade unions and employers signed a joint document recommending that collective agreements incorporate clauses promoting employment creation and stability. But judging from the results, it is clear that the unions were not able to use bargaining effectively in order to deliver more permanent jobs. The 1997 regional employment pact featured a generous program of incentives for new hires, including some for temporary contracts. This suggests that the highest priority has been placed in Andalusia on creating jobs (*any jobs*), which is perfectly understandable given that unemployment is so high in this region.<sup>11</sup>

What about the other actors? Could it be that the Catalan unions face a regional government more friendly to labor, or employers more bent on cooperation? The answer is negative on both accounts. The Catalan nationalist administration has no political ties to the trade unions and embraces a low-intervention approach to economic matters that has resulted in less policy activism than in the other two regions.<sup>12</sup> Despite a long associative tradition, the

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<sup>11</sup> The persistence of wide differentials in unemployment rates across regions is another problem of the Spanish labor market. The rate for Andalusia was 22.3% at the end of 2001, compared to 9% in Catalonia and 10.6% in the Basque country

<sup>12</sup> This is the case, for instance, with sector policies. Regional spending on sector policies (including agriculture) was 231 million euros, or 1.7 % of the total regional budget for Catalonia in 2001. In the Basque country, it was 271 million (5.2%); and in Andalusia, 2,347 million (13.7%). A similar contrast probably exists in employment policy, but comparison is hindered by different budget groupings and levels of transfer of powers. On the other hand, spending levels are similar

Catalan employers' organization shares the weak internal structures typical of the CEOE (Spanish Confederation of Employer Organizations). It initially opposed regional pacts but has become more open to negotiate initiatives with the trade unions, especially those that do not involve government intervention.

The third claim of the dissertation is that regional success is not at odds with being part of a national labor movement. The comparison between Catalonia and the Basque country shows that the regional trade union has been more successful in Catalonia, where it did not try to break away from national coordination but rather work with it.

Catalan unions have often made full use of national resources in their local strategies. A good example is the national employment service (INEM), which functioned in a more decentralized way in Barcelona than the rest of the country long before it was transferred to the regional administration. Local employment tables were set up at INEM field offices where trade unions, municipalities and, sometimes, employer associations coordinated the implementation of employment and training programs.

Conversely, national unions have sometimes pushed through regional pacts demands they could not win at the national level. This was the case with the introduction of minimum social income programs for the very disadvantaged in the early 1990s and, more recently, worksharing incentives and the 35-hour week in many regional administrations. They have also promoted the

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in less interventionist policy areas. Regional spending on public goods of an economic nature (e.g., infrastructure, research) was 608 million euros, or 4.5% of the total regional budget in Catalonia. In the Basque country, it was 284 million (5.5%); and in Andalusia, 688 million (4%). (Basque figures are from 2000 budget, which was extended to 2001). Source: Regional budgets posted in the regional governments' sites: <<http://www.gencat.es/economia>>, <<http://www1.euskadi.net/presupuestos>>, and <<http://www.juntadeandalucia.es/economiayhacienda>>.

diffusion of regional best practices and/or their adoption at the national level (e.g., conflict resolution services). Furthermore, national strategies such as the 1997 employment stability accord have been implemented quite differently depending on what local capacity has been built. Here the comparison between Catalonia and Andalusia indicates that the regional trade union is more likely to succeed when it builds strong relations with employers, rather than simply lobby the regional authorities.

These findings suggest that we stop thinking of the regional and the national trade union as competing, zero-sum alternatives, in which one level increases in importance at the expense of the other. That view only hinders our understanding of how neo-corporatist systems are currently being transformed. As bargaining has become more decentralized and multilevel, the national union itself is changing, acting as a coordination center for agreements that leave much more room for local adaptation than in the past. This is also evident in the Spanish case, when we contrast the "social pacts" of the 1970s and 1980s with those reached recently. Whereas the old pacts featured a well-defined wage increase to apply across the economy (usually in the form of a 2-3 point interval), the 2001 accord simply commits the social partners to a policy of wage moderation based on forecast inflation and productivity growth (which will depend on each particular situation).

I will elaborate on this argument in the next two sections; first by discussing in more depth the rationale for the regional trade union and then addressing some of the objections raised by critics.

### 3. THE BASIS FOR THE REGIONAL TRADE UNION

Globalization has been accompanied by a resurgence of regional economies. Silicon Valley, the Third Italy, and Baden-Württemberg are some of the best known examples of the importance of regional clusters of interconnected firms. But there are thousands more, even if less visible and/or successful. The tendency for economic activity to be concentrated in limited spatial areas appears to have intensified in recent decades, even as capital has become more mobile and production of goods and services more transnational. This paradox of "sticky places in slippery space" (Markusen, 1996) has attracted the attention of many scholars in different fields, who have linked clustering to the new flexible production strategies developed by firms and have pondered over its implications for economic governance.

Since the 1970s, increasing international competition, market segmentation and volatility, and shorter product life cycles, have prompted firms to search for alternatives to mass production and experiment with flexible forms of organization, such as those modelled by the Japanese, that permitted rapid shifts in output.<sup>13</sup> A major trend has been the outsourcing of production and in-house services to subcontractors, with whom closer ties are often built through practices such as just-in-time delivery and collaboration in design. These subcontractors in turn outsource some of their activity to a second tier of suppliers and so on down the productive chain. There has also been a tremendous increase in mergers and acquisitions, joint ventures, and other forms of inter-firm alliances and partnerships with private or public institutions, e.g.,

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<sup>13</sup> There is a large body of literature on this issue. Two highly influential books are M. Piore and C. Sabel, *The Second Industrial Divide: Possibilities for Prosperity*, (New York: Basic Books, 1984), and James Womack et al, *The Machine that Changed the World: The Story of Lean Production*, (New York: Harper Perennial, 1990).

to share R&D costs. Vertically-integrated firms have been replaced in these ways by more decentralized network organizations which tend to blur the boundaries between firms, and between the economy and local society (Sabel, 1991).

Why are regions important? Regions are important, first of all, because of economies of agglomeration. Regional clusters of suppliers offer firms externalities akin to those of the traditional industrial districts once described by Alfred Marshall. This include access to specialized inputs and services, customers, related products, an abundant pool of skilled labor, and a local industrial culture and know-how that arises from everyday interactions among producers as well as from local institutions such as trade associations, vocational schools, local banks, standard-setting boards, and, increasingly, universities and research centers. These externalities are a powerful source of competitive advantage for companies (Porter, 1990).

In particular, access to knowledge and learning capabilities has become a compelling reason for agglomeration in today's knowledge-based economy. John H. Dunning<sup>14</sup> argues that the advent of the knowledge economy and the growing importance of innovation is having very significant spatial implications. In a knowledge-based economy, intellectual capital is the main source of wealth. But intellectual capital is peculiar in that it often needs to be combined with several other kinds to produce an actual good or service; it can be very expensive and uncertain to develop, and become obsolete very rapidly. This is a key factor leading firms to seek external alliances and it explains their attraction to locations where specialized knowledge is concentrated. Companies often engage in foreign direct investment to tap into the resources and learning experiences of different expert locations, or to monitor them.

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<sup>14</sup> *Regions, Globalization, and the Knowledge Economy*, (Oxford University Press, 2000).

Regions are thus becoming more important as sites for learning (Florida, 1995).

The main reason for this is that geographic proximity reduces transaction costs by promoting repeated interaction and mutual trust, and facilitates the often informal exchange of knowledge and information, especially of tacit knowledge. "In order to be at the cutting-edge of information, it is not enough to consult your computer terminal, you must be there where the others are, eat together, exchange or glean confidences, bathe in an atmosphere."<sup>15</sup> Indeed, proximity alone does not ensure collective learning. As Saxenian's comparison of Silicon Valley and Route 128 has shown, the actual nature of networks linking firms, i.e., their openness, their density, and the presence of local cross-cutting institutions, will affect cluster dynamism.<sup>16</sup>

Regions are also important for policy reasons. With the demise of Keynesianism in the 1980s, attention shifted to supply-side policies aimed at increasing competitiveness. Local and regional governments have been very active in this field with programs to invest in infrastructure and vocational training, support small firms, diffuse technology, promote exports, attract investment, etc. In the EU, in particular, this expanded role has been institutionalized by the structural funds, and has triggered much talk about the "Europe of the Regions" and the ascendancy of a third level of governance in European politics.<sup>17</sup> There has also been a growing

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<sup>15</sup> George Benko and Alain Lipietz, eds., *Les Régions qui gagnent: districts et réseaux, les nouveaux paradigmes de la géographie économique*, (Paris: Presses Universitaires de France, 1992), p. 16.

<sup>16</sup> AnnaLee Saxenian, *Regional Advantage: Culture and Competition in Silicon Valley and Route 128*, (Cambridge, Massachusetts: Harvard University Press, 1994).

<sup>17</sup> I do not mean to underplay the role of "bottom-up" political factors in this process. The "Europe of the regions" slogan embodied demands by strong subnational authorities such as the German *Länder*, as well as by regionalist forces, for greater decision-making powers within the EU. See, for example, Jeffery, Charlie, ed., *The Regional Dimension of the European Union: Towards*

number of clubs or alliances between cities and regions across national borders: e.g., Europe's "Four Motors," Copenhagen-Malmö, San Diego-Tijuana, Hong Kong-Shenzhen, etc. (Scott, 2001).

Some observers take these facts to mean that region-states are replacing nation-states as more functional, natural economic units in a borderless world (Ohmae, 1995). But this is an exaggerated and deterministic claim. Most authors stress, instead, that clusters suggest new roles for government in fostering their growth and upgrading (e.g., Porter, 2000). Because the synergies associated with agglomeration often take the form of externalities, they will be undersupplied in the absence of collective action. Hence the imperative for new policies that promote the formation of effective firm networks and provide specialized infrastructure, especially R&D centers and consortia, and a vocational training system that facilitates continuous reorganization and technological adjustment (Storper & Scott, 1995).

These policies, it is frequently argued, are best organized at regional rather than national level because of the diverse needs and specializations of regions, and because rapid change makes local conditions very hard to monitor and assess from the center. The new policies require, moreover, an inclusive or *associative* mode of policy making and delivery, in which regional authorities work in partnership with interest associations in order to mobilize local information, build consensus, coordinate private and public efforts, and monitor compliance (Cohen & Rogers, 1992) (Cooke & Morgan, 1998).

The region opens, in this context, new opportunities and challenges for trade unions. Following Charles Sabel, I will highlight here two aspects of the regionalization of production

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*a Third Level in Europe?*, (London: Frank Cass, 1997).



that are of particular interest. First, firms become more dependent on other firms, and on the provision of vocational training and other services by local authorities and associations. Second, labor markets become both more localized and more open, as job security and career paths weaken within individual firms. This gives unions opportunities for "inserting themselves into the regional economy at the points where the firms connect with each other and where they as a group join the local society."<sup>18</sup>

The most obvious point of contact is training and placement. Trade unions can help organize the supply of skilled labor in the region and help their members navigate through today's more uncertain working life. This would also allow them to reach out to the unemployed and to the growing numbers of workers in small firms and in precarious situations (e.g., temporary contracts, false self-employment) that often fall outside standard labor protections. The current drive to decentralize employment policy provides additional incentives for trade unions to undertake this role--or to deepen it in those systems where they have traditionally been involved in some capacity.

Decentralization is based on the premise that standardized policies face limitations in solving employment problems. Labor market conditions differ from place to place and local actors are best placed to assess this specificity and adapt policies accordingly. Local problem solving can also create synergies across policy areas--e.g., by coordinating the content of training programs with efforts to attract investment to the area, or to develop "new sources of jobs." The latter refers to activities such as elder care, rural tourism, environmental preservation,

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<sup>18</sup> Charles Sabel, "Can the End of the Social Democratic Trade Unions be the Beginning of a New Kind of Social Democratic Politics? MIT (Mimeo) (1992), p. 19.

cultural services, etc., that are often carried on by cooperatives and non-profits. Another area for potential synergies is social policy. For instance, addressing local childcare shortages may enhance the effectiveness of efforts to increase employment among women. Other groups may be in need of mental health and counselling services for getting and keeping jobs. Tackling youth unemployment may lead to efforts to improve local schools, create school-to-work programs or special programs for school drop-outs. Last but not least, synergies can also be created with collective bargaining--e.g., by opening local firms to apprenticeships and other training-work schemes, or adding "social clauses" to hire workers from target groups.

Other points of contact include technology diffusion and innovation, and efforts to address some of the problems associated with agglomeration, such as high land and housing prices, traffic congestion, environmental degradation, or large-scale immigration. In order to engage effectively in the regional arena, trade unions need to develop decentralized capacity in these policy areas, although some of this expertise may be acquired through networking with think tanks, universities, community groups, etc.

The region, therefore, challenges unions to rethink their organizational models. Sabel argues that "because their basic units of organization are the plant, the firm, and the branch, unions cannot regulate the increasing movement of work and workers across these boundaries."<sup>19</sup> In a similar vein, Richard Locke urges the labor movement to restructure along more horizontal lines, "as a federation of locals firmly embedded in their regional economies."<sup>20</sup> His work has

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<sup>19</sup> Ibid, p. 19.

<sup>20</sup> Richard M. Locke, "The Resurgence of the Local Union: Industrial Restructuring and Industrial Relations in Italy," *Politics & Society* 18, no. 3 (1990) p. 372.

shown that trade unions that develop multiple, cross-cutting ties with other local organizations and institutions can better understand and respond to changes in their environment. These ties are important for the sharing of strategic information, for allowing better communication and understanding of different stakeholders' needs, and for the capacity to build alliances and engage in collective efforts (Locke, 1997) (Safford & Locke, 2002).

#### **4. THE PROBLEM OF COORDINATION**

Critics of the regional trade union raise two closely related but distinct issues. The first issue is regional inequality and the fact that decentralization may hold little promise for disadvantaged regions with weak institutional capacities or narrowly sectionalist interest coalitions (Amin & Thrift, 1995). Think, for instance, of a region dominated by a single declining industry whose members could hold hostage efforts to restructure and diversify the regional economic base. Other critics point out that the trade unions' ability to build successful productivity coalitions may be limited in regions trapped in low-skill and low-value-added forms of production (Teague, 1995). In sum, the regional trade union may just work for some regions, but not for others. There is also the risk of "social dumping" to consider, as poor regions may be tempted to compete by lowering labor costs (Perulli, 1993) (Teague, 1995).

The second issue is the fragmentation of interests which is likely to accompany regionalization. Critics contend that this fragmentation would jeopardize the unions' ability to act as a unified force and to stand for programs that redistribute resources to poor regions. Wolfgang Streeck and Philippe Schmitter argue, furthermore, that by undermining associational monopoly and hierarchy, and by increasing the actors' range of choice between political

channels, regionalization in fact contributes to the decomposition of national neo-corporatist systems. "The emergence of regional arenas of interest politics seems to advance, not the organization of labor or for that matter of capital, but rather its *disorganization*."<sup>21</sup>

This brings us to an interesting point, namely, the connection between the debate over the regional trade union and broader expectations about neo-corporatism. Back in the early 1990s, when this debate originated, there was a strong sense that neo-corporatism was unravelling.<sup>22</sup> This expectation was shared by both sides. Richard Locke, for instance, talked of a decline of national unions, which seemed too cumbersome to adapt to the growing diversity in business practices within their sector.<sup>23</sup>

The crisis besetting centralized bargaining in many countries has been attributed to three causes (Thelen, 1994). First, governments had shifted away from Keynesianism, and this undermined their ability and willingness to compensate unions for wage restraint with full employment and social spending. Second, the changing composition of the workforce created new strains in union organizations. In the Nordic countries, the rise of militant white-collar and public-sector unions made it difficult for unions in sectors exposed to international competition

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<sup>21</sup> Wolfgang Streeck and Philippe Schmitter, "From National Corporatism to Transnational Pluralism: Organized Interests in the Single European Market", *Politics & Society*, vol. 19, no. 2 (1991), p. 156.

<sup>22</sup> See, for example, Lash, Scott, "The End of Neo-corporatism? The Breakdown of Centralized Bargaining in Sweden", *British Journal of Industrial Relations* 23:2 (July 1985); Schmitter, Philippe, "Corporatism is Dead! Long Live Corporatism!", *Government and Opposition*, 24:1 (Winter 1989); and Windolf, Paul, "Productivity Coalitions and the Future of European Corporatism", *Industrial Relations*, 28:1 (Winter 1989).

<sup>23</sup> Locke, Richard, "The Resurgence of the Local Union: Lessons for Comparative Industrial Relations Theory", IRRA Proceedings, Session XXIV, Paper 1 (1993), p. 820.

to continue to lead the others in wage restraint. Third, employers confronting more volatile markets were pushing for greater flexibility and bargaining decentralization. The most dramatic challenge took place in Sweden, where the employers' association disbanded its central bargaining unit and withdrew from tripartite bodies in 1990. In Germany, a creeping challenge emerged, as a growing number of firms, especially smaller firms and in East Germany, began to ignore sector contracts or defect from employer associations (Silvia, 1999). More generally, there was a cross-national increase in company and plant-level bargaining, over issues such as work reorganization, work teams, flexible working hours, and contingent pay methods (e.g., profit sharing, quality bonuses, etc.) (Katz, 1993).

But neo-corporatism did not crumble down. Most bargaining systems underwent instead "organized decentralization" (Traxler, 1995) with a delegation of bargaining tasks to lower levels, and especially to the company level, while maintaining coordination controls. National bargaining often takes now the form of framework agreements that set broad parameters for bargaining at lower levels, or includes mechanisms such as opt-out clauses, opening clauses, and minimum-pay rates, that leave far greater room for local variation (Ferner & Hyman, 1998). National "social pacts" have also made a comeback in many countries: Ireland, the Netherlands, Finland, Norway, Italy, Spain, Portugal, and Greece.<sup>24</sup> Many of these state-sponsored pacts were generated in preparation for the European Single Market and EMU. They typically include an

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<sup>24</sup> Surveys of these "social pacts" can be found in Schmitter, Philippe and Jürgen Grote, "Sisifo corporatista: passato, presente e futuro," *Stato e Mercato* no. 50 (1997); Regini, Marino, "Still Engaging in Corporatism? Recent Italian Experience in Comparative Perspective." *European Journal of Industrial Relations*, vol. 3, no. 3 (1997); and the two volumes edited by Giuseppe Fajertag and Philippe Pochet, *Social Pacts in Europe*, (Brussels: EuropGiuseppe Fajertag and Philippe Pochet, *Social Pacts in Europe*, (Brussels: European Trade Union Institute and Observatoire Social Européen, 1997 & 2000).

incomes policy, together with issues of flexibility and social protection (e.g., pay-roll taxes, pension reform).<sup>25</sup>

The term "*competitive corporatism*" (Rhodes, 1998) has been coined for these pacts because of their emphasis on competitiveness, especially on keeping wage costs down, and on the adjustment of labor market regulation and welfare states to accommodate market pressures. In contrast to the "*social corporatism*" of the post-war era, the equity or redistributive dimension of pacts has been seriously weakened. No doubt, power has shifted away from trade unions, who are able to get very little these days in way of compensation. This may take the form of active employment and training policies, or it may include moves to re-regulate atypical work--e.g., the Dutch pacts to improve the rights of part-time and temporary workers, or the above mentioned Spanish accord to promote stable jobs. Employment has indeed become a prominent issue in negotiations at *all* levels: from national "social pacts," to regional employment pacts, to even sector and company bargaining.<sup>26</sup> Sometimes there are visible links between levels, like those between Italian territorial pacts and the CNEL, which assists local actors with negotiations.

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<sup>25</sup> Spain is a partial exception in that the first "social pact" to include an explicit incomes policy was signed in 2001. However, prior pacts since 1994 were accompanied by an informal policy of wage moderation on the unions' part. See Sofia A. Pérez, "Social Pacts in Spain," in Fajertag, Giuseppe and Philippe Pochet, op. cit., p. 357.

<sup>26</sup> A recent study of company-level "pacts for employment and competitiveness" reveals that these pacts are quite widespread, involving more than 10% of firms in some countries (Germany, Spain, the Netherlands). Most often, they deal with preserving jobs, other times with job creation or conversion of temporary contracts (France, Spain). Many pacts include provisions in favor of disadvantaged groups such as women, youth, and ethnic minorities. Finally, the authors found a strong element of *quid pro quo* and problem solving that sets them apart from American-style "concession bargaining." Sisson, Keith and Hubert Krieger, "Pacts for Employment and Competitiveness: The Best or the Worst of New Social Compromises?," European Foundation for the Improvement of Living and Working Conditions, <<http://www.eurofound.ie/industrial/pecs.html>>

EMU adds another twist to national "social pacts," since it turns member countries into regions within a single market, with a single currency and macroeconomic policy, run by the European Central Bank, and which trade mostly with each other. Andrew Martin<sup>27</sup> argues that, given the highly restrictive macroeconomic policy regime currently built into EMU, national "social pacts" can at best have a limited impact on aggregate employment. Alternatively, they might simply redistribute employment among countries, or even start a "beggar-thy-neighbor" deflationary dynamics. This brings us back full circle to the original criticisms of the regional trade union which point, in the end, to problems of coordination.

Trade unions have started to develop mechanisms for European coordination. Interestingly, these coordination efforts involve monitoring of national bargaining outcomes rather than a transfer of bargaining competence to the EU level (Teague, 2000). For example, German, Dutch, Belgian, and Luxembourg unions meet annually to compare notes on pay bargaining in each country. At the sector level, the European metalworkers' federation has taken the lead in developing a "European coordination rule," which contains guidelines for national bargaining in order to prevent downward competition. The rule says that wage policy in all countries has to offset the rate of inflation and ensure balanced participation in productivity gains, while it is up to each national union to decide how much of this participation will go into improving wages or into measures to promote employment, such as working time reduction, work reorganization, training, early retirement, equal opportunity, etc.<sup>28</sup>

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<sup>27</sup> Martin, Andrew, "Social Pacts, Unemployment and EMU Macroeconomic Policy," in Fajertag, Giuseppe and Philippe Pochet, *ibid*, pp. 365-366.

<sup>28</sup> The federation has created a monitoring network made up of correspondents from member unions which regularly e-mail information on collective bargaining rounds in each country into a

There is no reason why national unions cannot develop a similar coordination role vis a vis regional unions within their own country like those we are beginning to see between European unions and their national members. For one thing, national unions can rely on internal hierarchical rules that are not available at the European level. But national unions can also develop more decentralized forms of coordination, for example, by assisting regional unions in the negotiation of pacts, and by monitoring, comparing, and evaluating regional experiences. These forms are important in order to promote local capacity and learning, especially in disadvantaged regions.

## 5. RESEARCH METHODS

My dissertation explores the role of the trade unions in the regions in Spain where, as mentioned earlier, there have been a great deal of regional pacts since the mid 1980s. My project started by mapping out the incidence and characteristics of these pacts across Spain's seventeen regions. To this end, I conducted a first batch of interviews with 22 national trade union leaders and officials from the confederations and the sector federations in UGT and CCOO. The interviews focused on their general views on regional concertation as well as their knowledge of concrete regional and/or local experiences. They were designed to elicit both superficial

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data base. Comparisons are drawn based on the concept of the "value of the whole agreement" (VOWA), which is the pay increase plus other elements as evaluated by the national union. In 1999, the first year of implementation, the VOWA was in line with the coordination rule in 9 countries, and below it in 5. In 2000, 5 countries were in line and 7 fell below. These results are unimpressive, but we need to keep in mind that the system is still at an early stage. See Broughton, A., and Schulten, T., "European metalworkers' federation holds fourth European collective bargaining conference," European Industrial Relations Observatory, Eironline, <<http://www.eiro.eurofound.ie/2001/08/feature/EU0108241F.html>>



knowledge about many cases as well as more in-depth and/or direct knowledge about any particular case.

This was followed by an extensive search for secondary and, especially, primary documentary sources obtained directly from the trade unions and from libraries and archives at the Labor Ministry, the Economic and Social Council, the Fundación Primero de Mayo, and the Fundación Largo Caballero in Madrid. The materials gathered included the text of regional pacts and surveys of the different regional pact campaigns carried out by the confederations. As I went along with the analysis of this data, I collected more information on several regions that seemed to be the most prominent cases of concertation: Madrid, Valencia, Catalonia, Andalusia, and the Basque country. This included regional union documents pertaining to the negotiation and implementation of pacts, regional union congresses and other publications, information from tripartite regional institutions and, sometimes, the regional employers' association. I have also been following the web sites of several of these organizations as they have become available in recent years. I eventually came to focus on Catalonia, the Basque country, and Andalusia, the three regions where I could discern distinct trade-union approaches to regional pact making, gathering more data on these cases. My research is thus shaped as a pyramid with increasing layers of information; at the very top is Catalonia where a case study was completed.

The next step was to place regional pacts in the context of Spanish industrial relations and, especially, of the challenges faced and the strategies pursued by the national trade unions. To this end, I conducted a second batch of 30 interviews of trade union leaders and officials from the national confederations and sector federations of CCOO and UGT, as well as representatives from the Spanish employers' confederation CEOE. These interviews covered a

wide range of functional positions within the trade unions and included leading members of critical factions. I benefited tremendously at this stage of the project from participating in a comparative study of European trade unions sponsored by the Center for European Studies at Harvard University and directed by Andrew Martin and George Ross.<sup>29</sup>

Finally, I decided to study a case in more depth, in order to better understand how regional concertation works and what it does for trade unions. Catalonia seemed the strongest candidate for the case study because it exhibited a thicker pattern of pacts, both in terms of the issues covered and the multiple tiers (i.e., regional, local) of concertation. Catalan pacts have involved from the start both public policy and industrial relations issues; tripartite as well as bipartite accords between unions and employers. And while local pacts could be found in other regions like Valencia, this second tier of concertation also seemed more developed in Catalonia.

The case study included interviews with more than 30 trade unionists and other actors such as representatives of employer associations and public officials in Catalonia and Baix Llobregat, a local industrial area just outside Barcelona with a strong tradition of pacts. In fact, it was in Baix Llobregat that I first conceived this project in 1992, after hearing local trade unionists talk excitedly about what they called "territorial action." Additional materials were gathered from the sources and from libraries at the Universitat Autònoma de Barcelona, CIREM, and the archives at the Fundació Utopia of Baix Llobregat. I reviewed, for example, annual

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<sup>29</sup> An earlier version of Chapter III was published as part of this study. See Fraile, Lydia, "Tightrope: Spanish Unions and Labor Market Segmentation," in Martin, Andrew and George Ross et al, *The Brave New World of European Labor: European Trade Unions and the Millennium*, (New York and Oxford: Berghahn Books, 1999).

reports from the Catalan Labor Council, the main tripartite body in the region, and the last ten years of *Horizonte Empresarial*, the magazine of the Catalan employers' association .

Rather than focus narrowly on each pact and its implementation, I was interested in looking at the pacts' *cumulative* impact on industrial relations and, specifically, at the effects on trade unions and their relations with employers and the state. Did these relationships change over time? I thought that gauging regional pacts by conventional means such as the size of their budget could be quite misleading. Should we assume, for instance, a well-funded pact to be more beneficial to trade unions even if their role was just to rubber stamp regional government policies? Should we dismiss off hand a pact with no budget even if it highlighted new areas of consensus? My approach was also inspired by Regalia's claim that industrial relations arrangements at regional level can be understood in terms of social capital accumulation. This meant paying special attention to the institutions built around the pacts, analyzing their performance, as well as whether or not they generated intangible resources such as information, trust, and better communication between the actors.

But I also wanted to look at the outcomes. Were the trade unions able to use these resources for their own practical benefit? One way to ascertain this is organizational growth. Did union membership increase? How did unions fare in works council elections? Were they able to offer more services to members and workers in general? More importantly, did they make any progress in addressing the main challenges I had identified in my study of Spanish unions?

The first challenge consists of upgrading the collective bargaining system, which is highly fragmented and shallow in content. The second challenge is to reduce unemployment and temporary work rates, which remain the highest in the EU. Finally, the third challenge is to

induce more firms to move off the "low road" of competition, which pushes down wages and working conditions and condemns many workers to precarious jobs. Moving off the "low road" was operationalized by looking into training, health & safety, and other indicators of economic upgrading (e.g., R&D spending, export growth).

For each of these areas, I examined what steps had been taken by Catalan unions and other actors, and what had been the results in relation to the national average and, when available, to those of other regions. The basic comparison is across time, i.e., focusing on how these regions have fared in the 1990s, rather than on the absolute value of their differences, since these tend to reflect underlying structural differences in development, sector composition, etc.

The dissertation is organized as follows. Chapter Two gives an overview of regional pacts in Spain, linking their development over the last two decades to the process of state decentralization and the growing responsibility of the new regional administrations for economic promotion and active labor market policies. It shows that the national trade unions have played an increasingly important role in diffusing and coordinating regional practices through decentralized campaigns. It then goes on to argue that, despite these unifying tendencies, trade unions have followed different strategies in different regions and identifies three distinct approaches in the Basque country (ethnic politics), Catalonia (problem solving) and Andalusia (lobbying).

Chapter Three places regional pacts in the context of Spanish industrial relations. It highlights some of the specific problems and the strategies pursued by the trade unions, including the resumption of national "social pacts" in the 1990s. It argues that curbing temporary work is the most critical issue facing Spanish labor. Together with high

unemployment, the surge in temporary work since the mid 1980s has created a hostile environment for trade unions, dampening their bargaining power and credibility, and causing large insider/outsider problems. Given that temporary work is highly concentrated among youth, it also threatens the unions' long-term survival.

Chapters Four and Five take a more in-depth look at the process of concertation in Catalonia. Chapter Four analyzes the strategies followed by Catalan actors and the different pacts reached in the region. It then examines some of the institutions connected to the pacts: the Catalan Labor Council, which is the main forum for social dialogue in the region; the Catalan Labor Tribunal, and the local partnerships in Baix Llobregat. It shows how these institutions have helped accumulate social capital and, more generally, that relations between the actors have become more intense and cooperative over the last decade of pactism. Chapter Five looks at whether "problem solving" has paid off for Catalan unions. It assesses progress on the various indicators discussed above, and compares this progress to that of other regions. Finally, a brief conclusion sums up the main findings and lessons from the Spanish case.



## **CHAPTER TWO**

**REGIONAL PACTS IN SPAIN :**

**COMMON TRENDS,**

**DIVERSE APPROACHES**





## 1. INTRODUCTION

A rich mosaic of regional pacts between trade unions, employer associations and regional governments has gradually formed in Spain over the last two decades. This development is tied to the process of political decentralization initiated by the 1978 Constitution. After Franco's death, consensus was reached over a new state design in order to accommodate historical claims of minority nations in Catalonia, the Basque Country and, to a lesser extent, Galicia, while also satisfying a more general demand for home rule in other parts of the country. The outcome was the "State of Autonomies," a flexible model based on an open-ended and asymmetric devolution process by which Spanish regions acquired their own governmental structures and elected legislatures.

Regional pacts have been the subject of different interpretations and, sometimes, lively debate in Spain. It all started in 1979, when the Basque nationalist trade union ELA called for an "autonomous framework" of industrial relations based on regional legislation and agreements with employers. The idea raised legal-constitutional issues--the Constitution gives exclusive powers over labor law to the central state--as well as opposition from other Basque trade unions (García-Becedas, 1983). Moreover, at a time when the basic rules governing Spanish industrial relations were being drafted, the debate soon became national.

UGT took the opposite stand, defending a "unitary framework" of industrial relations that would preserve labor unity and solidarity across regions. It defined a collective bargaining structure based on national sector agreements as an essential part of that framework. The employers' CEOE was also against the Basque proposal, on the grounds that it would break up the unity of the Spanish market. UGT and CEOE embarked on a joint strategy of centralized

bargaining. From 1980 to 1986, Spanish industrial relations were dominated by national "social pacts," which CCOO joined intermittently.

CCOO's position was more ambivalent. Both the Catalan and Basque CCOO embraced the idea of "autonomous frameworks" in their 1980 congresses, although clarifying that regional bargaining should be articulated with national bargaining. The confederation warned against the dangers of fragmentation, of trade unions becoming junior partners of their regional bourgeoisie, but was also sensitive to national pluralism and the possibility to influence important aspects of industrial relations in the regions.

The issue surfaced again in 1994, when Basque nationalists managed to change art 84 of the Workers' Statute, allowing regional and provincial sector bargaining to override national bargaining. Another controversial demand is the transfer of social security. In this case, the Constitution gives the central state exclusive powers over basic legislation and the system's economic regime. But Basque nationalists want to extend their special fiscal status to this area, breaking up the national fund.<sup>30</sup> This raises a number of concerns, including the possibility that the Basque government might lower payroll taxes. There is a precedent for this, in that the Basque Country and Navarre have used their unique fiscal powers to provide generous corporate tax breaks later challenged by the European Commission.<sup>31</sup> UGT and CCOO stand firmly behind the "single fund" principle for social security, unemployment insurance, and training payroll taxes.

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<sup>30</sup> See ELA, *Estatutos y Ponencias*, VIII Congreso Confederal, Bilbo, June 1993, p. 46.

<sup>31</sup> "Bruselas declara contrarias al Tratado de la UE las ayudas fiscales de Euskadi y Navarra," *El País*, 7 November 2001.

In 2000, a flurry of declarations against excessive decentralization followed the conservative party's comfortable victory in national elections. The employers' CEOE criticized Basque and Navarran corporate tax brakes for distorting competition and accused regional governments of interfering in labor matters such as the 35 hour week. Outgoing CCOO leader Antonio Gutiérrez stated in his address to the union congress that the "Europe of the regions" is an "invention of the multinationals." His position drew strong reactions from Basque and Catalan CCOO members. The Spanish Social and Economic Council produced a polemic report critical of the creation of differentiated frameworks for industrial relations, employment, and social protection in the regions.<sup>32</sup>

This debate has fed a popular view of regional pacts as creatures of nationalism. Another common view of regional pacts is more skeptical, seeing them essentially as "photo opportunities." This view can be traced back to the mid 1980s, when non-nationalist regions began to experiment with pacts. It focuses on the role of regional governments as the initiators, in search of support from unions and employers to justify their powers (Ojeda, 1987). This function of providing social legitimation for regional policies is also underscored in more recent analyses (e.g., Ochando, 1994:1248). Finally, there is a third view of regional pacts as governance tools. This view is implicit in arguments (e.g., López, 1993) that stress that strong regionalization of industrial relations has occurred in Spain, as regional authorities exercise their powers, not only over labor matters--which are limited--but also over employment, training, economic development, and social protection.

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<sup>32</sup> Consejo Económico y Social, "Unidad de mercado y cohesión social," Colección Informes CES, n. 3 (2000)

All three views of regional pacts came up, often concurrently, in my 1993 interviews of national trade-union officials. This is so, in my opinion, because of the underlying diversity in regional experiences and, indeed, in trade-union approaches to the region that exists. In the following pages, I will identify three different union strategies in the Basque Country (*ethnic politics*), Catalonia (*problem solving*), and Andalusia (*lobbying*), leading to different patterns of concertation. But first the chapter covers the process of decentralization and the new roles played by regions, and it charts the emergence of regional pacts across the country.

## 2. SPAIN'S COMPETITIVE DECENTRALIZATION

A major challenge facing the new democratic regime in 1977 was to solve the historical conflict between Spanish centralism and peripheral nationalisms in the Basque Country and Catalonia. This conflict was one of the cleavages of the civil war in the 1930s, later exacerbated by Franco's attempts to impose a uniform language and culture. Nationalist demands from Basques and Catalans were very prominent in the democratic opposition to the dictatorship. However, accommodating these demands for autonomy was a delicate matter because the military was a staunch supporter of centralism and given the existence, at the other extreme, of Basque terrorism, bent on independence. Any false steps on this issue could trigger a *coup d'état*. State decentralization thus became a central piece in the politics of consensus and compromise between political forces that characterized the democratic transition.

The solution to this problem mixed two elements. First, the 1978 Constitution referred to the "Spanish nation" as a group of "nationalities and regions," accepting differences in language, flags and culture (Vallés & Cuchillo, 1988). Second, political devolution was extended to all

regions. National unity, regional autonomy and inter-regional solidarity were enshrined as constitutional principles.

The Constitution laid out the process by which Autonomous Communities could be established, drawing a broad division of powers between central and regional government. But it did not provide a list of regions and their boundaries, nor a precise definition of regional powers and functions. Instead, the Constitution devised a loose set of procedures by which the historic nationalities of Catalonia, the Basque Country, and Galicia, who had briefly enjoyed a statute of autonomy under the 1931 Constitution, could move rapidly towards obtaining self-government while other units, based upon voluntary groupings of existing provinces, would establish themselves provisionally and attain autonomy by slower stages (Vázquez-Barquero & Hebbert, 1985).

Democracy triggered a wave of regionalism across Spain. Demands for autonomy spread, fed by economic grievances in poor regions and a general desire to be on equal footing with Basques and Catalans. It was unclear, however, what the regional map would look like,<sup>33</sup> and this also explains the adoption of an open model (Botella, 1989).

Constitutional bargaining entailed concessions and vote trading among the parties involved (Colomer, 1995). The provinces, which were the administrative unit of the previous centralist state, were not eliminated as a concession to Suárez's UCD (Union of Democratic

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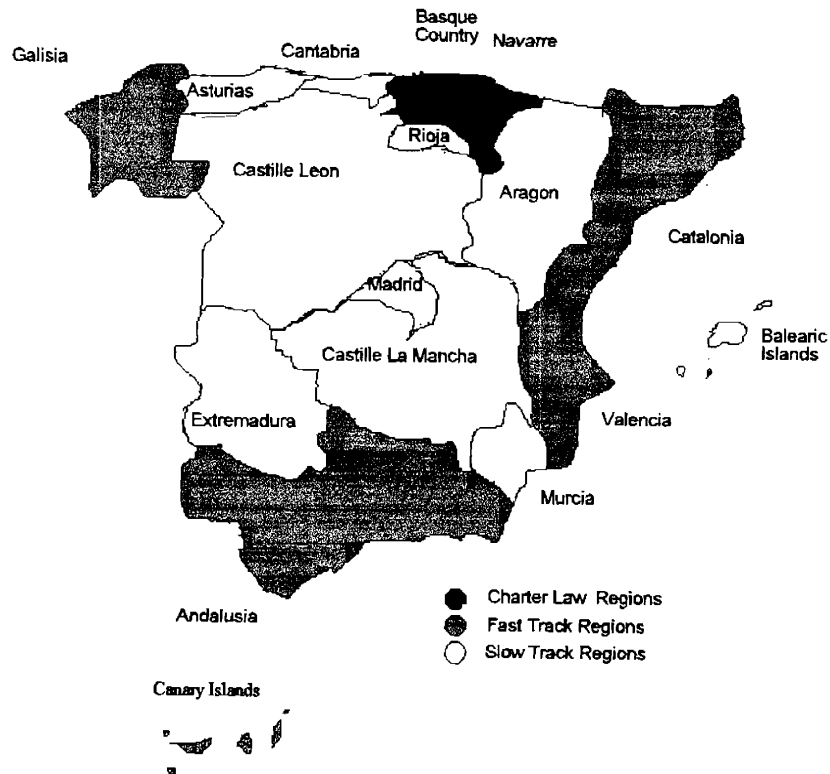
<sup>33</sup> There were many open questions at the time over the territorial boundaries of regions, such as whether Navarre would be part of the Basque Country, as demanded by Basque nationalists, or whether Valencia and the Balearic Islands would join the "Catalan countries." Identities were especially fuzzy in Castille's area of influence and several provinces (Madrid, Cantabria, Rioja, Murcia) decided to go on their own. See Juan Linz, "De la crisis de un Estado unitario al Estado de las Autonomías" in A.A.V.V., *La España de las Autonomías*, (Madrid: Instituto de Estudios de Administración Local, 1985).

Center), which grouped reformers within Franco's regime. The Catalan nationalists of the CDC (Democratic Convergence of Catalonia) obtained recognition of the "peculiarities" of the historic nationalities, which included different initial levels of powers and different deadlines for the full attainment of their maximum levels, as well as different calendars for their regional elections. Finally, all regions could attain the same levels of powers at the end of the process, as favored by the federalist perspective of the PSOE (Socialist Workers Party of Spain) and the PCE (Communist Party of Spain). Two other groups held dissonant views. The conservatives of AP (Popular Alliance, later the PP) opposed going beyond administrative decentralization but came, with time, to embrace the autonomy process from their government experience in regions such as Galicia and Castille-León. The Basque nationalists of the PNV (Nationalist Basque Party) held an ambiguous position, supporting the Basque autonomy statute but not the Spanish Constitution from which it derived.

The regional map was completed by 1984, with the establishment of 17 Autonomous Communities and two autonomous cities in the Moroccan enclaves of Ceuta and Melilla. These Autonomous Communities had *widely asymmetric powers* along several dimensions:

First, the Basque Country and Navarre, acquired nearly full fiscal autonomy. Up to the XIXth century, these two regions had enjoyed a special status under Medieval Charter Laws that was recognized by the 1978 Constitution. Second, fast-track regions acquired more powers than slow-track regions. The fast-track autonomy, initially granted to the historic nationalities, was extended via referendum to Andalusia in 1980 and by a special act of Congress to Valencia and the Canary Islands in 1982. Finally, regions also differed in the individual package of powers assumed in their autonomy statutes and the levels of funding of transfers negotiated with the

# Different Tracks to Autonomy



center. Once this map was established, the next steps in the process dealt with defining the content of regional powers (with the Constitutional Court often arbitrating disputes) and designing a regional authority finance system.

National parties have tried to reduce the asymmetries in regional autonomy in favor of a more homogeneous transfer of powers. The first attempt followed a failed military coup in 1981. UCD and PSOE negotiated a "harmonization law" that curtailed the level of autonomy of the historic nationalities, but this law was ruled unconstitutional. In 1992, PP and PSOE agreed to complete the transfer of powers to slow-track regions. Congress proceeded to reform the

autonomy statutes of slow-track regions, which were no longer bounded by the five-year constitutional ceiling on the level of powers they could attain. However, just as the outline of a federalizing scenario was taking shape, electoral results catapulted Catalan and Basque nationalist parties into a pivotal role in Spanish politics. From 1993 to 2000, first PSOE and then PP administrations needed these parties' votes to achieve majorities in Congress, opening the door to additional power transfers.

Inter-regional competition has accelerated political devolution in Spain, with many regions striving to catch up with the Basque Country and Catalonia, while the latter seek to maintain their edge by negotiating higher levels of autonomy in recognition of their historic peculiarities. As a result, the process of decentralization has proceeded very rapidly compared to other European countries, where regions absorbed new powers over longer periods of time. By 1990, spending by regions in Spain, a standard measure of decentralization, was equivalent to that of Germany's.

	Regional Percentage of Public Expenditure 1990
Germany	21.0
Italy	10.5
Spain	21.0
France	1.5

Source: (Colomer, 1995)

From 1978 to 1995, the central government share of public expenditure went down from 90% to 62%; that of regional government increased from 0% to 24%; and the share of local government went from 10% to 14% (Moreno, 1997: 107). On the other hand, the fiscal autonomy of regions outside the charter-law communities of the Basque Country and Navarre



was lower than is typically the case in federal states. Regions only collected 16% of their expenses in taxes and fees in 1989, while the central state maintained control over the main tax figures such as VAT and income tax.<sup>34</sup>

This situation began to change in 1993, after the PSOE lost its parliamentary majority and had to rely on Catalan nationalists, who pushed for more decentralization on the revenue side. High-profile negotiations between the socialist government and Catalan President Pujol, as well as with the heads of other regions, resulted in the transfer of 15% of the income tax to be collected directly by regional authorities. This was expanded to 30% in 1996, following the narrow victory of the PP in national elections, which forced the Conservatives to set aside their traditional centralism and negotiate support from Catalan, Basque and Canary Islands' parties. The regions were also allowed to regulate, within certain limits, the segment of the income tax under their control. These changes were criticized by poor regions, who feared that they would lose out in revenue sharing. Andalusia, Extremadura, and Castille La Mancha, all governed by the PSOE, excluded themselves from the 30% rule in protest.

A "stable" finance regime was agreed upon by the central state and all 15 non-charter-law regions in 2001. The new system transfers to the regional authorities a basket of taxes that includes 33% of income tax, 35% of VAT, and 40-100% of special taxes. Some regulatory capacity is also been devolved in the case of special taxes. The only tax excluded from the basket is the corporate tax. Levelling mechanisms (e.g., sufficiency fund, health care cohesion fund) have been added to the Inter-Territorial Compensation Fund, which transfers revenues to

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<sup>34</sup> Michel Galy, Gonzalo Pastor and Thierry Pujol, "Spain: Converging with the European Community", IMF Occasional paper 101 (1993) p. 39.

poor regions. The system matches a new reality on the ground, in which the gap between fast-track and slow-track regions has largely disappeared over the last few years with the transfer of education, health care, and active employment policies to slow-track regions. This has also raised the overall share of public expenditure in the hands of regional governments.

The table below contains regional budget figures for 1998, weighted by population size. This table is outdated, in the sense that the numbers for the second (fast-track) and third (slow-track) groups of regions would be much closer today. Nonetheless, it gives us a picture of the large asymmetries in regional self-government that have been in place well into the 1990s.

## REGIONAL BUDGETS

	Regional Government Budget (1998) (Pesetas million)	Population (1997)	Per Capita Budget (Pesetas)
<b>Charter-law regions</b>			
Navarre	318,345	519,429	<b>612,874</b>
Basque Country	736,147	2,091,971	<b>351,891</b>
<b>Fast-track regions</b>			
Canary Islands	552,983	1,624,045	<b>340,497</b>
Andalusia	2,464,543	7,271,771	<b>338,919</b>
Galicia	870,051	2,737,960	<b>317,773</b>
Catalonia	1,895,579	6,074,687	<b>312,045</b>
Valencia	1,120,195	4,026,569	<b>278,200</b>
<b>Slow-track regions</b>			
Extremadura	253,812	1,069,495	<b>237,319</b>
Castille-La Mancha	403,892	1,719,037	<b>234,952</b>
Aragon	224,211	1,184,221	<b>189,332</b>
Castille-León	459,703	2,495,201	<b>184,234</b>
Balearic Islands	120,247	767,907	<b>156,590</b>
Asturias	165,411	1,083,969	<b>152,597</b>
Cantabria	80,179	526,118	<b>152,239</b>
Rioja	40,058	264,544	<b>151,142</b>
Murcia	144,190	1,104,381	<b>130,561</b>
Madrid	648,905	5,022,794	<b>129,192</b>
<b>Total</b>	<b>10,498,451</b>	<b>39,712,84</b>	

Source: (Utrilla, 1998)

The Spanish "State of the Autonomies" continues to be a moving target. The Basque government has a list of 37 pending transfers of powers it demands from the central state. Basque President Ibarretxe has recently proposed a Basque referendum to become a "free associated state," sharing sovereignty with Spain. There is talk among Catalan nationalists of getting a special fiscal regime similar to that for the Basque Country and Navarre. At the same time, the central conservative government, which enjoys a parliamentary majority since 2000, is taking a more aggressive approach vis a vis the regions, e.g., expanding the role of central basic legislation. There are certainly costs associated with this intensely politicized devolution process. Scholars often contrast the Spanish dynamics of competition and high-profile bilateral negotiations between party leaders of the center and the heads of the most important regions to German "cooperative federalism," with its institutions for inter-governmental coordination and cooperation.<sup>35</sup> Numerous calls have been made to reform the Spanish Senate into a chamber of regional representation, and to develop institutional mechanisms such as the "sector conferences" for the participation of regional governments in central state policies.<sup>36</sup>

The fluid, competitive process of decentralization has also produced, and this is the key point of interest for this study, a political opportunity structure favorable to regional concertation. Trade unions found regional governments interested in their support at a time

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<sup>35</sup> See, for example, Javier Corcuera, "Autonomismo cooperativo y autonomismo competitivo: Aquiles y la tortuga", *Sistema*, 118-19 (1994) and Josep Colomer, "The Institutionalization of National Pluralism in Spain," Paper presented at the Conference on Twenty Years of Iberian Democracy, Center for European Studies, Harvard University, April 7-9 1995.

<sup>36</sup> The first such conference agreed on a plan to bring down the deficit of regional governments in 1992-96--in the context of Spain's efforts to meet the convergence criteria for EMU. Other sector conferences have been convened to coordinate industrial and active employment policies and to deal with EU policies.

when opportunities for political exchange were shrinking at the national level.<sup>37</sup> They also found, especially in the Autonomous Communities where the transfer of powers has proceeded more rapidly, that many of the policy tools pertinent to economic restructuring were now in the hands of regional administrations.

### 3. THE GROWING ROLE OF REGIONAL POLICIES

Economic development has been a top priority of regional governments in Spain from their beginnings in hard economic times. This applies both to still largely rural regions such as Andalusia, where a consciousness of under-development has fed regionalist sentiment, and to traditional industrial regions such as Catalonia and the Basque Country, where problems of unemployment and mature industries were especially pressing in the 1980s (Vázquez-Barquero & Hebbert, 1985). I will highlight in this section three areas of regional activism of special interest to trade unions: employment promotion, industrial policy, and economic programming.

Regional intervention in labor market policy began in 1982. Catalonia funded an "employment plan" that provided temporary jobs in municipal public works for those who had run out of unemployment benefits. A similar program was started in the Basque Country, which also introduced subsidies for permanent jobs created in industry and for hiring youth and women with family dependents (Landa, 1984). Most regions followed suite with subsidies for hiring target groups (e.g., youth, long-term unemployed) and other incentives to employment creation,

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<sup>37</sup> The emergence of regional pacts has often been linked to the crisis of national concertation after 1986. For an argument urging unions to pursue the possibilities for decentralized political exchange in the regions see J.P. Landa, "Las perspectivas de la concertación después de la crisis. Un marco de negociaciones descentralizadas," *Relaciones Laborales*, 14 (1989).

including support for self-employment and the cooperative sector. These policies duplicated, by and large, those implemented at the national level, although regions began to shift incentives from temporary into permanent employment around 1988, earlier than the central government.<sup>38</sup>

Through the 1990s there has been a gradual transfer of powers and resources from the national employment service (INEM) to the regions. Occupational training programs, which are geared to the unemployed, were first transferred to Catalonia and Valencia in 1992. Then in 1994, the INEM ended its legal monopoly over placement. Some regions (i.e., Basque Country, Catalonia, Valencia) took this opportunity to start their own parallel employment services. The final push for the decentralization of employment policies came from the transfer of the INEM to Catalonia in 1998. The regional government is now responsible for employment promotion, training,<sup>39</sup> and placement, including the registry of labor contracts in its territory. It also administers unemployment benefits, although their regulation and eligibility criteria remain centralized and funds continue to be drawn from a single national pool. As of 2003, the INEM has been transferred to all regions with the sole exception of the Basque Country. The Basque government is holding out, insisting on obtaining full powers over unemployment benefits.

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<sup>38</sup> López, Julia, *Marcos Autonómicos de relaciones laborales y de protección social*, (Madrid: Marcel Pons, 1993) p. 155. The author cites Navarre (1986), Madrid (1989), Aragon (1989) and Valencia (1992) as the first regions to begin promoting employment stability.

<sup>39</sup> Training is divided in Spain in three systems: vocational schools, occupational training for the unemployed, and continuous training for employees. The Catalan government runs both occupational training and vocational schools (within central state guidelines). Continuous training is managed by the social partners at the national level since 1993, but a recent ruling from the Constitutional Court in favor of Catalonia will force further decentralization in this system too.

Industrial policy is an area in which regional governments have played an increasingly active role. Back in the early 1980s, the regions' involvement in industrial policy began with the national program of industrial reconversion for mature industries. This program allowed for participation by Autonomous Communities with more than 10% of sector employment in the negotiation and implementation of capacity reduction plans. The most affected regions were the Basque Country, Cantabria, Asturias, Madrid and Barcelona, as well as some enclaves (e.g., Ferrol, Vigo, Cadiz, Sagunto) in other regions. Efforts to support the restructuring of declining industries and mining areas have continued to absorb a large share of national industrial policy budgets well into the 1990s.<sup>40</sup>

Esteban and Velasco's study of regional industrial policies in 1995 identifies the Basque Country, Valencia, Catalonia, Andalusia, and Madrid as the regions with the most complex initiatives. These efforts are often carried on through regional development agencies, such as Valencia's IMPIVA or the Basque SPRI, which can also be instrumental in the implementation of central government policies. For instance, IMPIVA and SPRI channelled over 48% of projects under the national program for small and medium-sized firms in 1995.<sup>41</sup>

Regional industrial promotion policies tend to cluster around four main policy areas: a. finance; b. technology and design; c. information; and d. firm cooperation and internationalization.

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<sup>40</sup> In 1993-95 between 65 and 75% of funding went to industrial restructuring. See Esteban, Marisol and Roberto Velasco, "La política industrial en la España de las autonomías", *Papeles de Economía Española*, no. 67 (1996), p. 290. The following discussion of regional industrial policies draws freely from this paper.

<sup>41</sup> *Ibid* p. 294.

Finance programs include traditional subsidies, as well as more advanced instruments such as public participation in the capital of reciprocal guarantee societies and venture capital funds. Among the former, the highest business volume corresponds to the Basque ELKARGI, followed at a distance by VALENCIA. The Basque Country has also probably the best designed venture capital funds, featuring different programs for seed capital, start-up, development, bridge funds, etc. The tendency has been for traditional subsidies to become more selective as regions either tie them to investment in target sectors, as in Andalusia, or to concrete horizontal objectives such as the introduction of quality systems, technological or commercial upgrading as in Catalonia, Aragon, Valencia or the Basque Country.

In the field of technology and product design, the most remarkable initiative is Valencia's network of technological institutes, specialized by sector and located in the midst of industrial districts. These institutes operate as research associations of local firms providing specialized technical services (i.e., production consulting, certification, testing), information and training to their members, as well as to outsiders. Their board is made up by member companies and local trade unions, while funding is provided by membership dues, service fees and grants from the regional and central administrations. In contrast to technological parks aimed at attracting high-tech firms, the technological institutes seek to move local firms closer to the technological frontier of their product markets.<sup>42</sup> There is also a network of technological institutes in the

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<sup>42</sup> Antonio Vázquez-Barquero, *Política económica local*, (Madrid: Pirámide, 1993), pp. 272-274. There are technological institutes in ceramics (Castellón, Manises), textiles (Alcoy, Onteniente, Crevillente), toys (Ibi), footwear (Elche, Elda, Villena, Vall de Uxó), furniture, metalworking and agroindustry (Paterna). In 1987-92, their number grew from 7 to 11, and revenues from firm membership (2,454 members in 1992) and service fees increased fivefold. Services provided in 1992: information (basic 44,925; complex 6,707), technological consulting (basic 1,003; complex 783), lab tests (basic 93,625; complex 7,018).

Basque Country, but they are built on a technology rather than a sector basis (e.g., robotics, new materials). Many regions have promoted technological parks, not always successfully.

In the field of information, the Catalan CIDEM stands out for its territorial network that provides individual specialized attention and outreach to firms. Regions also promote the use of consulting services, funding programs such as strategic or energy diagnostics and industrial quality consulting. Finally, in the field of inter-firm cooperation, Valencia has probably the most active program for helping small and medium-sized companies to create cooperation networks. Catalonia targets transnational partnerships (e.g., technology transfer, licensing, distribution of complementary products) that lead up to share holding participation. Some regions have also established business offices in Europe and other markets, (e.g., the Basque SPRI, the Catalan COPCA).

Esteban and Velasco conclude that industrial policy has undergone strong decentralization in Spain and that the role of the central government is changing into one of coordination of increasingly differentiated regional policies.

Another area of regional activity of special interest to trade unions is economic programming. Regional mid-term programs are drawn in connection to the support frameworks of EU structural funds. These programs put together investments in infrastructure, employment promotion, industrial policies, and other regional development initiatives. In Valencia and Andalusia, they have been the backbone of regional pacts.

Spain is the largest recipient of EU structural funds. In 1994-99, it received a total of 42.8 billion ECU, including 2.6 billion through Community Initiatives and 8 billion through the Cohesion Fund. More than three fourths of this money, excluding the Community Initiatives and



the Cohesion Fund, went to 11 regions under Objective 1 of the funds.<sup>43</sup> These were regions with GDP per capita at or below 75% of the EU average: Andalusia, Asturias, Canary Islands, Cantabria, Castille Leon, Castille La Mancha, Ceuta and Melilla, Extremadura, Galicia, Murcia, and Valencia. EU funds have been especially important for these regions, but they also play a significant role in richer ones.<sup>44</sup>

The table in the next page gives us a picture of how different regions have performed in terms of economic growth in the 1990s. We can see, first of all, that Spain has made some progress in closing the gap with Europe. On the other hand, the distance between the poorest region (Extremadura) and the richest region (the Balearic Islands in 1986, Madrid in 2000) has increased. We should keep in mind, though, that the differences are smaller when regional per capita income, rather than production, is considered.

One way to describe regional economic changes in the last two decades is through territorial growth axes (Velarde et al, 1992) (Villaverde & Pérez, 1996). According to this view, two axes of growth emerged in the Mediterranean coast (Catalonia, Valencia, Murcia) and the Ebro valley (Navarre, Rioja, Aragon). The Mediterranean axis is the most important, given its demographic and economic weight. This area is characterized by intensive agriculture, a large tourist sector, and a diversified industrial base; with a predominance of small and medium-sized firms and a strong commercial tradition and export orientation. Other dynamic areas include

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<sup>43</sup> Source: The European Social Fund, an Overview of the Programming Period 1994-99, <<http://europa.eu.int/comm/dg05/esf/en/public/overview/chap16.htm>> .

<sup>44</sup> For example, receipts from the structural and cohesion funds in Catalonia were almost 0.4% of GDP in 1993, compared to 1% of GDP for Spain. Arlegui, Laura et al, *El fons estructural a Catalunya*, (Generalitat de Catalunya, Departament d'Economia i Finances:1995), p. 107.

## Regional GDP per capita in PPS (purchasing power standards)

Region	1986 EU=100	2000 EU=100
Andalusia	52.8	61
Aragon	75.9	88
Asturias	70.4	71
Balearic Islands	90.4	98
Basque Country	89.5	101
Canary Islands	69.3	78
Cantabria	67.0	80
Castille Leon	65.0	76
Castille La Mancha	54.5	67
Catalonia	82.3	99
Extremadura	44.2	53
Galicia	55.0	65
Madrid	85.9	110
Murcia	67.3	69
Navarre	84.8	105
Rioja	83.3	91
Valencia	70.9	79
Ceuta and Melilla	63.6	68
<b>Spain</b>	<b>69.8</b>	<b>82</b>

Source: Eurostat, 1986 data from (Maluquer, 2001)

Madrid, the Balearic and Canary islands, driven by services and tourism respectively. In contrast, the Cantabrian coast (Asturias, Cantabria, the Basque Country), became an axis of decline. This area had a high concentration of heavy industry (mining, steel, shipbuilding), a primary sector specialized in activities that were adversely affected by joining the EC (milk, fishing), and a difficult geography and deficient transportation networks.

There are, however, some differences within these groups that have become more evident in the 1990s. For example, Navarre has been more dynamic than Rioja and Aragon within the Ebro Axis. The Basque Country has performed significantly better than the other regions in the Cantabrian coast. Madrid has strengthened its position. Finally, some lagging regions like Andalusia and Castille La Mancha have done better than the rest.<sup>45</sup>

#### 4. MAPPING REGIONAL PACTS

The creation of a regional tier of government was soon followed by the emergence of social concertation practices. Often the first step was setting up neo-corporatist regional bodies.

Labor Relations Councils were first established in Catalonia (1978), the Basque Country (1981), and Andalusia (1983), followed by Madrid, Valencia, Galicia, Castille La Mancha and Murcia. These councils have two sets of functions: a) social dialogue functions, which include

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<sup>45</sup> Jordi Maluquer proposes an alternative grouping of regions:  
a. dynamic regions: Balearic Islands, Navarre, Catalonia, Madrid  
b. rapidly changing regions: Murcia, Valencia, Canary Islands  
c. stationary regions: Rioja, Aragon, Basque Country  
d. backward regions in expansion: Andalusia, Castille La Mancha  
e. regressing regions: Extremadura, Galicia, Asturias, Castille Leon, Cantabria  
in "Las Comunidades Autónomas españolas bajo el impacto de la integración en la UE,"  
Universidad Autónoma de Barcelona, Departamento de Historia Económica, Working Papers,  
1/2001.

the promotion of collective bargaining and inter-professional accords between regional trade unions and employer associations, as well as fostering conflict mediation; and b> consultation, information and proposal functions vis a vis the regional administration in the areas of labor and social policy.

Other regions, e.g., Navarre, Aragon, Asturias, Rioja, the Canary Islands, created instead Economic and Social Councils that are mainly restricted to policy advisory functions.

Interestingly, all these regional councils were instituted before a Spanish Economic and Social Council was finally established in 1992. The level of activity and the composition of these organs varies from region to region. Some are bipartite (e.g., Basque Country, Madrid, Galicia), others tripartite (e.g., Catalonia); others incorporate experts (e.g., Andalusia, Murcia). Some of the Economic and Social Councils feature more pluralist forms of representation, including the agrarian and fishing sectors, local banks and universities, consumer groups, cooperatives, etc. Most regions with Labor Relations Councils later added Social and Economic Councils in order to articulate participation in a broader set of policies. The last council to be established has been the Balearic Islands' Economic, Social, and Environmental Council.

The first regional pacts took place in Catalonia and the Basque Country, the first regions to accede to self-government.<sup>46</sup>

In Catalonia, the Labor Council was established in 1978. Catalonia had a Labor Council back in the 1930s, during her brief period of autonomy during the II Republic and the civil war, and its revival was charged with symbolism (Lope, 1997). The first Catalan pact took place in

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<sup>46</sup> See the appendix at the end of the chapter for a list of regional pacts with trade union participation organized by subject matter.

1980 in the Labor Council. It laid out the basic procedural rules for conducting collective bargaining in the region, at a time when these rules had not yet been defined by national legislation. The Catalan CCOO was pushing in the early 1980s for a regional pact to deal with the growing unemployment crisis. Catalan Labor Secretary Rigol, from the governing nationalist coalition, presented the social partners with a series of proposals for jobs programs. However, these proposals were firmly opposed by employers, who favored instead more flexible labor contracts and hiring subsidies, and got the minority UGT union to sign an accord along these lines in 1981.<sup>47</sup>

In the Basque Country, the first attempts at concertation attracted much more attention and controversy than those in Catalonia. In 1979, the majority union ELA<sup>48</sup> called for the Basques to develop their own "autonomous framework" of industrial relations through regional legislation and accords with employers.<sup>49</sup> The Basque government and employers were receptive to the idea. Basque Labor Secretary Iglesias, a socialist, put forward a document for discussion

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<sup>47</sup> Ludevid, Manuel and Ricard Servalós, "El Fomento del Trabajo Nacional," *Papeles de Economía Española*, 22 (1985), pp. 131-133.

<sup>48</sup> The trade union landscape in the Basque country is dominated by two nationalist unions: ELA (Solidarity of Basque Workers) and LAB (Union of Patriotic Workers). ELA is linked to the Basque nationalist party, which has governed the region over the last twenty years. LAB has ties to the radical separatist movement and Basque terrorism. Their joint share of delegates in works council elections went from 30.3% in 1980 to 50.8% in 1990, while that for CCOO and UGT remained stable at 36.5%. Of a total 177,000 Basque trade union members in 1992, 83,000 belonged to ELA, 40,000 to UGT, 36,000 to CCOO, and 18,000 to LAB. Albers, Detlev et al, "At regional level ...," *op. cit.* pp. 184-185.

<sup>49</sup> The following discussion is based on Gabriel García-Becedas, "El Consejo de Relaciones Laborales del País Vasco," *Revista de Trabajo*, 69 (1983), and María Emilia Casas, "Sobre el Marco Autónomo Vasco de relaciones laborales y el Acuerdo sobre procedimiento de resolución de conflictos colectivos y la negociación colectiva," *Relaciones Laborales*, 1 (1985). Both these articles reproduce the most relevant original documents involved in this debate.

by the social partners. This document acknowledged the difficulty in building such framework through legislation, since the Basque autonomy statute did not foresee that power, and proposed that unions and employers negotiate a series of regional interprofessional agreements on the following issues: bargaining structure and procedural rules, conflict mediation and arbitration, strikes, union rights, lay offs, employment and productivity. The document made detailed but open-ended proposals on these issues, noting that there were important disagreements among trade unions that would need to be resolved.

Indeed, both the Basque CCOO and the Basque UGT opposed the initiative. CCOO favored a decentralized model of industrial relations, but rejected the notion of having a different set of labor laws and a bargaining structure disconnected from the rest of the country. Later on, it embraced the concept of the "autonomous framework" maintaining, however, the need for articulation with national bargaining. UGT emphasized pending national legislation (the Workers' Statute was being drafted at the time) and bargaining articulation, defending two principles: the unity of the working class and inter-regional solidarity. The debate became national and played out in Congress when art 83 of the Worker Statute, which empowered the social partners to impose centralized bargaining, was passed against the objections of Basque nationalists. From 1980 to 1986, Spanish industrial relations were dominated by national "social pacts" between UGT and CEOE, which CCOO joined intermittently.

The Basque Labor Relations Council was created in 1981, with the explicit mandate<sup>50</sup> to adopt interprofessional agreements aimed at developing an autonomous framework of industrial

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<sup>50</sup> The Constitutional Court later stroke down this function on the grounds that by adopting, rather than simply proposing or facilitating, these agreements the council was stepping into the area of labor legislation, which is reserved to the central state.

relations. The first Basque pact instituted a regional procedure for the resolution of collective labor conflicts (PRECO). It was signed in 1984 by the employers' association, ELA, and CCOO, but opposed by UGT.<sup>51</sup> Another accord on conflict resolution, which was apparently never implemented, was signed that same year in the Canary Islands between UGT and the employers' association.<sup>52</sup> In all, these first attempts at regional concertation failed to take hold.

The next batch of regional pacts took place in the second half of the 1980s in Andalusia, Valencia, Navarre, Madrid, Extremadura, and Asturias. Concertation was often built in these cases on close ties between the governing socialists and the socialist trade union UGT. CCOO was included after 1988, once the national labor confederations had embraced a "unity of action" strategy.

In Valencia, for example, concertation followed closely the inauguration of the regional administration in 1983. The consensus-seeking leadership of Valencian President Lerma was a key factor. Basically, the regional government offered the social partners its willingness to negotiate policies in exchange for support in the impending process of transfer of powers.<sup>53</sup> Most pacts in Valencia have been tripartite and focused on public policy, particularly on the

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<sup>51</sup> The accord mandated arbitration in case of "rotten" negotiations, giving the council's president, who is designated by the Basque government, the power to choose the arbiter. It was also challenged at the Constitutional Court by the central government. See Ojeda, Antonio, ed., *Las relaciones industriales en Andalucía*, Instituto de desarrollo regional, Universidad de Sevilla, n. 44 (1987), p. 102.

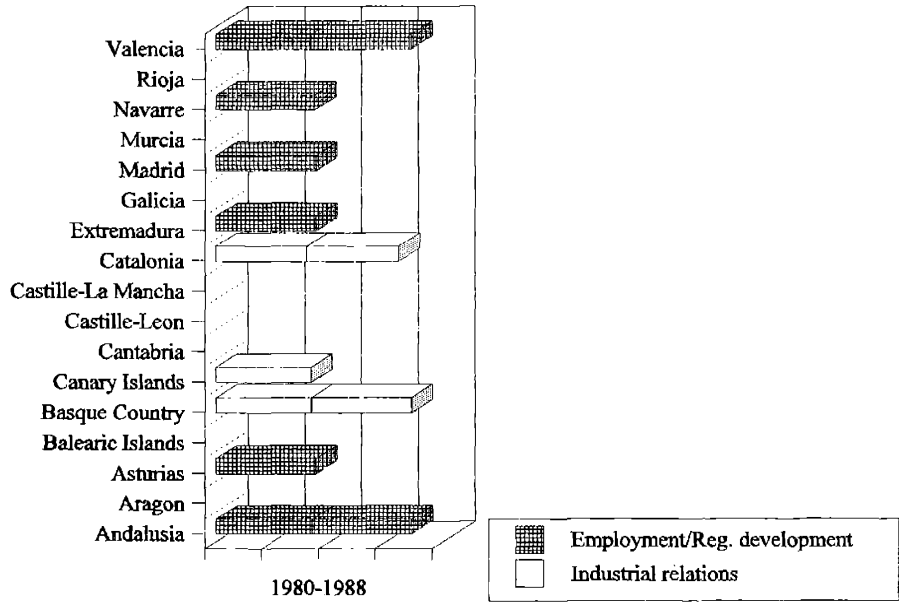
<sup>52</sup> *Ibid.*, p. 105.

<sup>53</sup> Interview with Gustavo Gardey, former Secretary for Employment, UGT-Valencia, Madrid, 15 February 1995.

mid-term regional development programs linked to EU structural funds. The same holds for Andalusia, which is also an Objective 1 recipient of the funds.

The following chart shows the first experiments with regional pacts in the 1980s. As a general rule, concertation followed the transfer of powers to the regions. A few slow-track regions joined in this early group. One of them is Madrid, where two employment pacts were signed in 1988 and 1989. These pacts featured job creation incentives and created a tripartite institution for running occupational training programs, as well as a regional labor market observatory.<sup>54</sup>

### Early Regional Pacts



<sup>54</sup> Aparicio, Joaquín and López, Julia, "Concertación social: qué y dónde. La concertación sobre el empleo en la Comunidad de Madrid," in Ojeda, Antonio, ed., *La concertación social tras la crisis*, (Madrid, Ariel Derecho: 1990).



Since 1989, trade unions have been responsible for the diffusion of regional concertation across Spain. This followed the strategic reorientation of the UGT and CCOO confederations, marked by the December 1998 general strike, which initiated a long period of "unity of action" among them. Labor went on the political offensive, replacing macro-concertation with partial, multi-level accords with the state and employers.

There were three waves of regional pacts linked to trade union campaigns in the 1990s. The first wave occurred in the aftermath of the strike, when UGT and CCOO drew a joint platform of demands, i.e., the Priority Union Proposal (PSP). Partly in order to put pressure on the socialist administration at the national level, the unions reached agreements with regional governments in 13 Autonomous Communities in 1989-90. These pacts, known as "regional PSPs," were mostly bipartite and dealt with labor market and social policies. Labor market measures included training, employment subsidies, and programs to promote the cooperative sector.

The campaign succeeded to introduce in all Spanish regions a minimum social income for the very poor. This program, which was pioneered by the Basque Country, was blocked in negotiations with the national government. Other common contents of pacts were housing and social services, as well as trade-union funding and participation in various regional institutions.

The second wave of regional pacts took place in 1992-93, in the context of economic recession and a sharp contraction in employment and industrial activity. Finding the national government irresponsive to their demands, the trade unions turned to a decentralized campaign of mobilizations, in order to kindle support from local communities and regional authorities for

an active industrial policy. Mobilizations included large demonstrations, marches (e.g., the steel march to Madrid) and local/regional general strikes. They spread from the rust-belt areas in the Cantabrian coast to most of the country, as the impact of the crisis was felt by different sectors and regions. The objective of the campaign was two-fold: to get regional governments involved in industrial policy and to build up pressure on the central state to undertake a more interventionist role.<sup>55</sup>

"Industrial pacts" were reached in 12 Autonomous Communities. All of them were tripartite, except for the pact in Catalonia, which was a protocol signed by trade unions and employers in order to lobby together the regional administration. They were not limited to the industrial sector, but rather contained a broad range of regional development and employment policies. Their level of concretion varied; most pacts simply articulated general objectives and proposals, while only a few specified programs and budgets (Ochando, 1994). The pact for Andalusia, for example, included an Industrial Program for 1993-96 funded with 70,000 million pesetas plus another 90,000 million for employment and assistance to firms. The Valencian pact featured a 29,000 million pesetas special reactivation package, mostly for housing and employment, on top of the region's standing industrial policy efforts. Navarre followed a similar approach with a 5,000 million special solidarity fund. At the other end, the pacts of slow-track autonomy regions like Madrid suffered from severe lack of funding. Some negotiations (e.g., in Asturias, Murcia) served, in fact, as platforms to demand more resources from the central state.<sup>56</sup>

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<sup>55</sup> Interview with Raimundo Fisac, Industrial Policy Secretary, CCOO Confederation, 30 September 1993.

<sup>56</sup> The government eventually called up a "sector conference" with the Industry Secretaries from the Autonomous Communities in order to coordinate policy efforts.

Common contents were infrastructure, technology, innovation, quality, export promotion, environmental measures, and financing for small and medium-sized firms (including, in some cases, firms in crisis). Many of the pacts incorporated employment and training measures, some of them establishing institutions for coordinating training (e.g., Aragon) or health and safety (e.g., Navarre).

Several pacts recommended adopting conflict resolution mechanisms similar to those developed by unions and employers in the Basque Country and Catalonia. The first regions to do so were Galicia (1992) and Valencia (1993). In 1996, CCOO, UGT, and the employers' CEOE negotiated a conflict resolution service at the national level, building on these experiences. Virtually all regions have created similar institutions in recent years.

In 1994, CCOO organized a conference of industrial policy officials from the regional trade unions and sector federations to evaluate the "industrial pacts" campaign. The resulting document <sup>57</sup> stressed that, in contrast to the defensive struggles of the 1980s, labor was now demanding commitments to industrialize, to diversify the industrial fabric, and create jobs. It noted that the variety of situations, e.g., the different strategies of actors, the balance of forces, and the level of regional powers, had resulted in great differences in the content and the nature of agreements, the usefulness of which should primarily be judged by the organizations involved. Despite their limitations, the document pointed out, some of these pacts were important because they opened spaces for negotiation that did not exist before. The task ahead for the confederation was, the document concluded, to push for a national industrial policy and

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<sup>57</sup> "Acuerdos territoriales sobre política industrial y empleo," CCOO, Confederal Executive, Industrial Policy Secretariat (September 1994).

to guide the process of implementing and developing the pacts. Some orientations were given: to tie the pacts to the regional government budget process, to target subsidies, and to integrate measures into regional development plans. In most cases, the pacts were renewed upon their expiration.

The third wave of regional pacts occurred in the aftermath of the 1997 national accord on employment stability and the EU Luxembourg summit, which laid out a European employment strategy and required member states to draw national action plans (NAPs). The 1997 accord sought to curb Spain's rampant use of temporary work, promoting permanent jobs through lower dismissal costs and hiring subsidies. It also committed the social partners to open a dialogue on reducing working time, as part of the unions' campaign to negotiate worksharing policies like those implemented in France.

"Employment pacts," were signed in 12 Autonomous Communities in 1997-2000. All were tripartite except for the pact in Madrid, which just involved trade unions and the regional administration. These pacts focused on employment and training, but often added on regional development and industrial policy measures. Some of them (e.g., Catalonia, Castille-La Mancha) initiated programs to promote "new sources of jobs" in areas such as child and eldercare, or environmental protection. Many started different incentive schemes for creating jobs by reducing overtime, reducing or reorganizing working time, partial retirement, and other worksharing situations (e.g., Catalonia, Basque Country, Andalusia, Galicia, Aragon). However, most of these schemes were opposed by employers, limiting their impact.

A number of pacts focused on the public sector. Madrid's pact introduced an employment stability clause into the regional public works tendering process, which gave extra points to

companies with a higher share of permanent employees.<sup>58</sup> It also included an agreement to reduce temporary work in the regional administration. There have been similar agreements in other regions (e.g., Valencia, Catalonia), and many have instituted the 35 hour week for their employees. But here we are entering the realm of collective bargaining proper. Finally, some pacts included provisions on health and safety (e.g., Aragon).

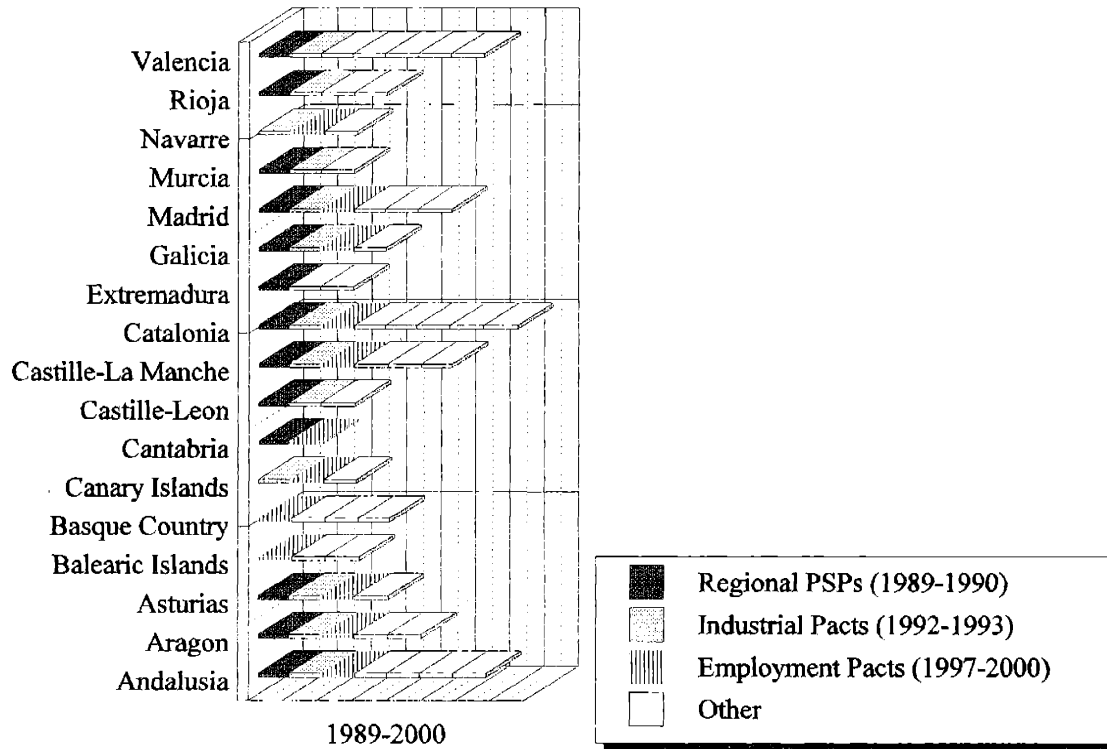
The scope, content, level of concretion, and funding of these pacts varies. But, as a group, they show that regional dialogue and participation in employment policies is intensifying. An example is Navarre, where accords were reached in 1999 on three issues: incentives for job creation in the private sector through company agreements to reduce working time and overtime; job creation in the regional public sector through the 35 hour week; and a pledge to reduce overtime and compensate it with time off. These accords were part of a broader negotiation concerning Navarre's Employment Plan (which set a 5% unemployment target as its main goal) and the creation of a regional employment service.

Another interesting case is the Balearic Islands, which signed in 2000 an employment pact under the aegis of a new left-wing coalition government. This pact included the 35 hour work week in the regional public sector, incentives for job creation through overtime and working time reduction in the private sector, and funding for "new sources of jobs." It also featured two initiatives tailored to local labor market issues: incentives for regularizing homeworkers and for promoting women employees.

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<sup>58</sup> The national employers' association for the construction industry took this provision to the European Commission alleging that it contravenes competition policy. The Madrid unions went to Brussels to make their case with the Commission and obtain support from ETUC.

## Regional Pact Waves



In 2000, CCOO held a conference of employment officials from the regional trade unions to draw common criteria for future negotiations. The resulting document<sup>59</sup> included some general strategic guidelines, as well as more concrete recommendations. The general criteria

<sup>59</sup> "Criterios comunes sobre empleo para las negociaciones territoriales en el ámbito de las Comunidades Autónomas," CCOO, Confederal Employment Secretariat (October 2000); see also "Propuesta de diseño de evaluación de los pactos regionales de empleo" (December 2000).

were: a. to link measures to collective bargaining; b. to shift resources towards employment and mixed employment/training programs (e.g., "new sources of jobs," employment workshops); c. more targeting of groups facing greater difficulties in the labor market; d. coordination and integration of programs; e. more selection and specialization of partners; and f. evaluation.

One of the issues raised was the low use of worksharing incentives by companies: should these programs be renewed? had the federations been sufficiently involved? Another issue was the "saturation" of hiring subsidies to promote employment stability, recommending: to limit hiring subsidies to situations not covered at the national level and to women and other target groups; to respect the 60% combined ceiling; to link subsidies to collective bargaining controls (e.g., to company plans to reduce temporary work rates by a certain amount), to fund instead "new sources of jobs" etc. Other guidelines referred to the labor inspectorate and the new regional employment services being created upon transfer of the INEM. The union also proposed a methodology for evaluation using EU benchmarks.

The chart in the previous page gives us a picture of regional pacts since 1989. It shows the three union-led waves just mentioned, as well as other pacts reached in the regions over the last decade. A more detailed list is also included at the end of the chapter.

Several findings can be highlighted from our discussion of regional pacts:

First, the increasing role of trade unions both initiating and setting the agenda for pact negotiations is clear. Second, several linkages between the national and regional levels are also evident. Trade unions have pursued regional pacts both for their own sake and as a springboard for national negotiations. Sometimes, as with the introduction of a minimum social income and worksharing incentives, the regional venue has been more successful than the national one.

Other times, the success of regional experiments such as the Catalan Labor Tribunal has led to the diffusion of similar institutions across regions and at the national level. Yet other times, as with the last wave of employment pacts, regional pacts have sought to implement agreements reached at the national level. Third, the national trade-union confederations are beginning to develop a coordination role, gathering information on the different regional experiments under way, organizing exchanges to promote learning, and setting basic criteria for negotiations and benchmarking. And fourth, the growing influence of Europe through the structural funds and EU policy formulations is also evident.

Notwithstanding these common trends, we can also see differences between regions in the incidence and quality of pacts. One source of these differences is the asymmetry in regional powers. However, this is rapidly fading into the background as all Autonomous Communities attain high levels of devolution. Another possible source is economic structure. Albers et al's<sup>60</sup> study of trade unions in 17 European regions suggests that regional pacts may be more difficult in industrial decline and lagging regions, although for different reasons. In the first case, the problems of decline tend to elicit defensive responses and make long-term strategic views hard to coalesce. In lagging regions, the problem lies in the weakness of trade unions and employer associations. But we should not read too much into these constraints. The same study gives, for instance, high marks to the trade unions in an industrial decline region, i.e., North Rhine-Westphalia, which includes the Rhur area, for their strong involvement in regional restructuring efforts. Finally, a third source is the different strategies followed by regional trade unions. I find this to be a powerful factor in the Spanish case.

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<sup>60</sup> Detlev Albers et al, *At Regional Level on behalf of Europe's Regions*, op. cit. (1996)



## 5. THREE DIFFERENT APPROACHES

Basque nationalist trade unions have followed an approach to the region that is based on *ethnic politics*. The core element of this strategy is the demand for a Basque framework of industrial relations, which was first articulated in 1979 by the largest trade union ELA. The Basque framework of industrial relations means the transfer of powers over labor law, the civil service, social security, training, and employment, including both regulatory and administrative capacity.<sup>61</sup> It also involves a separate collective bargaining system.

In 1994, Basque nationalists managed to change art 84 of the Spanish Workers' Statute to allow regional and provincial sector bargaining to override national bargaining except on a few non-wage issues. ELA is fairly content with the current bargaining situation: total coverage is 97.6% and national bargaining covers less than 13% of Basque workers, including central state staff.<sup>62</sup> As for the transfer of powers, these demands face total or partial constitutional hurdles and have been blocked by the Basque maximalist stand. This is the case, for instance, with the public employment service (INEM), which has already been transferred to the other regions. The Basque government insists on including unemployment insurance, which is problematic because it would break up the national social security fund.

ELA's approach has gone through different phases, becoming more intense in the 1990s. Back in the early 1980s, ELA opposed the national "social pacts" in force in Spain but concentrated on building a strong organization and remained focused on the workplace, where it had good relations with employers. In 1988, a change in leadership brought more emphasis on

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<sup>61</sup> Documentos. X Congreso Confederal, ELA, Bilbo (December 2000), p. 83.

<sup>62</sup> Ibid, p. 89.

politics. Initially, ELA carried on joint initiatives with CCOO and UGT. This was a period in which all democratic Basque parties formed a compact to isolate terrorism, the Ajuria Enea pact. By 1993, however, ELA was ready to switch allies. Two factors played into this decision. One was the revival of central accords in Spain--i.e., the 1992 Continuous Training Accord and the national sector agreement for the construction industry. The other was the rise of nationalism in Central and Eastern Europe, which brought new hopes that state borders could be redrawn. ELA concluded that this scenario called for reaching a basic consensus among the organizations committed to Basque nation building, with trade unions playing an active role in the process.<sup>63</sup>

In 1994, ELA embarked on an alliance with LAB, the radical nationalist union which has political ties to Basque terrorism. ELA and LAB joined forces behind the demand for a Basque framework of industrial relations and the right to self-determination. "To deny our right as a nation is the root of the political conflict that affects the Basque Country."<sup>64</sup> In 1997, at a rally in Gernika, ELA declared dead the Basque autonomy statute, urging nationalists to work together for a new legal-political framework and rejecting the use of violence. This crystallized in the Lizarra Pact, signed in 1998 by all the nationalist forces and IU (United Left), and which sought to open a process of political dialogue and negotiation with the Spanish and French states over issues of sovereignty, territoriality, and self-determination. The pact was accompanied by a unilateral truce by ETA that lasted 14 months. As the project faltered, ELA was eventually

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<sup>63</sup> "ELA en el proceso nacional," Ponencia Política, VIII Congreso Confederal de ELA-STV, Bilbo (June 1993), p. 58.

<sup>64</sup> ELA-LAB Document of Aberri Eguna 1995 <<http://www.argia.com/bakegintza/htdocs/aberri95.htm>>

forced to break its alliance with LAB, which refused to condemn the new wave of political assassinations.<sup>65</sup>

According to some scholars, Basque unions have been the "locomotive" for others in Spain (Ojeda, 2001). It is true that union membership is twice as high, while wages and work conditions continue to be among the best in the country. But this view ignores the extent to which the deep ideological rift between Basque trade unions has thwarted concertation. Here is a telling quote from the Basque Labor Relations Council 1996 annual report:

"It is a well known fact that progress in social dialogue, at least at the institutional level, has been hindered by the different conceptions that from different positions exist over the model that should guide the development of our labor relations. These differences have seriously jeopardized, even impeded in many cases, a minimum degree of confluence in trade-union opinions."

PRECO, the Basque conflict resolution service that was the first of its kind in Spain had trouble getting off the ground. Only two of the trade unions (ELA and CCOO) signed the first PRECO in 1984. The accord lasted until 1987 and was not renewed upon expiration. A new version of PRECO was launched in 1990, this time also with UGT support. The fourth union, LAB, joined in 1993. Other policies pioneered by the Basque Country, and which CCOO and UGT then extended to other regions, were initiatives of the Basque government, rather than the unions. This was the case with the minimum social income, which was the result of a process in which Basque unions did not intervene (Aguilar, Gaviria & Laparra, 1994:1535). The same

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<sup>65</sup> Since the mid 1990s, Basque representatives from the conservative party (PP) and the socialist party (PSE) have been prime targets of ETA's killings to the point that these parties encounter difficulties in finding candidates for local elections. Other targets include members of civic associations, journalists, and intellectuals. Non-nationalists are also victims of street violence by radical youth groups. This explains the growing polarization of Basque politics. In the last 2001 regional elections, the vote for nationalist and non-nationalist parties was closer than ever: 53.2% vs 46.8% (Moreno, 2001).

applies to the Basque worksharing incentives introduced by socialist Labor Secretary Jáuregui in 1996. Jáuregui lamented that it had been impossible to open a debate on this issue due to the rivalry between nationalist and non-nationalist unions.<sup>66</sup>

Ethnic politics has exacerbated competitive unionism in the Basque Country, making consensus difficult. While the Basque government has reached agreements with employers--e.g., CONFEBASK collaborates in industrial policies and organizes dual training programs for vocational schools--the unions have maintained a dynamics of confrontation. All pacts have been bipartite, between business and labor. CONFEBASK supports the Basque framework of industrial relations but only reluctantly. Basque employers find themselves in a delicate position, given the context of political violence and extortion. Among those killed in 2000, after ETA ended the truce, was the leader of ADEGUI, one of the three provincial employer associations that make up CONFEBASK.

The Catalan CCOO, which is the largest trade union in Catalonia, also began talking of a Catalan framework of industrial relations in its 1980 congress. The union was careful, however, to emphasize its dual identity as a "national" and a "class" organization, in unity and solidarity with all Spanish workers. It was also respectful of constitutional boundaries, noting that the Catalan parliament would not be able to legislate on labor matters but "even with these limitations, the actions of the Generalitat (the regional government) will be fundamental for the interests of workers."<sup>67</sup> The 1984 congress defined the Catalan framework of industrial relations

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<sup>66</sup> "El gobierno vasco estudia subvencionar el empleo creado como consecuencia del reparto de trabajo," *El País*, 25 June 1996.

<sup>67</sup> II Congreso CONC, Ponencias, "Sindicalismo de clase y nacional," *Lluita Obrera*, no. 29, (May 1980), pp. 9-10.

as a set of accords, norms, and dispositions that would give specific answers to the problems of Catalonia. In concrete terms, this meant: developing a regional policy to fight unemployment and deindustrialization, regional collective agreements (in articulation with national bargaining), transfer of INEM and other pending matters, and participation in regional institutions.<sup>68</sup>

The concept has later been expanded to include the region's economic and social policies (e.g., education, housing).<sup>69</sup> In contrast to the Basque case, here there is no drive for a separate system.

Two factors help understand the Catalan CCOO's position. One is the high level of organizational autonomy that it enjoys within the Spanish CCOO. The other is its internal composition, which includes native Catalans and immigrants from other regions. This has led it to adopt a broad, often ambiguous, political discourse in order to catch both nationalist and non-nationalist members (Jordana & Nagel, 1995). A similar tack can be detected in the Catalan UGT in the 1990s.

Catalan unions have followed a pragmatic, *problem solving* approach to the region that, as we will see in more detail in Chapter Four, has had to circumvent various constraints and reticences of the other actors. This has resulted in a greater emphasis on collective bargaining and on local-level concertation than in other regions. Catalan employers initially opposed the idea of a Catalan framework of industrial relations but have become more open to negotiate initiatives with the trade unions, especially if they do not involve the regional government.

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<sup>68</sup> III Congreso CONC, Ponencias, "Por un marco de relaciones laborales autónomo," *Lluita Obrera*, no. 42 (November 1983) pp. 30-31.

<sup>69</sup> CONC, "Marc català de relacions sociolaborals," Seminari Salvador Seguí, 26 May 1999.

Similarly, the Catalan nationalist administration has only been mildly interested in reaching accords with labor, given its low-intervention economic philosophy. Nonetheless, relations between the actors have become more fluid and cooperative over the last ten years.

In contrast to both Basque and Catalan unions, Andalusian unions have not tried to pursue a regional framework of industrial relations. The Andalusian UGT first addressed this issue in its 1983 congress saying that even though it valued positively the ability to participate in regional government institutions, it opposed creating an autonomous framework of industrial relations for Andalusia.<sup>70</sup> Its 1998 congress declared: "UGT, for reasons of elementary solidarity, considers indispensable that there be a single model of industrial relations for all the state,"<sup>71</sup> and went on to assert three principles that should not be compromised: a. fiscal solidarity; b. a unitary social security system; and c. a national framework of industrial relations based on basic legislation and national sector bargaining (with further articulation at lower levels).

In a similar vein, the Andalusian CCOO stated in 1996:<sup>72</sup> "We declare ourselves in favor of a single framework of industrial relations; we therefore defend the single central fund for social security, INEM, etc." The union also stressed that, being a disadvantaged region, Andalusia would lose out if the system is divided. As with UGT, this is compatible with a positive view of regional pacts: "the present regionalization of industrial relations must be

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<sup>70</sup> Resoluciones del II Congreso de UGT-Andalucía, Marbella, July 1983, pp.26-27, as quoted by Manuel Alarcón, "Los sindicatos en Andalucía," in A. Ojeda, ed., *Las relaciones industriales en Andalucía*, (Sevilla: Universidad de Sevilla, Instituto Desarrollo Regional, 1987)

<sup>71</sup> Resoluciones del VI Congreso de UGT-Andalucía, pp. 11-13.

<sup>72</sup> From the speech delivered by Julio Ruiz, Secretary General, CCOO Andalucía, as printed in *Sindicalismo y cambios estructurales. I Debates sindicales en Andalucía*, (Sevilla: Consejo Andaluz de Relaciones Laborales, 1996), p. 85.

grounded on what has already been practiced, very especially in Andalusia, with its tradition of negotiation."

Interestingly, Andalusia also has a nationalist trade union: the Farmworkers Union (SOC). This is an independent, loosely organized union that draws on anarchist traditions in the countryside, and which embodies the historical demand for agrarian reform.<sup>73</sup> The way the agrarian question was solved in the 1980s has further strengthened the strategic importance of the national level for Andalusian unions.

In 1984, the agrarian subsidy was instituted. This program currently covers some 250,000 farmworkers in the Southern regions of Andalusia and Extremadura and allows them to draw 330 euros/month (75% of the minimum wage) in unemployment benefits for up to six months per year, after working 35 days in agriculture. Farmworkers contribute to a special social security regime 66 euros/month. The subsidy works in tandem with the Rural Employment Plan (PER), which funds public works in the villages. Farmworkers can be hired by the municipality under the plan, and these days count towards the subsidy. While everybody agrees that the PER, which costs about 125 million euros/year, has greatly improved the quality of life in rural areas, the subsidy has been criticized for fostering dependency, fraud, and clientelism. The program has been adjusted a few times, always by negotiation between the Spanish government and the national unions.

The government tried to phase out the subsidy in 2002, maintaining it for current recipients while other farmworkers would be covered by a new unemployment scheme similar to

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<sup>73</sup> For a fascinating account of the SOC and the agrarian reform issue see Holm-Detlev Köhler, *El movimiento sindical en España. Transición democrática, regionalismo, modernización económica*, (Madrid: Editorial Fundamentos, 1995).

the standard one. This was part of a package of unemployment benefit cuts, the so called *decretazo*, that Spanish unions answered with a general strike. The national leaders of CCOO and UGT marched on the day of the strike in Seville, where 200,000 people took to the streets. The government reversed all the other measures except for the subsidy, but the trade unions persevered. In the end, the program was restored with some restrictions for new recipients--e.g., benefits cannot be received for more than 6 cycles, PER days do not count towards the subsidy, and there is a 10-year residence requirement to filter out foreign immigrants.<sup>74</sup>

Andalusian unions have followed a *lobbying* approach to the region. Concertation is well established in Andalusia but deals almost exclusively with regional government policies. The Andalusian government, which has always been in the hands of socialists, was the initiator of this practice while unions and employers acted "more like pressure groups than collective subjects of negotiation and conflict" (Ojeda, 1987:106). At first, there were separate pacts with UGT, on one hand, and with the employers' confederation (CEA), on the other. CCOO joined in with the PSP campaign. Since 1993, there have been five tripartite accords in Andalusia covering a wide range of policies including employment, assistance to firms, sector policies (e.g., industry, tourism, rural areas), as well as the regional development plans that are linked to EU structural funds. The Andalusian UGT considers this "permanent social dialogue" to be one of its principal assets, and seeks to improve its capacity to monitor and evaluate the implementation of pacts.<sup>75</sup>

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<sup>74</sup> "Los sindicatos zanján el conflicto con el Gobierno," *El País*, 26 January 2003.

<sup>75</sup> Resoluciones VII Congreso de UGT-Andalucía, 2002, p.33.



Industrial relations issues have been virtually absent from Andalusian pacts. SERCLA, the regional conflict mediation service has only been functioning for a few years. However, the last tripartite accord, signed in 2001, introduced some measures, especially in regards to health and safety,<sup>76</sup> that suggest that this is beginning to change. Negotiations for this pact were reportedly more difficult due to conflict between unions and employers over this issue.

The new attention to industrial relations may correct what I see as a major limitation of Andalusian pacts: their disconnection from collective bargaining. An effort to build such a link was a 1998 joint recommendation by Andalusian unions and employers to foster job creation and stability through collective bargaining. According to the Andalusian Labor Relations Council, a large number of collective agreements (over 70% in 2001) feature employment clauses, but most involve job maintenance rather than creation and many are just generic statements.<sup>77</sup> Unlike in Catalonia, bargaining remains highly fragmented in seven provincial units. An encouraging sign is that the Andalusian UGT has committed itself in the last congress to reduce temporary work by at least one third, and is creating a task force to improve bargaining coordination and capacity (e.g., setting a regional bargaining calendar, drafting platforms and model clauses).<sup>78</sup>

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<sup>76</sup> The pact created a regional institute for health and safety and introduced several innovative elements. The first one is the funding of prevention consultants that will be assigned by provincial sector bargaining to assist small firms. Companies that do not comply with health and safety norms will be excluded from regional subsidies and procurement contracts. The pact also created a tripartite commission to direct labor inspectorate operations. "Concertación Andalucía 2001," Informe nº 5, CCOO-Andalucía, 9 May 2001

<sup>77</sup> "Memoria Consejo Andaluz de Relaciones Laborales 2001, Vol. II, La negociación colectiva," pp. 312-313.

<sup>78</sup> Programa de Acción, VII Congreso de UGT-Andalucía, 2002, pp. 45 and 35-37.

## Wage Bargaining

	Average total labor cost per worker per month 2000 (euros)	Average annual wage increase agreed in collective bargaining 1991-2000 (%)
<b>Regions with GDP per capita below the national average in 2000</b>		
Extremadura	1,084	4.66
Andalusia	1,209*	4.64
Galicia	1,151	4.50
Castille La Mancha	1,139	4.69
Murcia	1,077	4.38
Asturias	1,303	4.21
Castille Leon	1,237	4.43
Canary Islands	1,133	4.14
Valencia	1,180	4.46
Cantabria	1,231	4.69
<b>Spain</b>	<b>1,326</b>	<b>4.39</b>
<b>Regions with GDP per capita above the national average in 2000</b>		
Aragon	1,294	4.37
Rioja	1,240	4.74
Balearic Islands	1,178	4.57
Catalonia	1,397	4.37
Basque Country	1,549	4.63
Navarre	1,450	4.90
Madrid	1,595	4.45

\*Includes Ceuta & Melilla

Regions are ranked from poorest to richest

Labor cost data does not include agriculture, public administration, health, education and community services.

Source: Labor thor's calculation Ministry and author's calculations

A potential risk in poor regions is the temptation to use pacts to lower labor costs. This is what critics of decentralization refer to as "social dumping." The table in the previous page looks at wage bargaining increases over the last decade. It shows that the spread of average annual increases between regions is rather small. Additionally, most poor regions have negotiated wage increases above the national norm. This is the case of Andalusia, where the unions' policy has been to try and close the wage gap with other regions.



## **CHAPTER THREE**

### **THE NATIONAL CONTEXT:**

### **SPANISH TRADE UNIONS IN THE 1990S**



## 1. INTRODUCTION

This chapter places regional pacts in the context of Spanish industrial relations. It highlights some of the specific problems and the strategies pursued by the trade unions, including the resumption of national "social pacts" in the 1990s.

Spanish unions have faced a special set of constraints derived from the two transitions the country underwent over the last 25 years: democratization and economic liberalization linked to EU membership. Concern for protecting and consolidating democracy led unions to restrain wage growth and industrial conflict in a neo-corporatist experiment lasting from 1977 to 1986. But Spanish unions were unable to prevent economic adjustment from exacting high social costs. Unemployment averaged more than 20% from 1990 to 2000, even though the actual rate may be 2-3 points lower when allowing for irregular work.<sup>79</sup> Moreover, the number of temporary workers rose rapidly after the launching of fixed-term labor contracts in 1984, reaching 35% of the workforce in 1995. Both unemployment and temporary work are concentrated among women and young people, while the family serves as safety net.<sup>80</sup>

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<sup>79</sup> *The Economist*, "Spain Survey", 14 December 1996, p. 7 "A survey designed to measure unreported activity in 1985 in Spain concluded that 10-15 % of employment was irregular (i.e., not properly registered with the social security system). But it also concluded that most of those jobs were held by people already employed, so that adjustment for the underground economy could decrease the unemployment rate by 3.5 % at most," O. Blanchard and J. Jimeno, "Structural Unemployment: Spain versus Portugal," *AEA Papers and Proceedings*, 85/2, (1995), p. 214.

<sup>80</sup> Many young people have put off marriage and childbearing. Here is a telling statistic: 52% of 25-29 years old lived with their parents in 1995, according to a Youth Institute survey reported in *El País*, 1 October 1996.

The unions' ability to cope with the challenges posed by the transformation of the Spanish political economy has been severely impaired by legacies of the past:

First, political divisions promoted competition and subordination to allied parties. Neo-corporatist concertation was underlaid, paradoxically, by fierce competition between the two main labor confederations, the socialist General Workers' Union (UGT) and the communist Workers' Commissions (CCOO), which allowed employers and the state to play one union against the other.

Second, the unions' fledgling organizations and low penetration of small firms enabled employers to cut costs through productive decentralization and the unchecked use of irregular and temporary labor. In other words, Spanish unions were too weak to foreclose the "low road" of adjustment, in which firms compete primarily on the basis of price rather than product differentiation, quality, customer service or technological content.

Third, the unions received an underdeveloped collective bargaining system that was highly fragmented and shallow in content. Bargaining under Franco was largely confined to wage issues. All basic working conditions were set by law and by detailed sector regulations called Labor Ordinances. This system has been very slow to change and a major handicap when trying to negotiate flexibility with employers.

Fourth, labor laws inherited from Franco that made dismissals costly and subject to administrative and judicial controls proved to be a double-edged sword. Unions rallied behind these laws and managed to preserve job security for most employees. Employers were given flexibility hatches: i.e., individual layoffs and temporary contracts. But this formula soon backfired as companies were able to use and abuse temporary contracts to cut labor costs,



incurring in very high turnover rates and replacing precarious for permanent labor. Together with high unemployment, the surge in temporary work has created a hostile environment for unions, dampening their bargaining power and credibility. Segmentation between permanent and temporary workers undermines, moreover, the unions' ability to aggregate demands and even their future survival, given that temporary work is highly concentrated among youth.

Labor market segmentation constitutes, therefore, the central issue facing Spanish labor. The main argument presented in this chapter is that since 1988 (with the 14 December general strike marking the turning point), unions have made a series of strategic adaptations which place them in a better position to address this predicament.

First and foremost, the two rival confederations CCOO and UGT overcame political divisions by “unity of action.” They turned to mobilization and decentralized bargaining to increase their bargaining power and membership. The confederations distanced themselves from allied parties, most dramatically, the UGT from the governing Socialists. They articulated broad social policy demands, in a direct political appeal that extended to those excluded from core employment (i.e., youth, the unemployed, pensioners).

Finally, the confederations geared political exchange and bargaining strategies to stem the tide of precarization. A major step in this direction were the 1997 national accords reached with the CEOE (Spanish Confederation of Employer Organizations). These accords aimed to build a better articulated bargaining system and to promote employment stability by introducing a new type of permanent contract with lower dismissal costs. First informally, and then through formal national agreements with CEOE in 2001 and 2003, the unions have resumed a policy of wage moderation in the context of Spain's entry into EMU.

These responses have brought labor a measure of recovery. Unions have regained "voice" in the political arena and won modest increases in organizational and institutional resources. The state of the labor market has also improved in recent years. Unemployment is down to 13% and temporary work stands at 31.7% in 2001. This is still an extremely high rate, but the trend has been reversed: about 3/4 of net employment created since 1997 is permanent, in contrast to the previous economic boom (1987-91), when all employment created was temporary and there was a net reduction in permanent jobs.

The Spanish unions' journey since 1988 evokes the image of a tight-rope walker. Dependent on a shrinking core of labor-market "insiders" and conscious of the abyss of deregulation beneath, they set out in search of a more viable basis. Politics has served as balancing pole, providing a language of solidarity as well as opportunities to compensate, through state action, their weak standing in workplaces. As we will see, UGT and CCOO have inched and stumbled their way towards a deal that accepts greater constraints for insiders (in terms of work time, functional, and pay flexibility) in exchange for greater stability and training opportunities for a majority of workers. However, both employers and the conservative Spanish government have shown ambivalence about continuing along this path or pursuing further deregulation.

## **2. SPANISH UNIONS THEN AND NOW**

Spanish unions had a lot of catching up to do. When they were legalized in 1977, the economic climate was not favorable to their consolidation. They have struggled to build resources long enjoyed by others, such as industry-wide bargaining and union structures,

participation in social security, unemployment and training systems. Neo-corporatist concertation advanced some of these goals by producing a supportive legal framework, although within limits, since participation often involved consultative, non-decision-making roles. The demise of national pacts in the late 1980s led unions to focus more on collective bargaining and organization and less on the state. "Unity of action" was also key to this shift, allowing more congruent bargaining stands and gradual convergence in organizational models. Paradoxically, the climate of political crisis surrounding the fall of the socialists and the narrow conservative victory in 1996 led to a revival of peak-level concertation. The unions negotiated pension reform with the Aznar government and several major pacts with employers but refrained from entering a formal incomes policy agreement until 2001.

CCOO emerged as the largest union force at the end of the dictatorship. It was a loose movement with a plurality of Christian and leftist groups dominated by the communists, since the PCE had decided in the 1960s to infiltrate the state-controlled union apparatus and run candidates in works council elections. It became, through strike action, a major actor in the transition pushing democratization forward.

UGT had been -- together with the anarchist National Labor Confederation (CNT)-- a mass union organization at the time of the civil war, but its decision to boycott the official unions left it with virtually no presence in Franco's Spain, outside some areas in the Northern rustbelt. After 1977, however, UGT grew strongly, banking on traditional worker identities and the electoral ascendancy of the PSOE, with whom it had close ties. It also benefitted from support from the Suárez government, the German unions and the employers' CEOE, all interested in breaking communist hegemony over the labor movement.

By 1982 UGT had surpassed CCOO in works-council elections, although at the price of fierce inter-union competition. The USO, a third confederation with a social-Christian orientation, which also played a role in the labor movement under Franco, retained only a very small presence after it split in 1979 to join UGT. There are also three regional unions: the nationalist ELA and LAB, which hold a majority in the Basque country, and a Galician union (CIG). Finally, a number of independent unions organize professionals such as doctors, nurses, teachers, civil servants, pilots and train engineers.

Union membership is low, totalling 2,250,000 in 1997 (as declared by the main union organizations). This represents 18.2% of workers. Three quarters of membership is concentrated into the two main confederations.<sup>81</sup> Lack of consistent data for early years makes it difficult to track figures over time, but the main trends are clear. Unionization was initially high in 1977 and 1978, probably at 40-45% in the industrial sector. Then it declined sharply in the early 1980s, and began to pick up slowly after 1986.<sup>82</sup> A survey by the FIES Foundation found that overall union membership declined from 37% in 1979 to 24% in 1980.<sup>83</sup> Another survey by the Friedrich Ebert Foundation placed overall membership at about 20% in 1982.<sup>84</sup> The initial broad support for unions failed to develop into a stable membership base as unemployment

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<sup>81</sup> Fausto Miguélez, "Trends in trade union membership", Eironline, (October 1998), <<http://www.eiro.eurofound.ie>>

<sup>82</sup> Faustino Miguélez, "Las organizaciones sindicales" in *Las relaciones laborales en España*, eds., F. Miguélez and C. Prieto, (Madrid: Siglo XXI, 1991), p. 216.

<sup>83</sup> Francisco Alvira and José García, "Las relaciones industriales", *Papeles de Economía Española*, no. 4, (1980).

<sup>84</sup> Cited by F. Miguélez, "Las organizaciones...", op. cit. p. 217.

skyrocketed and economic restructuring eliminated many jobs in union strongholds.

Membership increases since the late 1980s have been concentrated in the service sector, particularly among public employees.

The traditional union member profile of a male industrial worker has given way to a more diverse picture. A majority of union members are now service sector workers: 58.7% in CCOO and 57.7% in UGT.<sup>85</sup> Women account for 31% of membership in CCOO--we don't have current figures for UGT but it was 25% in 1993. Between 30% and 35% of union members are public sector workers, although it is difficult to obtain an accurate figure because in several union federations the public and private sectors are organized jointly.<sup>86</sup>

Despite advances in the 1990s, union membership remains too low. The main reason lies in the structure of the Spanish economy, with a very high predominance of small firms,<sup>87</sup> and the state of the labor market. Unionization is indeed very low among small-firm workers and among temporary workers,<sup>88</sup> who fear to antagonize their employer by belonging to a union.<sup>89</sup> Other

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<sup>85</sup> VII Congreso Confederal. Informe. CCOO, (Madrid, 12-15 April 2000), p. 38-9. Afiliación y Representación, UGT, Secretaría de Organización, (May 1999), p. 15.

<sup>86</sup> Faustino Miguélez, "Trends in trade union...", op. cit., (1998).

<sup>87</sup> Large firms (over 500 workers) accounted for 8% of employment in 1986. This was less than half the rate of Italy (17%), and less than a fourth the rate of Germany (35.6%) or Holland (38.5%). Source: *Empresas en la CE. Oficina de Publicaciones Oficiales de la CE*, cited in *Consideraciones sobre la afiliación sindical*, UGT, Secretaría de Organización, (1993), p.25.

<sup>88</sup> F. Miguélez, "Las organizaciones...", op. cit. p. 219.

<sup>89</sup> An interesting qualitative study by Andrés Bilbao found that these workers often hold a positive view of unions but refuse to join them, and that this reflects a lack of effective union protection in many work places. "It is possible to draw a continuum in the possibilities to exercise the right to unionize, from where they are high to where they disappear." From "Trabajadores, gestión económica y crisis sindical," in F. Miguélez and C. Prieto, *Las relaciones*

reasons include the lack of selective incentives at the disposal of unions that would benefit members over non-members, especially in regards to collective bargaining and workplace representation.

Several factors help compensate for low union density. Workplace elections are the primary source of unions' legitimation. Elections for works councils (in firms with more than 50 workers) and staff delegates (in firms with less than 50 and more than 5 workers) involve large numbers of workers. Their results are aggregated to determine which unions are empowered to conduct collective bargaining at higher levels and to grant "most representative union" status, which carries public funding and institutional privileges for unions winning at least 10% of the vote (or 15% within a certain region). Together, UGT and CCOO obtained 74.4% of elected representatives in the 1999 elections.<sup>90</sup>

Next, Spanish unions have maintained a relatively high capacity to mobilize. The strike rate has been declining since the 1980s, but Spain still ranks at the top end of the EU strike league, including three large general strikes over the past decade. According to Labor Ministry data, a quarter of strikes were linked to collective bargaining in 1986-1995, 20% were caused by issues such as restructuring and redundancies, and 56% responded to broader issues. Strikes occur at similar levels in the service and industrial sectors. Thirdly, Spain has broad collective bargaining coverage, largely due to extension of agreements through the *erga omnes* principle,

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*laborales...*, op. cit., pp.259-261.

<sup>90</sup> CCOO data reported in *El País*, 14 December 1999. It is not unusual for candidates in small firms to run on CCOO and UGT tickets when unions enlist them even though they may not be union members and maintain only tenuous links to the union after their election.

plus a French-like tradition of state interventionism reflected in labor law and courts. Thus collective bargaining covered 8.7 million workers in 1998, 86% of all wage earners. On the other hand, compliance with collective agreements and state regulations varies considerably according to firm size and to regional and sector differences in union presence. As mentioned above, Spain's bargaining system remains highly fragmented and shallow in content. Only in recent years have collective agreements begun to move beyond wages and work time to wider issues.

### **3. THE POLITICAL ECONOMY: TRANSITION TO DEMOCRACY TO EMU**

Between the mid 1970s and the present, Spain has undergone two major transformations. One is the transition to democracy, the other is the opening and liberalization of the economy, linked to the country's entry into the European Community in January 1986. These two goals, i.e. democracy and Europe, perceived as closely connected, elicited a broad consensus in Spanish society and have conditioned the actions and strategies of the state, and of economic and social agents.

Democratization after Franco was the product of a series of transactions between reforming elites within the regime and opposition parties. The first democratic election was in 1977, with Suárez heading a minority center government. Spain was in the midst of economic crisis and also faced Basque terrorism and the risk of authoritarian involution. These difficulties nourished a politics of party compromise and social concertation to ensure smooth transition. Economically, this involved a gradual approach to adjustment out of fear that labor unrest might destabilize democracy. It also brought state restructuring to allow regional autonomy. This "politics of consensus" began with the "Moncloa" pacts, extended throughout 1978, during the

drafting of a new Constitution, to the Worker's Statute of 1979. The PCE, which had embraced eurocommunism, played a key role in this, going beyond its relatively low electoral strength, endowed by its ability to demobilize society through ties to CCOO.

The oil crises and the opening of the economy severely impacted Spain's industrial base which was largely concentrated in mature sectors facing overcapacity and NIC competition. An explosion of labor militancy during the late Franco years compounded external shocks to double unit labor costs in manufacturing from 1973 to 1977.<sup>91</sup> Political uncertainty added to these problems, discouraged investment and postponed adjustment policies. Over half a million manufacturing jobs were lost in 1976-1990, plus another 1.3 million jobs lost in agriculture.<sup>92</sup> GDP per capita was nearly 78% of the EU average in 1975; it dropped eight points by the mid 1980s and then recovered gradually to 76% of the EU average in 1996.<sup>93</sup>

The transfer of power to González's socialist party in 1982 marked the end of political transition. Close ties to labor and a comfortable majority allowed the socialist government to more decisively pursue the policy of macroeconomic stabilization and structural reforms initiated under Suárez (Bermeo & García-Durán, 1994). Union support for these policies broke down after 1985, however, in the face of persistently high unemployment and a steep growth of temporary jobs. Maastricht led to further conflict with unions, as the socialists imposed cuts in

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<sup>91</sup> Alvaro Espina, *Empleo, democracia y relaciones industriales en España*, (Madrid: Ministerio de Trabajo y Seguridad Social, 1990), p. 53.

<sup>92</sup> Carlos Alonso and Manuel Castells, *España fin de siglo*, (Madrid: Alianza Editorial, 1992), p. 295. Agriculture has been in decline since the 1960s.

<sup>93</sup> *The Economist*, "Spain Survey", 14 December 1996, p. 1. EU average excludes Eastern Germany.



social spending and more flexible labor rules. The tasks of qualifying for EMU fell to Aznar's conservative government whose narrow electoral margin forced it to seek some consensus from unions as well as from Basque and Catalan nationalists.

### 3.1 State Policies

After the first democratic elections, governments proceeded to stabilize the economy through devaluation, monetary restraint and reduction of the growth rate of nominal wages to contain inflation. The 1977 Moncloa pacts, signed by all parties in Parliament, changed the basis for calculating wage increases from past to expected inflation, and set a single increase band across the economy. This centralized wage policy was continued by unions and employers until 1987, with much success in curbing inflation. Neo-corporatist pacts brought a sharp fall in industrial conflict and wage restraint, first in nominal and then in real wages.<sup>94</sup>

Moncloa also contained the broad lines of economic policy and the structural reforms to follow: fiscal reform, welfare state expansion, financial liberalization, labor market flexibility, and industrial restructuring.<sup>95</sup> Suárez succeeded in controlling inflation and raising revenues by modernizing the tax system (with a new tax on wealth and a progressive reform of the income tax, which made filing standard practice for the first time). But unemployment rose to 16.6%, and by 1982 the public deficit had reached 5.5% of GDP.

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<sup>94</sup> Alvaro Espina, *Empleo, democracia y relaciones...*, op. cit., pp.244-283.

<sup>95</sup> Nancy Bermeo and J. García-Durán, "Spain: Dual Transition Implemented by Two Parties" in *Voting for Reform: Democracy, Political Liberalization, and Economic Adjustment*, eds., S. Haggard and S. Webb, (Oxford:Oxford University Press, 1994), p. 94. On economic policies and social pacts during the transition see also Víctor Pérez-Díaz, "Neo-corporatist Experiments in a New and Precariously Stable State", in *Political Stability and Neo-corporatism*, ed., Ilja Scholten, (London:Sage, 1987).

González's policies were tougher in preparation for EU membership. They included very high interest rates, financial liberalization, increased fiscal pressure, and curbs on deficit spending, including caps on public-sector wages and a restrictive pension reform in 1985. Although the PSOE's pre-electoral promise to create 800,000 jobs suggested a more expansionary position, the government soon abandoned its promise to concentrate on improving competitiveness.

The socialist government was also able to extract more concessions from labor. Social pacts in 1983-86 brought no real wage increases and launched temporary contracts in 1984. There was also an industrial restructuring program leading to the dismissal of more than one quarter of those employed in the steel, shipbuilding, and textile industries, and promoting streamlining and privatization in state enterprises.<sup>96</sup> On the other hand, social protection policies expanded considerably and universal entitlement was introduced. Basic pensions were added to supplement the contributory system and a national health system replaced previous corporative schemes. Schooling was made compulsory until age sixteen and vocational education expanded. Social spending grew from 9.9% of GDP in 1975 to 17.8% at the end of the 1980s.<sup>97</sup>

Unemployment climbed to 21.7% in 1985, and even though it declined during 1986-1990, its lowest point was only 16% in 1990. From 1985-93 the economy actually created jobs at a higher rate than the EU average, but this was outpaced by growth in the labor force, due primarily to the rapid incorporation of women.

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<sup>96</sup> Ibid, p. 110.

<sup>97</sup> José M<sup>a</sup> Maravall, "Politics and policy: economic reforms in Southern Europe" in *Economic Reforms in New Democracies*, eds., L.C.Bresser Pereira, J.M.Maravall and A. Przeworski, (Cambridge: Cambridge University Press, 1993), p.111..

Spain became a full member of the EU in 1986 and joined the ERM in 1989. Integration had two main effects: the balance of trade deteriorated, and there was a large inflow of foreign investment. The impact of financial assistance through EU structural funds was modest in contrast - net transfers from the EU amounted to 0.3% of GDP in 1990 and to around 1% since 1996.<sup>98</sup>

Imports grew faster than exports (at an annual average rate of 15.2% in real terms vs. 3.9% for exports between 1986 and 1990), and the share of the domestic market held by Spanish manufactures declined.<sup>99</sup> Since 1993, the trade deficit has been contained (from 5.9% of GDP in 1990 to 2.5 % in 1997) following devaluation and strong exports, while tourism has helped balance the current account.<sup>100</sup> There was a sharp increase in net capital inflows, which reached 4% of GDP in 1990. The lion's share went to direct investment in the financial sector and industry (mostly buyouts or expansion of existing firms), and came from EU countries. Foreign multinationals had come to control about 50% of industrial capacity by 1988, the practical totality of key sectors such as automobiles (including the first tier of suppliers) and chemicals.<sup>101</sup> Direct investment slowed down in the 1990s as Eastern Europe appeared as alternative location, but Spain remained a large net recipient of financial capital, amounting to 3.5 % of GDP in

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<sup>98</sup> The increase since 1996 reflects the implementation of the Delors II package and the cohesion fund (applying only to Greece, Ireland, Portugal, and Spain). *OECD Economic Surveys: Spain*, (Paris: OECD, 1998), p. 33.

<sup>99</sup> It went from 83.4% in 1985 to 74.1% in 1989. C. Alonso and M. Castells, *España Fin de Siglo*, op. cit., pp. 84, 102.

<sup>100</sup> *The Spanish Balance of Payments*, (Madrid: Banco de España, 1997), pp. 41-42.

<sup>101</sup> G. Allard and J. Bolorinos, "Spain to 2000: A Question of Convergence", *The Economist Intelligence Unit, Special Report M207*, (1992), p.33.

1996.<sup>102</sup> In 1997, this was partly offset by the growing expansion of Spanish firms abroad, mostly in Latin America.

Preparing for EMU brought another wave of adjustment policies, in the context of a recession in which unemployment rose to 22.7% in 1993. In 1991 Spain had fulfilled only one of the Maastricht criteria, that for public debt. Inflation had rebounded to 5.5%, interest rates were 12.4% and the budget deficit 4.4%. González's Convergence Plan focused on reducing the budget deficit and labor market reform. In 1994, changes in labor law removed restrictions on mobility, decentralized bargaining, expanded temporary contracting, and made dismissals easier. These changes were major steps in a protracted liberalization process, in which the state has responded to the unions' defense of job security safeguards by creating countervailing mechanisms in the form of individual lay offs and temporary contracts.<sup>103</sup>

Individual lay offs for objective, non-disciplinary reasons were introduced in 1977 and expanded in 1994 to cover groups of workers below certain thresholds, that vary with firm size. Termination occurs by agreement between worker and firm at the state mediation service, and carries a minimum severance pay of 20 days per year of seniority to a maximum of 12 months (the same as for collective lay offs). Employers prefer this approach, even if it tends to be more expensive, because it allows faster lay offs without the need for justification to the labor authority and consultation with the works council. In case of disagreement, the worker may

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<sup>102</sup> *OECD Economic Surveys: Spain* (Paris:OECD, 1998), pp. 33-34. Foreign direct investment was 844 billion pesetas in 1997, compared to 1,411 billion pesetas at its peak in 1990.

<sup>103</sup> M. Martínez-Lucio and P. Blyton, "Constructing the Post-Fordist State? The Politics of Labor Market Flexibility in Spain", *West European Politics*, vol 18, no. 2, (1995).

challenge the decision before the labor courts. If the court rules the dismissal unjustified, severance pay goes up to 45 days per year of seniority to a maximum of 42 months. This is a high rate (42 months after 20 years) in comparative terms, but lower than the rate in Italy and Sweden. The statutory minimum for justified dismissals (12 months after 20 years) is also lower than Italy's and in line with other Southern countries.<sup>104</sup> A comparison with Portugal, which has roughly the same degree of employment protection than Spain, and dramatically lower unemployment (6.8%), challenges the popular view that excessive employment protection is the main cause of Spanish high unemployment (Jimeno & Blanchard: 1995, 215).

Fixed-term contracts were launched in 1984, after timid steps in 1977 and 1981. They were aimed to maximize job creation and lower barriers to entry for youth. It was also expected that they would help resurface submerged labor. A menu of 14 contracts was offered, including subsidized youth contracts and a blanket "employment promotion contract" of three years maximum and 12 days per year of seniority severance pay. This was most widely used until the 1990s, when shorter contracts "for determined work or service" and "for eventualities in production" took its place. In 1994, a new flexible part-time contract and a youth "apprenticeship" contract with weak training provisions, below-minimum wage pay, and no unemployment or sick-pay benefits were added.

Training policy has expanded considerably since 1985, co-financed by EU structural funds. Spain's lagging vocational school system was overhauled in 1993 when a dual system alternating school and workplace training was introduced, but implementation has been slow.

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<sup>104</sup> Many countries do not have a statutory minimum for justified dismissals but set it through collective bargaining (e.g. Sweden, Germany, Holland, Finland). *OECD Economic Surveys: Spain*, (Paris:OECD, 1998), p. 68.

Job training courses were targeted to the unemployed, while a further training system for active workers was set up through concertation. There has been an effort to prioritize "active" policies over income maintenance programs. But direct subsidies to job creation and hiring account for a very high share of these policies, compared to other countries.<sup>105</sup>

### **3.2 Spanish Employers and the Attractions of the "Low Road"**

The Spanish Confederation of Employer Organizations (CEOE) was established in 1977, drawing on pre-existing organizations both within and parallel to the Franco-era vertical syndicates. Firm membership was 60% of total employment in 1977, rising to 95% by 1987.<sup>106</sup> CEOE serves both the functions of employer and trade association, somewhat overlapping with the Chambers of Commerce and Industry. It includes the Spanish Confederation of Small and Medium-sized Firms (CEPYME). No independent organizations exist, as in Italy, for smaller firms and the representativeness of provincial associations is often low. CEOE developed a loose pattern of organization with a high degree of autonomy for member organizations, and weak top-down mechanisms of coordination and control.

In 1979, CEOE adopted a strategy of social concertation, with UGT as privileged interlocutor. In fact, with the ABI pact, CEOE pitted the UGT, which was at the time a minority union, against CCOO, intensifying union rivalry. CEOE advocated a bilateral model of industrial relations, reducing state intervention, and undoing the rigidities inherited from the dictatorship,

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<sup>105</sup> Juan Ignacio Palacio, "La política de empleo" in *Las relaciones laborales en España*, op. cit., p. 326. The author cites OECD data for 1987.

<sup>106</sup> Rafael Pardo and Joaquín. Fernández-Castro, "Las organizaciones empresariales y la configuración del sistema de relaciones industriales de la España democrática, 1977-1990" in *Las relaciones laborales en España*, op. cit., p. 161.

especially in regards to dismissals. An interesting perspective on this issue is provided by Fina, Meixide, and Toharia, who argue that the labor market under Franco was more flexible than has usually been assumed, because of widespread seasonal work and ample possibilities for disciplinary dismissals in the absence of union freedoms. As both these sources of flexibility eroded in the late Franco years, the demand for "free dismissals" emerged not only from the economic imperative of adjustment, but also as a political drive by employers to restore their shopfloor authority.<sup>107</sup>

By the mid 1980s, CEOE had lost interest in macro concertation and showed an increasing preference for decentralized bargaining. Since then, the employers' confederation has continued to champion the liberalization of dismissals with demands for eliminating administrative controls and other proposals to bring their cost down.. It has also pushed for greater flexibility, reduced payroll taxes, and a differentiated legal framework for small firms. (Payroll taxes are above the OECD average and represent nearly 60% of the average wage).

These collective employer strategies must be set against the background of two distinct phases in firm-level restructuring patterns. The first phase covered the recession from 1978 to 1985 and was characterized by cost cutting through downsizing and subcontracting to small firms, plus an expanding submerged economy. The combined impact of the oil crises and the opening of the economy was hard on Spanish firms, which also faced a wage explosion in the late 1970s, and the advent of free unions and a modern taxation system. This explains the

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<sup>107</sup> Erosion took place through changes in jurisprudence and pressure from the rising union movement. Lluís Fina, A. Meixide and Luis Toharia, "Reregulating the Labor Market amid an Economic and Political Crisis", in *The State and the Labor Market*, ed., S. Rosenberg, (New York: Penum Press, 1990), pp. 118-120...

externalization of production to small nonunionized firms and the use of informal labor. Manufacturing jobs declined 19.5% in 1975-83. Downsizing large firms received public subsidies while most smaller firms went through unregulated or "wild" restructuring, which, in sectors such as footwear, included false bankruptcies and the conversion of firms into commercial agents for submerged workshops and home workers.<sup>108</sup> Productive decentralization is reflected in the growth of small undertakings. The number of small firms (under 50 workers) increased from 95.1% in 1978 to 97.6% in 1985; their share of employment rose from 38.4% to 48.5%. The trend continued in the late 1980s. Small firms (under 50 workers) accounted for 98.1% of firms and 52.2% of total employment in 1989.<sup>109</sup>

The second restructuring phase began with economic recovery in the late part of the 1980s. More offensive, it was characterized by an important investment in equipment and the introduction of new technologies, as well as by the use of fixed-term labor contracts.

These temporary contracts constitute the dominant restructuring strategy of small firms, where almost 50% of staff is temporary.<sup>110</sup> Loyalty is sought by recruitment through family and

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<sup>108</sup> See Lauren Benton, *Invisible factories: The informal sector and industrial development in Spain*, (Albany: SUNY Press, 1990). Another interesting study that shows the relation between legal and submerged production is Albert Recio, "The restructuring of the Catalan wool industry", *Labour and Society*, vol 14, no. 2 (1989).

<sup>109</sup> Juan. José Castillo, *Informatización, trabajo y empleo en las pequeñas empresas españolas*, (Madrid:Ministerio de Trabajo y Seguridad Social, 1991), p. 44.

<sup>110</sup> This analysis of small firms draws freely from Faustino Miguélez, "Cultura y tipología de la empresa y del empresariado. El caso de Cataluña" in *Ejes territoriales de desarrollo: España en la Europa de los noventa*, ed., J. Velarde, (Madrid: Colegio de Economistas, 1992), and F. Miguélez and P. López, "El trabajo en la pequeña empresa española", *Papers* (1989). Practices vary across firms, depending on their position in the production chain, e.g. higher segment firms tend to provide more stability for their skilled workers. See also J.J. Castillo, *ibidem*.



other "trust networks" ( a practice that is also prevalent among large firms, who hire relatives of their employees).<sup>111</sup> The insecurity of many workers in small firms and their proximity to the submerged economy has reinforced traditional paternalist and individualized employment relations.<sup>112</sup> Much flexibility exists in small firms, both external and in the deployment of labor through overtime, vacations, use of part-time work, and rotation between jobs, particularly among temporary workers. Sector agreements have little relevance and wages depend more on the competitive situation of the firm.

On the other hand, precarization has disrupted the traditional process of skill formation and promotion in many small firms; there is a loss of craftsmanship which formal training has not replaced and which may constrain the firms' capacity to move into higher quality and value-added market segments.<sup>113</sup> More recent studies confirm this problem. In the case of the Valencian shoe industry, for instance, there is a nucleus of leading firms that are upgrading production and commercialization but face skill shortages as a result of previous restructuring

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<sup>111</sup> Antonio Martín-Artiles also emphasizes how small firms, in particular, are able to mobilize cultural patterns (i.e., the ideology of family, friendship, neighborhood) as a source of flexibility, "La empresa-red: un modelo de división del trabajo entre empresas", *Papers*, no. 44 (1994).

<sup>112</sup> According to an interesting study by Juan Blanco and Amalia Otaegui, labor relations are framed for these workers by identification with the employer and the insecurity of the environment surrounding the firm. "It is precisely the conjunction of these two elements that provokes a relationship of cooperation, of pacts, in which the boundaries between work and personal life, between the contractual and the illegal, are blurred", "Informe de síntesis del estudio de trabajadores de pequeñas y medianas empresas" CCOO (1990), p. 8.

<sup>113</sup> "Loss of craftsmanship" was a central theme in the discourses of focus groups for both small-firm workers and employers in F. Esteve et al, *Sindicatos, Economía y Sociedad: Un futuro para el Sindicalismo Español*, (Madrid:Ministerio de Economía y Hacienda, 1993), pp. 277, 281.

strategies.<sup>114</sup> Another study of Madrid's Fuenlabrada district concludes that the discretionary management of labor by small firms has exacerbated the weaknesses, the deskilling of the local labor force.<sup>115</sup>

The restructuring strategies of large firms have a more hybrid and experimental character, particularly regarding organizational changes and the management of labor (Pérez-Díaz & Rodríguez, 1995).<sup>116</sup> Temporary work has been used more intensely by the service sector than by industry. Large industrial firms continued to shed labor during the economic recovery, "investing" in early retirement and voluntary redundancy schemes to reduce their aging workforce. They began to hire young workers by the end of the 1980s, usually under temporary contracts. Precarization was just one part of the process, however. The professionalization and technical progress in firms linked to the internationalization of the economy has resulted in strong growth in highly skilled jobs (Recio, 1991).

Large firms have pursued increased individualization of employment relations, which grows more intense as one goes higher in the company hierarchy. Individualization includes managerial staff, formally excluded from collective bargaining plus individual and small-group

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<sup>114</sup> Juan Antonio Tomás and José Luis Contreras, "Evolución económica y flexibilidad productiva: la industria valenciana del calzado", *Sociología del Trabajo*, no. 34 (1998), p. 104.

<sup>115</sup> M. Santos, J. Fernández, and A. Alas-Pumariño, "Discrecionalidad empresarial en la gestión de la fuerza de trabajo. Fuenlabrada entre el distrito y el detrimento," *Sociología del Trabajo*, no. 32 (Winter 1997/98), p. 96.

<sup>116</sup> These authors refer to large-firms' efforts to change work organization as "a mixture of experimental moves and conservative tactics", in "Inertial Choices: An Overview of Spanish Human Resources, Practices and Policies" in *Employment Relations in a Changing World Economy*, R. Locke, T. Kochan and M. Piore, eds, (Cambridge, Massachusetts: MIT Press, 1995), p. 181. See also Carlos Prieto, "Las prácticas empresariales de gestión de la mano de trabajo", in *Las relaciones laborales en España*, op. cit., p. 206.

negotiation over specific items (e.g. the work day, training, promotions and wage complements)

In contrast, firms have tended not to expand the prerogatives of works councils beyond legal minima and to give out information quite sparingly on issues such as technological innovation and new investments (Carrasquer, Coller & Miguélez, 1993).

Large firms tend to segment their workforce into a core of highly qualified and skilled employees, and a periphery of workers with less or no skills, in insecure jobs and managed in terms of "free market discipline" (Martín Artiles, Miguélez & Lope, 1998). This split is reflected in training, which is mainly aimed at the core employees. Temporary workers often serve as flexibility buffers, covering peaks in production and undesirable work shifts. Not all firms use temporary contracts in the same way, however. Where technology investment has been more intense, hiring young workers with higher educational credentials (e.g. FP2 for production workers) may lead to career paths characterized by mobility and polyvalence, continuous training, and the professionalization of promotion criteria (Homs, 1991).

The banking industry is a case of "human-resource management" (HRM) along these lines.<sup>117</sup> Temporary contracts have been used to recruit college graduates for entry-level positions, often under individual agreements that allow for flexible worktime and mobility outside the parameters of collective bargaining. Banks use temporary contracts as a screening mechanism, expanding the trial period to 2-3 years, after which about 50% become permanent. Training and mobility continue afterwards with wage incentives linked to individual performance and/or business targets. There is strong differentiation in HRM practices between

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<sup>117</sup> See Cecilia Castaño, *Tecnología, empleo y trabajo en España*, (Madrid: Alianza Editorial, 1994) and Carlos. Iglesias, "Los mercados de trabajo de la banca privada española", *INFOFEBA*, no. 7 (1996)

"new" and "old" staff, particularly in regards to those employees not promoted to commercial technicians and cadre categories. The use of temp agencies to perform data entry and other unskilled tasks is one more dimension of segmentation in the banking industry.

Large firms have also decentralized internally, giving product units more autonomy and externalizing production and services (e.g. cleaning, maintenance, security). Data on out- and sub-contracting from the Ministry of Economy showed a 15% increase in 1991. And 33.5% of large firms had introduced product or process innovations during 1991, 58.6% of them with union agreement. The introduction of new technology and equipment is followed by changes in work organization, chiefly by worktime flexibility (e.g. additional shifts, work on weekends, vacations and, more recently, annualization).

In the 1990s, multinationals, particularly those in the auto industry, have undertaken changes in work organization such as just-in-time (JIT), total quality management (TQM), quality circles and work groups. None of the automakers applies "lean production" as a whole, but they have introduced some of its components incrementally.<sup>118</sup> All automakers are adopting JIT techniques, with GM the most advanced. The new SEAT-VW plant in Martorell is also operating under JIT and has built, like GM, a suppliers' park in its proximity. Kan-ban has been introduced in most firms, together with the assumption of quality control functions by production workers. Autonomous work groups have operated in Renault since the mid 1980s; they also function in SEAT-Martorell and have been introduced at Ford and GM. Quality circles were adopted by almost all automakers in the 1980s and still operate in GM and Citroën, but had

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<sup>118</sup> C. Castaño, *ibid.* See also Andrés Gómez et al, *Cambio tecnológico y organización del trabajo en la industria del automóvil*, (Madrid: Federación Minerometalúrgica de CCOO), 1994.

a short life elsewhere. Changes in work have incorporated quality-control, small maintenance, machine programming and re-tooling functions, as well as greater job rotation. However, these new functions coexist in most firms with the old occupational classifications and Taylorist incentives systems.

Generally speaking, flexibility has been more quantitative and external, than qualitative and internal. Despite union directives, overtime continues to be widespread. Investment in training--as a proxy for the kind of flexibility pursued by firms--has been low. In 1990, training expenditure was 1% of the gross wage mass according to the Ministry of Economy large-firm bargaining survey. In contrast, redundancy payments equalled 1.84%.

Temporary contracts have given firms flexibility and lower labor costs. Earnings for temporary workers are about half those of permanent workers (OECD:1998, 24). But they also have perverse effects, besides the high social costs. Temporary contracts have caused very high turnover (the average duration is now less than 6 months), which has detrimental consequences for skill formation and worker commitment. This tends to reinforce a "low road" option over moving towards the "high road", where firms compete more on the basis of quality and flexible specialization. Moreover, there were indications in the early 1990s that the high prevalence of contingent work was beginning to have negative macroeconomic effects in the form of intensified employment loss during economic downturns, large unemployment insurance deficits (not to mention the long-term impact on social security), and an inhibiting effect on domestic consumption. It looked as if the Spanish economy was locking itself into a low-skill, low-employment equilibrium trap that might become less and less compatible with European levels of welfare protection.

## **4. UNION STRATEGIES**

Unions' political strategies remain primary in Spain, informing other areas. This was true in the early years when union behavior was conditioned by political transition and the establishment of a new institutional framework. It continued after the unions abandoned neo-corporatist concertation and sought to exert greater weight in the market arena. This primacy of politics reflects the weakness of collective bargaining and the importance of state regulation in Spanish industrial relations. At the same time, unions have taken advantage of a political context that provided opportunities for political exchange at the national, and increasingly, the regional level.

There have been three distinct phases in the political strategies of UGT and CCOO. The first phase (1977-86) comprised the emergence and gradual unravelling of neo-corporatist concertation. The second phase (1988-1994) began with the general strike of December 14 1988, when unions took a stand against the socialist government's economic and labor market policy. The thrust of this period was a policy of confrontation with the government and the absence of a centralized wage policy. Unions reached, however, some partial accords with the state and employers. This dynamics of pacts has intensified during the third phase (1994-2003) which marks a revival of concertation.

### **4.1 The Rise and Fall of Macro Concertation**

Neo-corporatist pacts were part of the broader political agreements of the democratic transition. Their cornerstone was a wage-moderation policy that brought down inflation and industrial conflict at a time of high political uncertainty. The Moncloa pacts were signed by the main political parties and endorsed by unions in 1977. They embodied Suárez's effort to build

consensus over a program of economic stabilization and structural reforms that was further carried by González after 1982. The desired consensus involved policy compromises and compensations for labor restraint, including progressive tax reform, expansion of welfare spending, and a labor market policy that preserved most restrictions on dismissals. Preserving democracy was a prime cause of union participation, one that surfaced again in the National Employment Agreement (ANE), which followed shortly a coup attempt in 1981. The Moncloa pacts changed the basis for calculating wage increases from past to expected inflation and set a single economy-wide increase band. The same wage formula was followed by later pacts.

Concertation stumbled in 1979, partly because the unions believed that the state was not living up to promises. Electoral politics was also highly significant. CCOO was pushing for a broad three-year pact to include political parties, implying extension of "consensus politics" and a continued key role for the PCE. The UGT, supporting PSOE prospects in a new election, favored a narrower tripartite pact. The government issued a wage norm by decree and industrial conflict soared when the unions sought to break it. At this moment the employers' CEOE made its strategic move, cutting a deal with UGT on the basic contours of the new framework for industrial relations to be developed by the 1980 Worker Statute (WS).

UGT and CEOE signed the Interconfederal Basic Agreement (ABI) and the Interconfederal Frame Agreement (AMI), setting a wage norm for 1980-81. These accords introduced the concept of "representative" and "most representative" unions, and established minimum representation requirements for bargaining legitimation, stressing the need to rationalize the collective bargaining structure toward greater concentration and articulation.

They also introduced union sections, using UGT's preferred form of workplace representation, which the statute superimposed to the existing works councils, favored by CCOO.

UGT embraced concertation as a strategy for building up union organizational power through the adoption of a supportive legal framework and the extension of centralized bargaining. It took the position that economic crisis and growing unemployment required wage restraint and cooperation in firm restructuring. (Zufiaur, 1985).<sup>119</sup> By signing the ABI-AMI, UGT also gained political recognition from employers, who promoted it as a moderate alternative to CCOO. Through this, UGT sought to appeal to less militant workers and become the hegemonic force in the labor movement, following the social-democratic pattern.

Concertation was thus part of fierce competition among unions, as UGT and CCOO strived to fill essentially the same occupational space in the aftermath of legalization. Paradoxically, CCOO's strength in the labor movement under Franco made it more difficult for it to adapt to the new situation (Roca, 1991). Organizationally, it clung to the model of union as social movement once the conditions that had sustained it (i.e., clandestinity and the popular struggle for democracy) ceased to exist. CCOO's active support of Moncloa provoked strong internal dissent and the emergence of a large antipact minority, and this, together with the PCE's push for restraint, compromised CCOO's ability to develop coherent strategy.

At the same time, tradeunionists encountered a more moderate mood among workers facing economic crisis and widespread strike failure. This helped persuade activists and leaders to support peak-level pacts even after they had lost enthusiasm for the strategy. CCOO's failure

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<sup>119</sup> For interviews of both UGT and CCOO leaders covering this period see Salvador Aguilar and Carlos Zeller, *Els líders, la cultura sindical del nucli dirigent de les organitzacions* (Barcelona: Jaume Bofill Foundation, 1991).



to "break the AMI in the factories" and its self-exclusion from many bargaining units in 1980 created new reasons to join the pacts (Fishman, 1990: 243). CCOO signed the next two-- the ANE, in the aftermath of the 1981 coup attempt, and the Interconfederal Agreement (AI), the first under a socialist administration.

Another important item on the pacts' agenda were worksharing policies: worktime reduction, early retirement, curbs on moonlighting and overtime.<sup>120</sup> These measures, to be carried through collective bargaining and/or state action --the Socialist government legislated the 40 hour week in 1983-- were unevenly implemented (e.g., overtime controls), and brought disappointing results in fighting unemployment.

Concertation began unravelling with the last pact, the Economic and Social Agreement (AES) of 1985-86. CCOO refused to sign because it launched temporary contracts and contained an ambiguous statement on adapting labor law to EU norms. Employers, who insisted that this clause promise to eliminate the administrative authorization required for collective lay offs, soon distanced themselves from the accord. Finally, UGT felt shortchanged by the Socialist government's failure to expand unemployment coverage as agreed, and by the enactment in 1985 of a social security reform that imposed cuts in pensions. Nicolás Redondo, UGT General Secretary, voted against the law in Congress before resigning his seat in 1987. There were joint union demonstrations against the pension law, but UGT did not support CCOO's call for a general strike, which had a limited impact.

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<sup>120</sup> For more details in the pacts' content see R. Hawkesworth and L. Fina, "Trade Unions and Industrial Relations in Spain: The Response to the Economic Crisis" in *Trade Unions and the Economic Crisis of the 1980s*, eds., W. Brierley, (Aldershot, England: Gower Publishing Company, 1987).

These conflicts reflected the changing calculations of actors.<sup>121</sup> Political stability and a recovering economy made the government less interested in pay-offs for union consensus that would add to the budget deficit. Wage restraint also became less critical for employers, who pushed instead for further deregulation and flexibility. The unions found themselves in a weak position, with very low membership, dependent on state funding and, although present in large and medium-sized firms, with low contractual power (Jordana, 1990). As the costs of exercising restraint in terms of an internal crisis of representation, began to outweigh the benefits, they came to reassess the value of concertation. This was especially true for UGT, who alone bore the cost of legitimizing the industrial reconversion program. In the 1986 works-council elections UGT lost indeed to CCOO in large public-sector firms. The breakup of centralized wage negotiations in 1987, when UGT demanded a higher wage increment reflecting productivity increases, must be understood as an attempt to dispel the image of caving in too much to employer and government demands.

#### **4.2 The 1988 General Strike And The Priority Union Proposal**

The dramatic divorce between the socialist government and UGT in the late 1980s marked a major shift in union political strategies.<sup>122</sup> In essence, UGT did not expect PSOE to continue the same restrictive macroeconomic policies once the economy recovered (GDP grew above 4% in 1986-90). Moreover, the use of temporary contracts became alarming. Atypical

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<sup>121</sup> The following analysis draws freely from E. Esteve et al, *Sindicatos, Economía y Sociedad...*, op. cit. pp. 189-192.

<sup>122</sup> An excellent piece on this issue is R. Gillespie, "The Break-up of the Socialist Family: Party-Union Relations in Spain, 1982-1989", *West European Politics*, vol. 13, no. 1 (1990). For the PSOE's perspective see L. Paramio, "El socialismo y los sindicatos: ¿hacia el divorcio?", *Sistema*, no. 82 (1988).

work rose to 20% of the labor force by 1989, more than double the EU average. Given high unemployment (19%) and the concentration of union membership in declining industries, the rapid expansion of precarious work constituted a time bomb for the unions, threatening their organizational future. As the other actors placed less value on social pacts, the unions resorted to mobilization to alter the balance of forces (Aguilar & Roca, 1991).

With the 1988 general strike, UGT and CCOO redefined their strategy. The first new axis was "unity of action" along with its prerequisite: autonomy from political parties. The second was a "recourse to politics." Unions appealed to constituencies beyond their membership base (e.g. pensioners and temporary workers) with universal demands for welfare protection and employment stability. In their campaign for a "social turn" they denounced the high unemployment and precariousness that coexisted with economic recovery in the 1980s, while pointing to other indicators of inequality such as the rising tax burden on wages in contrast to extensive fraud in other incomes, and the fact that Spain was next to the bottom of EC welfare spending, followed only by Portugal.

The third axis was the abandonment of macroconcertation. The unions shifted their attention from the peak level to the shop floor and sought to expand collective bargaining to issues of employment, training, and work organization. This was consistent with the decentralization of bargaining from the confederation to the industry level and with organizational steps to boost the sectoral federations.

These principles were further developed into the Priority Union Proposal (PSP), a joint platform to guide negotiations in the aftermath of the strike which set the union agenda for the 1990s. The PSP articulated a package of demands around four themes: employment, social

## Priority Union Proposal, 1989

<i>employment</i>	union/workscouncil review of hiring contracts, monitored by unions and Labor Inspectorate at provincial level; simplify legal contract types, restoring causal link between fixed-term contracts and temporary nature of work; include controls in training contracts and link them to stable job prospects; expansion of state-funded training, including a "shock plan" for youth and women; establishment of a single professional certification system; social partner participation in planning and management of training; worktime reduction towards 35 hour week; control of overtime, restore previous hourly/monthly limits
<i>social protection</i>	extension of unemployment coverage for long-term unemployed and rural workers; introduction of assistential pensions and a guaranteed minimum social wage; defense of free universal healthcare, extend primary attention centers to cover total population, integrate mental health, family planning, dental and addiction treatment programs; multi-year investment plan for public/subsidized housing, reverse liberalization of housing rental market; increase family allowance to EC average
<i>income redistribution</i>	annual negotiation of minimum wage with unions, indexation of minimum wage and of incomes derived from the state budget; fiscal reform to increase progresiveness, measures to eliminate tax fraud; introduction via concertation of mandatory "wage-earners funds" to channel profits above a certain threshold into employment creation
<i>participation rights</i>	collective bargaining rights for public employees; review company law to separate management from control and supervision functions and guarantee equal worker participation rights in the latter; expand information rights to include mergers, acquisitions, segregati ons, etc. and negotiation rights prior to the introduction of new technologies; develop through collective bargaining existing rights in regards to work organization, functional and geographical mobility, and industrial plans; greater powers for health and safety committees, introduction of territorial health and safety delegates for small firms; consultation over decisions with environmental impact, in particular emission controls; right to change of job during pregnancy, extension of maternity leave to fathers; negotiation of minimum services during strikes and of conflict resolution mechanisms with employer association; earmark training tax for further training/re-training, with social partner participation

protection, income redistribution, and participatory rights. A fifth theme, industrial policy, was added later. Employment demands included worktime reduction toward the 35 hour week, union monitoring of hiring contracts, and a tightening of temporary contracts to restore the causal link between fixed-term contracts and the temporary nature of the job. Expanded training, including

continuous training/re-training with social partner participation in the planning and management of training programs was also high on the list.

The strike was a big success, paralyzing the country. This was all the more impressive since it came after an adverse media campaign, with government accusations that the unions were only defending the interests of permanent employees at the expense of youth and the unemployed; and were, therefore, a special interest. The following quote from Ludolfo Paramio, a prominent socialist intellectual, illustrates the level of confrontation:

"Maybe Lenin was, paradoxically, right. Maybe unions were incapable of assuming the historical interests of workers as a whole and, therefore, the representation of those interests corresponded to political parties. A socialist party should then let unions fall, without remorse, to the same realm of particularism where professional associations and philatelic societies are already located, and to assume as proper of the political sphere the task of creating a national-popular will that is able to agglutinate a majority of workers, without institutional corporative mediation."<sup>123</sup>

The government shelved the youth scheme that triggered the strike (a three-year plan to subsidize 800,000 temporary jobs for school leavers), and adjusted pensions and public sector wages to compensate for the 1988 inflation forecast error, as demanded by strikers. Finally, unions and government reached agreements in 1990 on unemployment benefits, pensions (indexing and making the minimum family pension equal to the minimum wage), bargaining rights of public employees, and education reform.<sup>124</sup> The agreements included a law requiring that a "basic copy" of all new labor contracts be signed by the works council and created tripartite provincial commissions for contract monitoring and fraud control. Negotiations with

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<sup>123</sup> L.Paramio, "El socialismo y los sindicatos..." op. cit. pp. 34-35.

<sup>124</sup> A. Espina, *Empleo, democracia y relaciones industriales...* op. cit., pp. 279-283

regional governments yielded additional results in housing and training, as well as the introduction of a "minimum social income."

On balance, the unions managed to regain some "voice" in the political arena in the 1990s, becoming recurrent interlocutors on issues of welfare and pensions, education, training, and regional development. To some extent they were able to aggregate the demands of permanent employees and those sectors of the population with the lowest incomes, reinforcing their own collective identity and legitimacy as class-wide representatives. The organizational decline of the 1980s was reversed, and membership began to grow beyond their traditional blue-collar core, especially in the public sector. Unions made also strides in advancing PSP demands through state policy and collective bargaining.

Labor failed, however, to attain its more ambitious objectives of altering macroeconomic policy and ending precarization. The 1990 law on union monitoring of labor contracts proved totally ineffective. Labelling it a "Sovietization" of industrial relations, CEOE challenged its constitutionality and waged a tug-of-war with the unions over the content of the "basic copy" to be reviewed. Union data for 1992 shows a majority of contracts lacked works councils signatures, due to an alleged absence of elected worker representatives in the firm.<sup>125</sup> Monetary restraints were tightened after the strike and although the government proposed to return to a wages policy as part of a competitiveness pact in 1991, the unions declined.

Maastricht intensified conflict with the state. González's convergence plan led to two more general strikes. The first, in May 1992, protested drastic cuts in unemployment coverage

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<sup>125</sup> "Informe nº 2 sobre funcionamiento de las comisiones de seguimiento de la contratación", CCOO (1993)

triggered by the soaring number of claims by temporary workers laid off during the recession. The second general strike took place in January 1994, against labor law reform. It followed an attempt in 1993 to negotiate a pact to reduce the deficit, increase flexibility, and set a three-year wage policy. CEOE refused to discuss the deficit at the concertation table. Instead, it relied on Catalan nationalists to extract a tax break for business in parliament, which also imposed a freeze on public-sector wages and other cuts opposed by labor. CCOO and UGT then tried to tie wage restraint to a compromise on the labor market that failed to materialize.

#### **4.3 Labor Law Reform and the 1997 Accord on Employment Stability**

The 1994 labor law reform removed restrictions on mobility, decentralized bargaining, and expanded temporary contracting. It made dismissals easier, although it did not eliminate the administrative procedure for collective lay offs as demanded by employers. Dismissals were made easier by broadening causes to include economic, productive, technological, and organizational reasons; establishing thresholds below which all dismissals are treated as individual. Thus, for instance, small firms (under 100 workers) could now lay off up to 9 employees without consulting with the works council and obtaining state authorization. Dismissal costs were also reduced by eliminating in-process wages.

Temp agencies were legalized and temporary contracts were expanded with a new flexible part-time contract (with reduced social protection under 12 hours/week) and an apprenticeship contract for youth under 25. Unions labelled this the "junk contract" because of its weak training provisions and pay below the minimum wage.

A major thrust of the reform was to make the regulation of work conditions more flexible by reducing the role of the law and state labor authorities in favor of collective bargaining. Some 28 matters, such as the length of the workday or the trial period, for which the Workers Statute previously mandated legal minimums, could now be bargained down by collective agreements.. Prior authorization for geographical transfers and other "substantive modifications of work conditions" was eliminated. These decisions could now be undertaken unilaterally by the employer, after consulting the works council if they were collective, and could only be challenged *a posteriori* through judicial review. Additionally, the repeal of all remaining labor ordinances, which dictated professional classifications and functional mobility, was scheduled for the end of 1995 (later extended), giving the social partners a deadline for negotiating substitute sector agreements.

The 1994 general strike and its failure to stop labor market reform initiated a period of internal turmoil for unions. Although strike participation reached similar levels to 1988, the social climate was not the same. UGT's image was also tainted by the fracas of its housing cooperative. This led to congresses marked by division. The UGT conflict was largely a struggle over a successor to Nicolás Redondo. But in CCOO, there was an emotional debate over union strategy that pitted the current leadership against a critical faction headed by Agustín Moreno and historical leader Marcelino Camacho, who had stepped down as secretary general in 1988 but still held the honorific post of union president. The critics, who obtained 1/3 of the vote, denounced the union's decision to "turn the page" after the reform and focus on its implementation through collective bargaining while resuming partial agreements with the government and CEOE, rather than force a political crisis through continued mobilization.



They also questioned the unions' position on EMU and pension reform, while proposing to fight for the legal enactment of the 35 hour week by the year 2000.

The union congresses resulted in fortified "unity of action," a choice for negotiation over confrontation, and thorough generational change, with the retirement of almost all the key leaders from the democratic transition period.

Since the mid 1990s, there has been a growing dynamics of pacts. Negotiations have followed two tracks: one with employers and the other with the government, rather than the global pact approach of the 1980s. The new "social pacts" in Spain also lack the explicit linkages between welfare reform, tax policy, and wages typical of pacts elsewhere in Europe (Pérez, 2000).

In 1996, an accord on pension reform was reached between unions and government, largely based on a previous interparty consensus (the Toledo Pact). The reform included gradual measures to improve the financial situation of the system and to make it more equitable. The most important items were: widening the pension base from the last 8 years of contribution to the last 15 and stretching contribution periods; unifying contribution ceilings to the level of the highest one as well as contributions by farmers and the self-employed; separating funding for basic pensions from the contributory system while creating a reserve fund; and setting some curbs on fraud and disability pensions. Equity measures incorporated into law the indexing of pensions to inflation, eased eligibility for old-age pensions and early retirement, raised the minimum pension for young widows, and broadened the age conditions for orphan pensions.<sup>126</sup> However, the employers' CEOE did not sign the pension pact, because its demand for lower

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<sup>126</sup> *OECD Economic Surveys: Spain*, (Paris, OECD: 1998), p. 70.

payroll taxes was not met. There have also been accords with the government on other issues, such as the rural dole for the South and part-time work (also with CEOE opposition).

In 1997, the Interconfederal Accord for Employment Stability was signed with CEOE. The accord reduced the legal cost of dismissal for new hires, in response to the employers' claim that these costs were keeping them from hiring workers on a permanent basis. It introduced a new permanent contract for new hires, which carried lower severance pay for unjustified dismissal (33 days per year of seniority with a maximum 24 months, instead of 45 days per year with a 42 month maximum). The accord also tried to clarify when employers are justified in laying off workers, in light of complaints that the labor courts still adhered to an overly restrictive interpretation of economic causes.<sup>127</sup>

Additionally, the accord sought to shift financial incentives and tighten the use of temporary contracts. The government therefore granted a two-year payroll tax cut for the new permanent contracts of 40-60%, depending on the target group (e.g., youth, over 45, long-term unemployed, temporary workers)<sup>128</sup>. All existing subsidies for temporary contracts were revoked (except for the disabled). The "junk" apprenticeship contract was upgraded into a training contract, the maximum length of contracts "for eventualities of production" was reduced, and social protection was restored to all part-time contracts.

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<sup>127</sup> The legal minimum for justified dismissals was kept the same (20 days per year of seniority with a 12 month maximum). The employers had also argued that uncertainty about the final cost of dismissal, which could rise steeply with an adverse judicial ruling, led employers to settle for higher payments in order to avoid litigation.

<sup>128</sup> These incentives were renewed in 1999, with the exception of the conversion of temporary contracts.

The 1997 accord was to last for four years. In 2001, negotiations to renew it failed, with the government siding with employers and then proceeding to implement changes by decree. These changes included widening the target groups for the new permanent contract and making part-time contracts much more flexible. As a token to the unions, which wanted new restrictions and increased payroll taxes for temporary contracts, a small severance pay (8 days/year) was included. The government furthermore proposed a reform of the collective bargaining system, that would eliminate the "ultra-activity" of agreements and increase the role of company-level bargaining. It only agreed to shelve the proposal when unions and employers came up with a national wage agreement for 2002.

The conservatives tried once more their hand at unilateral reform in 2002. The *decretazo* abolished the payment of in-process wages pending litigation over an unjustified dismissal, required the unemployed to accept any job offer independently of his/her qualifications, phased out the rural unemployment subsidy for the South, and curtailed access to unemployment benefits through different means. UGT and CCOO called for a general strike and, in the aftermath, the government reversed all measures.

Relations with employers have been a bit better. As Sofia Pérez has argued, an informal incomes policy process has been in place in Spain since the mid 1990s, when unions decided to drop the aggressive wage demands of the 1989-92 period and focused on increasing employment.<sup>129</sup> This turned into explicit central agreements for 2002 and 2003. The latest

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<sup>129</sup> Sofia A. Pérez, "Social Pacts in Spain," in Giuseppe Fajertag Philippe Pochet, *Social Pacts in Europe*, (Brussels: European Trade Union Institute and Observatoire Social Européen, 2000), p. p. 357-359.

agreement stipulates wage increases moderately above the inflation forecast of 2%, dividing productivity increases between pay and employment.

#### **4.4 Bargaining Strategies**

Union bargaining strategies passed through phases of centralized vs decentralized approaches. Basic objectives have remained the same, however. The first has been to concentrate and rationalize the highly fragmented bargaining structure inherited from Franco through establishing national sector agreements and articulation between bargaining at different levels. The second is to enrich the content of bargaining beyond its almost exclusive focus on wages. Progress in meeting these goals has been slow..

In 1998, 31.1% of workers were covered by national sector agreements; 53.1% by provincial sector agreements; and 9.7% by company agreements. The remaining 6.7% corresponds mostly to regional agreements. Company agreements are confined to large firms, while the majority of small and medium-sized firms are governed by provincial agreements, which often follow narrow branch demarcations carried over from the Franco years. Participation by affected workers and employers in bargaining at this level is often limited and enforcement is uneven, given regional differences in union organization and the lack of union activity in small workplaces.<sup>130</sup>

With some exceptions, sector agreements have regulated, until recently, a narrow set of issues. Matters such as work organization, professional categories, promotions, pay structures and disciplinary measures were covered by labor ordinances, branch-specific legislation

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<sup>130</sup> "The 'poverty' of collective bargaining", *European Industrial Relations Review* 216 (1992)

inherited from Franco that national sector agreements were supposed to replace according to the Worker Statute. Even at company level, where there is a richer bargaining experience, content is often limited.

This fragmented bargaining structure persisted beneath the centralization of wage bargaining undertaken during macroconcertation. After its breakdown in 1987, the unions walked away from a centralized wage policy, allowing the sectoral federations greater autonomy. Since then, some mechanisms of wage coordination have continued to operate. Every year, the government announces an inflation forecast and recommends wage increases compatible with that target to the social partners. CEOE and the union head offices then issue guidelines for their members. But the industry-level actors which bargain first do not do so after a lengthy process of mediation internal to the employers and union associations, and thus do not set a pattern for others (Regini, 1995:134)..

Union pluralism has been, in my view, a major obstacle to bargaining reorganization. Neo-corporatist concertation coexisted with intense competition between UGT and CCOO, who sought at times to undercut each other at lower levels. CCOO tried to thwart peak-level agreements signed by UGT through company-level bargaining, while UGT countered CCOO's more militant stand by entering limited-applicability agreements with employers which were binding only to union members and had an ambiguous legal status.

These tactics divided workers at the workplace, enhanced the autonomy of works councils from unions, and consolidated a fragmented bargaining structure. Following Moncloa a few new national sector agreements were introduced, but the trend soon halted. Metalworking provides perhaps the best example of how such tactics compromised long-term bargaining

objectives. In 1987, UGT signed a limited-applicability agreement with CONFEMETAL after the metal branches of both unions had been in open conflict over the implementation of the state reconversion program for mature industries. The agreement, which replaced the 1970 metal labor ordinance, was challenged at the courts by CCOO and contested by several provincial employers associations. The incident is now regarded by tradeunionists in both organizations as a missed opportunity to develop a national contract.

After 1988, "unity of action" superseded competition and has promoted convergence on the bargaining models upheld by both unions. UGT traditionally advocated centralized bargaining, whereas CCOO wanted national sector agreements to set bargaining floors to be improved at lower levels. Now both unions leave sectoral federations at liberty to set up the particular mode of articulation best suited to conditions in their industry. In a departure from past views, CCOO assigns responsibility for bargaining to union sections in firms, as opposed to works councils, stressing the need for company and provincial bargaining to be articulated to national sector agreements.<sup>131</sup>

Bargaining reorganization has gained momentum since 1994, with labor law reform and the scheduled repeal of the remaining 126 labor ordinances--estimated to apply to 1/4-1/3 of firms, especially small and medium-sized firms (OECD:1992). A framework agreement for their replacement by national sector agreements was signed in October 1994 by CEOE, UGT, and CCOO. But this has been difficult due to the lack of encompassing employers' associations in many sub-sectors and to pressure from provincial agents to retain their bargaining role.

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<sup>131</sup> VI Congreso Confederal CCOO, Documentos Aprobados, (Madrid:1996), pp. 107, 109.

The national agreement in chemicals in 1988 was the first to replace old occupational categories by five broad professional groups. Negotiations in the construction industry led to a national agreement for the construction sector in 1992. This was a major success for the unions, which took advantage of the "crunch" provided by the Olympics and World-Expo events scheduled for that year. In addition to restructuring bargaining and replacing the ordinance, the agreement introduced innovative sector-wide mechanisms for the joint management of training and health and safety. However--and this illustrates the "stickiness" of the old occupational categories--the design of a new classification system was left to further negotiations.

A framework agreement on professional classification was reached in metal in 1996, but it did not replace other aspects of the ordinance nor the sector's fragmented bargaining structure.

The national banking contract also replaced the ordinance in 1996. Given the banks' sharp differentiation between "old" and "new" (college graduate) employees, the union made an effort to focus on training and promotion rights for all workers, including an education campaign to induce women and middle-aged workers to view training as a right. The majority CCOO banking union has particularly strived to identify and incorporate the diverse interests of women and technicians in the sector. In an innovative move, it successfully brought an anti-discrimination lawsuit against the Catalan savings bank in 1998, based on the disproportionate low share of women promoted to management positions.

Other recent negotiations of professional classification systems include textiles and state employees. The 1998 accord on a new civil service statute reformed the job classification, grading, and promotion system; introduced mobility mechanisms, and opened the door to

performance incentives. It also strengthened bargaining rights of public employees and introduced arbitration.

Labor law reform opened a window of opportunity for enriching bargaining content . Since the late 1980s, firm restructuring has brought issues of worktime flexibility, training, and functional mobility to the fore. Research on several sectors in Catalonia found firm-level accords on these issues to be common, but narrow in scope (e.g. work shifts, vacations). Moreover, the dominant strategy among employers has been to restrict works councils to their traditional bargaining competencies while channelling the new issues through individual or small-group negotiations (Carrasquer, Coller & Miguélez, 1993). Some practices, such as staffing new shifts with temporary workers, or allowing functional mobility on a voluntary basis, have reinforced the gap between protected and precarious labor within firms.

The unions realized that they had to dispute this creeping individualization of employment relations. After 1988, UGT and CCOO drew unitary bargaining platforms with new bargaining priorities: employment and the control of temporary contracts, training, work organization, information rights, and health and safety. They sought to integrate a broader spectrum of demands to reflect the increasing diversity of interests among different groups of workers, emphasizing bargaining as an instrument against discrimination.

Labor Ministry data shows a rise in non-wage bargaining clauses since 1994. In 1998, employment clauses were present in collective agreements covering 76% of workers; worktime flexibility clauses in 55.4%; overtime clauses in 62.3%; training clauses in 54.8%; health and safety clauses in 55.1%; grading and promotion clauses in 46.8%; union activity clauses in 70.1%; etc.



Most significant, from the unions' strategic vantage, is the increase in employment clauses. These are some of the specific types of clauses that promote work sharing and employment stability: job creation through partial retirement (21%); early retirement (39.3%); comptime for overtime (25.6%); conversion of temporary into permanent contracts (19.6%), and severance pay for temporary workers (21.1%). There are also clauses that regulate the use of temporary contracts: training contracts (18.5%); work or service contracts (15%), contracts for eventualities in production (32.6%); part-time contracts (13.7%); temp agencies (14.2%), etc.<sup>132</sup>

New hirings and the conversion of temporary contracts have been increasingly tied in company-level bargaining to concessions on entry-level pay, early retirement, seniority, and work time flexibility. Seniority pay has emerged as an issue that unions are willing to trade off, reasoning that it is a disincentive for firms to keep workers.<sup>133</sup> Another issue is worktime flexibility, as more collective agreements include flexibility provisions to be negotiated at the plant level. The national agreements for chemicals and textiles were among the first sector agreements to introduce time banking (100 and 130 hours/year, respectively) in 1995. Flexible worktime deals have also been prominent in the automobile industry. Bargaining clauses that allow for irregular distribution of worktime throughout the year were present in agreements covering 25.3% of workers in 1998.

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<sup>132</sup> Source: Anuario de Estadísticas Laborales, (Madrid:Ministerio de Trabajo y Asuntos Sociales, 1999). A more in depth discussion of these clauses is provided in Chapter 5.

<sup>133</sup> A case in point is the 1996 metal agreement for Barcelona, which suppressed seniority pay after 1999 (i.e. it will be frozen for current recipients and none will be given to new hires)

The contours of a trade-off between external and internal flexibility seem to be emerging wherein unions accept greater flexibility in the deployment of labor within the firm in exchange for greater employment stability for a majority of workers. The 1997 Interconfederal Accord for Employment Stability (see above) represents a major step in this direction..

There has been a string of peak-level accords with CEOE in the 1990s. The National Accord on Further Training was signed in 1992. This pact, and a parallel agreement with the government, created a national employee training system run jointly by the social partners, known as FORCEM (in 2001, this was changed to include state participation). The system is funded through payroll taxes and EU funds,<sup>134</sup> and it is run on an industry basis. Central parity committees (e.g. the metalworkers' unions and employers' association) draw general criteria and priorities for their industry, and approve training plan proposals. Training plans fall primarily under two categories: company plans, which require works council assent; and group plans for firms under 200 workers (100 since 1997), which are promoted by unions and employer organizations. The system also subsidizes individual training leave and apprenticeship training, but demand for these programs is low. In 1997, a total of 1.3 million workers received training through FORCEM.

Two other recent peak-level accords have sought to strengthen collective bargaining institutions. The 1996 Accord for the Extra-Judicial Solution of Conflicts established mechanisms for mandatory mediation and voluntary arbitration of collective conflicts, including

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<sup>134</sup> Half the 0.7% training payroll tax is assigned to FORCEM. This quota was raised incrementally from an initial 0.1% in 1993 to 0.35% since 1997. FORCEM also receives funds under Objectives 1 and 4 of the European Social Fund. Objective 1 is the fund for less developed regions, and Objective 4 is aimed at the adaptation of workers to changes in production and applies to all EU regions.

conflicts over lay offs, mobility and other substantial modifications of work conditions, the negotiation of minimum services prior to strikes, or when an impasse is reached in contract negotiations. This pact built on the successful track record of similar regional institutions introduced in the Basque country, Catalonia, and other regions in the early 1990s.

The 1997 Interconfederal Accords on Collective Bargaining and Coverage Gaps sought to articulate a more flexible and integrated bargaining system. The signatories (CEOE, UGT and CCOO) called for a new bargaining architecture based on national sector agreements and clear rules of articulation between bargaining at different levels, while leaving member associations at liberty to redraw sector boundaries and to decide on the bargaining structure to apply to their industry.

The accord set some general guidelines on an optimal division of responsibilities between bargaining levels.<sup>135</sup> In particular, national-sector agreements should regulate wage structure but may leave wage settlements for provincial and company-level bargaining. National-sector agreements should set the maximum overtime and its distribution, remitting to lower levels issues such as the possibility of irregular distribution, vacations, etc. Other subjects to be

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<sup>135</sup> This accord must be understood in the context of the 1994 labor law reform, which introduced a strong decentralization bias via two mechanisms. First, through company-level pacts that can "opt out" of sector wage settlements when they affect the stability of the firm (although sector agreements may regulate the conditions and process by which this is done). They can also modify working conditions for economic, technical, organizational and production reasons. Second, through a new concurrence rule (Art. 84 WS) that allows territorial and sector or subsector agreements to break the discipline of higher-level agreements outside certain protected subjects. This controversial rule was a political concession to Basque nationalists, but ended up adopting a very broad decentralizing formula that allows the successive segregation of bargaining units along both territorial and functional lines (Valdés Dal-Ré, 1994). Both the CEOE and CCOO-UGT criticized it for creating the risk of uncontrolled fragmentation.

covered preferably by national-sector agreements include the regulation of temporary contracts; professional classification and the setting of procedures to adapt grading systems at the company level; and expanded information rights for works councils (e.g., prior to the introduction of new technologies, mergers, subcontracting, etc.) The Accord on Coverage Gaps was an interim agreement to fill the gaps left by the repeal of the labor ordinances in 22 subsectors that still lacked a replacement sector agreement.

Bargaining reorganization continues to advance at a slow pace due to strong inertia in the employers' side. After two years, the accords produced 12 new national sector agreements and led to restructuring in another 3., while preliminary agreements were reached in 5 more sectors, including metalworking.<sup>136</sup>

#### **4.5 Organizational and Representation Strategies**

Following the abandonment of centralized wage bargaining in 1988, UGT and CCOO embarked on a policy of strengthening their sectoral federations. The 1990s have been marked by a significant convergence in union models of organization and the introduction of institutional changes (i.e. reform of works council elections) to reduce inter-union competition.

Differences in union organizational models stemmed, in part, from the circumstances in which each confederation found itself in 1977. The UGT's centralized model flowed from the fact that it had to be built up quickly from the top and with its strategy of peak-level concertation. CCOO's decentralized model was a legacy of its days as a socio-political movement under Franco. UGT's referent was the German unions, whereas for CCOO it was the

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<sup>136</sup> Fernando Puig, "Los Acuerdos Interconfederales, básicos para la adaptación a las nuevas realidades productivas", *Gaceta Sindical* (April 1999), pp. 31-32.

Italian CGIL. Although the UGT aspired to build an organization based primarily on industry unions, the reality after legalization meant that territorial structures acquired greater weight in both confederations. The relative weakness and underdevelopment of sectoral structures were only addressed in the 1990s after changes in overall union and bargaining strategies brought them into focus. Both UGT and CCOO took steps to strengthen the sector federations through mergers and by granting them greater autonomy over collective bargaining, as well as primary responsibility for conducting bargaining at provincial level. There was a parallel consolidation of territorial structures on a regional, rather than a provincial basis. Both CCOO (in 1991) and UGT (in 1994) changed the financial and political representation rule for sectoral vs. territorial structures from 50%-50% to 60-40%.

This organizational convergence between UGT and CCOO has been accompanied by other measures that make their organizational cultures more similar. In 1991, CCOO began a process of computerization and financial centralization which meant that money would start to flow upwards, from local and regional unions, and reach the rest of the organization. CCOO also became more centralized politically by departing at its 1996 Congress from its tradition of accommodating internal currents on the executive board. UGT, in turn, took a crucial step in internal democratization in 1994, adopting a "one-delegate, one vote" rule for congress processes.

If both unions began to look more alike, the new rules for works council elections included in the 1994 reform also tend to reinforce "unity of action". The previous 3-month electoral period ending in a high-profile proclamation of results was replaced by an open election calendar, while the 4-year mandate of elected representatives was maintained. These

changes, aimed at reducing inter-union competition, were proposed to the government by UGT-CCOO, in light of the negative experience of the 1990 ballot, when intense competition over the small-firm sector led to a scramble for votes and mutual accusations of fraud.

Recruitment efforts have intensified since the late 1980s. The main policy thrust in both CCOO and UGT is for recruitment to become an integral part of union activity rather than a separate sphere to be pursued by more or less sporadic drives. But this is a difficult area to change, given the state of the labor market and cultural obstacles.

One legacy of Franco's compulsory official unions is that workers do not feel that they need to become members to benefit from union representation, or even to "belong" to a union (people may say "I am a CCOO person" meaning that they voted for CCOO in works council elections). This perception is, to some extent, shared by union militants, particularly in CCOO, with its lingering social-movement tradition. Unions also lack selective incentives. Union freedom is defined in Spain to include the right not to join a union, therefore barring "closed-shop" clauses. The only quasi-compulsory element recognized by the 1985 Union Freedom Act is the possibility of charging "bargaining fees" to nonmembers who do not object.

Both unions began to provide services (e.g. insurance, travel, housing cooperatives) to increase recruitment. Unfortunately, the UGT's large-scale housing project failed precipitously in 1993, making similar future endeavors unlikely. In any event, internal surveys show that workers would not join unions for services, and that the only really valued service is the legal counsel on labor matters traditionally provided by unions.

An important innovation has been the use of "extension teams" that regularly map and approach small firms for information, bargaining, electoral, and recruitment purposes. Both

confederations are bent on expanding these practices which depend on parallel organizational policies to control and accumulate works council credit hours (e.g. assigning tradeunionists in large firms to work in small firms in the area). Unions have also sought to diversify their representation strategies to meet the needs of different types of workers. Specific groups or secretariats exist for technicians and cadres, women, youth, immigrants, and the unemployed. They have been fairly successful in recruiting women, but still lag in incorporating gender in bargaining agendas and women in leadership positions. In recent years, unions have been very visible in their public defense of immigrant worker rights.

## **5. THE UNIONS' JOURNEY**

Spanish unions faced a dire situation in the 1980s. Their initial broad base of supporters had failed to consolidate into stable membership, which dropped to very low levels. There was fierce competition between the two main confederations, CCOO and UGT. Both unions encountered increasing political marginalization, which eventually led to a dramatic divorce between the socialist union and the governing socialist party. Above all, they faced a devastated labor market. Despite strong economic growth during the second half of the 1980s, unemployment remained very high and there was an explosion in temporary work, which soon reached 2-3 times the EU level. Since the late 1980s, UGT and CCOO have responded with strategic adaptations bringing a measure of recovery in terms of regaining "voice" in the political arena and a modest, yet significant, increase in organizational and institutional resources.

What have been the main elements of the unions' strategic reorientation? The first and most important strategic change has been "unity of action". Pitting one union against the other

had actually been part of social concertation since the 1979 ABI pact signed by CEOE and UGT. Intense union rivalry had a negative effect on collective bargaining and undermined efforts to construct a national architecture of industry-wide contracts, illustrated by the 1987 failed attempt in metalworking. By overcoming division, the confederations sought to combat a major source of weakness.

"Unity of action" and its prerequisite autonomy from allied political parties has held up until the present. More ambitious, organic forms of unity do not seem to be in the cards, but "unity of action" has been reinforced by a reform of works council election rules that reduces competition, and by growing convergence in union organizational models. Earlier debates over models of workplace representation (works councils vs. union sections) and bargaining (centralized vs. decentralized) have been superseded. Both confederations have taken parallel steps to strengthen their sectoral structures and initiated other changes, such as internal democratization in UGT (with the introduction of "one delegate, one vote" rule) and financial centralization in CCOO; these work to make their organizational cultures converge.

The second strategic change, epitomized by the 1988 general strike, was to appeal politically to broad sectors of the population beyond labor's shrinking organized core. The unions thus mobilized traditional socialdemocratic values, confronting the socialist government with widely supported demands for employment stability and welfare protection in the face of growing dualism. They won an increase in social spending, but only briefly, as recession and the Maastricht targets exerted tight constraints upon the budget after 1992.

Decentralization was the third strategic component. The confederations abandoned macroconcertation, decentralizing bargaining to the industry level and taking organizational



steps to boost the sector federations. This reflected a new focus on the shopfloor and the desire to expand collective bargaining beyond its traditional narrow wage content. As firm restructuring entered a more dynamic phase in the late 1980s, the unions sensed that major changes in the workplace were occurring outside their control, and that they needed to work in this terrain to restore their credibility and counter the creeping individualization of employment relations underway.

Thus the unions began to approach negotiated flexibility as an alternative to employer unilateralism, predicated on the pervasive use of precarious labor. Attitudes on this issue were not homogeneous throughout the organizations, however, with some branches and locals in both unions taking more defensive positions than others. By forcing the unions' hand, the state-imposed 1994 reform may be viewed in this light as a spur against conservatism, strengthening those voices--such as the chemicals unions--more bent on accepting the economic need for greater flexibility and to develop union criteria for the negotiation and tutelage of new rights. Since 1994, the unions have been willing to enforce an informal policy of wage moderation guided by the strategic priority they have placed on employment. This has turned, in recent years, into formal wage policy agreements with CEOE.

These adaptations have paid off in certain ways. Union membership increased in the 1990s, even if it remains low. Membership growth was concentrated in the tertiary sector, especially among public employees. The unions expanded their institutional resources and revenues, gaining a foothold in policy making and/or delivery in new areas such as training, employment policy and regional development (partly linked to EU structural funds). Political exchange was resumed at the national level, where the confederations became interlocutors on

welfare issues such as pensions and the rural dole for the South. The 1997 Interconfederal Accord for Employment Stability had a positive impact, in that it stumped the growth of temporary work. However, the temporary work rate is still very high : 31.7% by the end of 2001.

It is widely agreed that the persistence of current levels of precarization will have detrimental medium-term results for competitiveness, but employers face strong incentives to continue along the same path. Temporary contracts have provided a massive subsidy to Spanish firms, the loss of which will be difficult to make up. They have supplied a buffer of over three million workers, with almost no bargaining power, which can be flexibly deployed within, as well as out of, firms according to short-term fluctuations in demand, while the cost of unemployment spells is transferred to the national budget. The "low road" may have a self-reinforcing quality, therefore. Cost-based strategies exert a perverse externality on the society, making it riskier for competing firms to make the long-term investments needed to upgrade skills and change their organizational practices (Locke, Kochan & Piore, 1995: 374). The "low road" continues to attract many Spanish employers. This is reflected in their efforts to beat regulations. Thus after the 1997 accord restricted the use of temporary contracts "for eventualities in production," there has been a shift to contracts "for work or service."; and after a 1999 law established wage parity for workers hired through temp agencies, some firms are now using "service enterprises." The use of illegal immigrants in sectors such as construction and tourism is the last step in this chain. This explains the high profile given by unions to the issue of immigrant rights in recent years.

Despite progress in the 1990s, the main challenges ahead for Spanish unions continue to be the same. Collective bargaining is becoming richer in content and more articulated, but the

pace of change is slow. Too many Spanish firms are still pursuing the "low road," to the detriment of innovation and at high social cost. The labor market has improved, but unemployment and precarious work remain formidable challenges. Finally, both employers and the conservative Spanish government have shown considerable ambivalence towards continued efforts at concertation.



## **CHAPTER FOUR**

# **'PROBLEM SOLVING' AND SOCIAL CAPITAL IN CATALONIA**



"Industrial relations arrangements at the regional level can... be viewed as an array of instruments, and as an accumulation of social capital and relational networks, which can be usefully employed to sustain change and adaptation and to tackle the governability problems of complex economies."<sup>137</sup>

## 1. INTRODUCTION

Catalan unions have followed a "problem solving" approach to the region that is more connected to collective bargaining than elsewhere in Spain. Pact making in Catalonia has covered from the start both public policy and industrial relations issues, featuring tripartite as well as bipartite accords with employers and state actors at the regional and local levels.

The way this has come about is actually quite interesting and reflects, in part, the trade unions' pragmatism in working around various constraints and reticences of the other actors. Take, for instance, the Catalan nationalist government, which has been keen to expand its powers and project an image of consensus in Catalonia, but which espouses a low-intervention economic philosophy. This philosophy, together with the lack of any political ties to labor, has limited its willingness to negotiate many policies with the trade unions. Left-wing local governments in Barcelona and her industrial belt have been more friendly, on the other hand, but master few resources of their own. As for Catalan employers, they initially opposed the idea of regional pacts but have become more open to negotiate initiatives with the trade unions, especially if they do not involve the government.

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<sup>137</sup> Regalia, Ida, "Industrial Relations at Regional Level in Europe: Strengths and Weaknesses of an Intermediate Level of Social Regulation," *European Journal of Industrial Relations*, vol. 4, no. 2, (1998), p. 162.

This chapter takes a more in-depth look at the process of pact making and the evolving relationships between the actors in Catalonia. It follows Regalia's lead that industrial relations arrangements at regional level can be understood in terms of social capital accumulation.

What is social capital? Social capital has become a fashionable concept these days and acquired different meanings. I take it to mean, following Coleman, that social relationships are resources for action. Relationships enable individuals to access information and to develop trust and norms of reciprocity that make opportunistic behavior less likely, boosting cooperation. "Social capital... is created when the relations among persons change in ways that facilitate action."<sup>137</sup> I also draw on Ostrom's insight that success in starting small-scale initial institutions allows groups to build on the social capital created to solve larger problems with larger and more complex institutions.<sup>138</sup> The second part of the chapter deals, therefore, with some of the institutions the actors have constructed in Catalonia, analyzing their performance as well as their contribution to social capital accumulation.

## 2. THE ACTORS AND THEIR STRATEGIES

The main trade union organizations in Catalonia are CONC (National Worker Commission of Catalonia), which is affiliated to the Spanish CCOO, and UGT-Catalonia (General Workers' Union of Catalonia). To maintain consistency, however, I will continue to refer to them as the Catalan CCOO and UGT in this chapter. The two unions had a combined

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<sup>137</sup> Coleman, James, *Foundations of Social Theory*, (Cambridge, Massachusetts, Harvard University Press: 1990), p. 304.

<sup>138</sup> Ostrom, Elinor, *Governing the Commons: The Evolution of Institutions for Collective Action*, (New York, Cambridge University Press: 1990), p. 190.



membership of 189,000 in 1998,<sup>139</sup> about 10.4% of Catalan workers. This figure is a bit below the Spanish average at 13.4%. Total unionization rates are several points higher, due to the existence of minority trade unions such as USO, CGT, and various occupational and company unions.

The unions' power is considerably enhanced by their role in works council elections, which are the primary source of legitimation for Spanish labor. Together, CCOO and UGT obtained 35,466 workplace representatives in the 1999 elections, 81% of the total for Catalonia, and higher than the rate for Spain at 74.4%.<sup>140</sup> This makes them the main actors in collective bargaining, which covers the majority of workers, and in institutional arenas as "most representative" unions.

Of the two, CCOO remains stronger than UGT in Catalonia, both in terms of membership and of workplace representation.

The Catalan CCOO has traditionally embraced Catalan national identity since its origins under Franco, when it tied the struggle for union freedom and democracy to that for regional autonomy. This identity is manifest in the adjective "national" added to the organization's name, and in the idea of constructing a Catalan framework of industrial relations. We saw in Chapter Two that this idea, which was first formulated by the Basque nationalist union ELA in 1979, was highly controversial because of its separatist overtones. But the Catalan CCOO has always been careful to emphasize its dual identity as a "*national*" Catalan trade union and a "*class*" trade

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<sup>139</sup> Membership was 116,439 for CCOO and 72,289 for UGT, respectively. These are the numbers provided by the organization secretariats of the national trade union confederations, which are used internally to measure representation at congresses and financial distributions, and reflect only members that are up to date in paying dues.

<sup>140</sup> "La UGT acorta distancias con CCOO en las elecciones sindicales", *El País*, 14 December 1999.

union, in unity and solidarity with all Spanish workers. The UGT has also developed a Catalan identity and supported regional autonomy and the transfer of additional powers to Catalonia, although in a more subdued way. Both trade unions have contributed to the successful integration of the immigrants of the 1960s into Catalan society, while preventing the emergence of a nationalist cleavage in the labor movement.

Catalan employers are organized in FTN (Foment of National Work). FTN was founded in 1869 as a protectionist society to fight free trade and became an employer association in the early XXth century. (In this case, the "national" in the name actually refers to Spain and is simply a legacy of the organization's past). FTN hibernated under Franco as a business think tank, and reemerged in 1977 as one of the founding members and the main point of reference for the Spanish CEOE.<sup>141</sup> The president of FTN has always been CEOE's vicepresident since then.

Until recently, there have been two other competing employer organizations. One is PIMEC (Small and Medium-Sized Business of Catalonia), which is politically close to the Catalan nationalist government and was granted participation in the regional Labor Council. The second one is SEFES (Business and Financial Services), which also caters to small and medium-sized firms and is mainly based in the Baix Llobregat area. PIMEC and SEFES merged in 1997, and have finally merged with FTN in 2002. This culminates a period of growing competition over the representation of this segment of firms that is also patent in the rise of some local associations affiliated to FTN--e.g., CECOT (Terrasa County Employers Confederation).<sup>142</sup>

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<sup>141</sup> Ludevid, M. and Servalós, R., "El Fomento del Trabajo Nacional", *Papeles de Economía Española*, no. 22, (1985), p.122.

<sup>142</sup> On the increasing competition among employer organizations see Aguar, M.J., Casademunt, A., and Molins, J., "Las organizaciones empresariales en la etapa de la

It is hard to tell how many companies are really members of employer associations.<sup>143</sup> FTN, like the Spanish CEOE, includes both individual and collective members. Individual members are companies that directly join the organization, whereas collective members are sector and local associations (over 170 in FTN). However, company affiliation to these associations takes different forms, ranging from regular dues paying to consultation on specific issues to mere informational links. Miguélez cites a 1997 study of firms with 10 or more workers in the Barcelona area that puts membership at 54%.

The third actor, i.e., the Catalan government, has been since 1980 in the hands of CiU (Convergence and Union), a nationalist center-right coalition which includes the Christian Democrats as junior partners. The regional administration, known as the Generalitat, comprises Parliament, the Executive Council (with 12 departments) and the Presidency. Catalonia enjoys one of the highest levels of selfgovernment in Spain. Her autonomy statute gives the Generalitat exclusive powers over education, health, social assistance, culture, territorial planning, civil legislation, tourism, and the region's civil service and police force. The central state retains exclusive powers over defense, foreign policy, and basic fiscal and economic policy. The rest of powers are shared between the two.<sup>144</sup> This is the case with industrial relations, where labor law is reserved to the central state while its administration has been largely transferred to the region.

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consolidación democrática (1986-1997)," in Fausto Miguélez and Carlos Prieto, eds., *Las relaciones de empleo en España*, (Madrid, Siglo XXI:1998).

<sup>143</sup> Miguélez, Fausto, "Employers' organizations in Spain examined," Eironline (1999), <<http://www.eiro.eurofound.ie/1999/10/feature/ES9910257F.html>>

<sup>144</sup> From Oriol Homs and Caprile, María, "Los sindicatos ante la política regional. El caso de Catalunya", CIREM Foundation, Barcelona, (1993), pp. 45-47.

Quite often, new regional organs coexist with those run by the central administration, whose functions overlap. For example, the national employment service (INEM) carried on active employment measures, training, and placement services in Catalonia until 1998. Meanwhile, the Generalitat was running most training programs since the early 1990s, and started its own parallel placement service in 1995.<sup>145</sup> Another important policy area where regions share power with the central state is economic promotion, which has expanded considerably over the years thanks to EU structural funds. The Generalitat channels most of the programs for small and medium-sized firms through CIDEM (Business Information and Development Center), the region's development agency, created in 1985. In the 1990s, Catalonia has focused her policy efforts on technological innovation, developing a R& D infrastructure, and on the internationalization of local firms through trade and foreign investment.

The trade unions have been the main pushers behind Catalan pacts. Their strategy has been to open spaces for negotiation both with employers and with the regional administration in order to be able to intervene in the fields of employment, industrial policy, education and training, and social policy. They have also sought to modernize the collective bargaining system and end the traditional fragmentation into four provincial units. At the same time, and in contrast with Basque unions, they have always defended the need for articulation between regional and national bargaining.

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<sup>145</sup> Other examples of functional overlapping involve organs that monitor labor conditions, mediate conflicts, or deal with health and safety. See Lope, Andreu, "Autonomía e laissez-faire in Catalogna" in Ida Regalia, ed., *Regioni e relazioni industriali in Europa: Potenzialità e limiti di un livello intermedio di regolazione sociale*, (Milan, Franco Angeli: 1997), p. 132.

The role of the Catalan government and the employers' association has been largely reactive to trade union demands. FTN's position has emphasized two basic themes (Ludevid & Servalós, 1985). The first theme is preserving the unity of the Spanish market from regional activism, which has led FTN to oppose the idea of a Catalan framework of industrial relations. The second theme is promoting a bipartite model of industrial relations between business and labor, unmediated by the state. Early on, this wish to avoid state intervention made employers reticent about tripartite institutions, which they saw as working mostly to labor's advantage. Thus, for instance, FTN insisted that the Labor Council be only an advisory body without decision making powers.<sup>146</sup> In the 1990s, the unions were able to engage FTN in bipartite accords, but it has remained a reluctant partner.

Finally, we may consider the Catalan government's ambiguous position. On the one hand, the Generalitat has supported the idea of a Catalan framework of industrial relations, which has a clear nationalist appeal, while seeking to expand its powers in this area (e.g., INEM transfer). On the other hand, there are at least two factors that have limited the government's interest in pact making. The first one is Catalonia's status as a historic nation, which greatly reduces the need for legitimation of the new political entity.<sup>147</sup> The second one is the Catalan government's low-intervention philosophy in economic matters. For the most part, the Generalitat has been happy to play an ancillary role in industrial relations: creating institutional spaces for dialogue

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<sup>146</sup> M. Ludevid and R. Servalós, "El Fomento...", op. cit. p. 133.

<sup>147</sup> See on this point Tornos Mass, Joaquín, "Regioni e rappresentanza degli interessi: il caso catalano," *Stato e Mercato*, no. 29, (August 1990), p.243.

between the social partners, mediating conflicts, and cooperating in the accords they reach (Lope, 1997).

After having sketched the main strategies of the actors we may now turn our attention to a more detailed analysis of their changing relationships over the years.

### **3. THE FIRST ATTEMPTS AT CONCERTATION**

The first phase in the relations between Catalan unions, the Catalan government, and employer associations begins with the restoration of democracy and regional autonomy in 1978, and ends a decade later with the general strike carried by the trade union confederations against the socialist government of Spain in 1988. Despite some initial pacts and attempts at negotiation, this period is characterized by confrontation and a low level of interaction between the actors in Catalonia.

In 1978, the Labor Council was created as an advisory body to the Generalitat's Labor Department and as an arena for dialogue between unions and employers. Catalonia had a Labor Council back in the 1930s, during her brief period of regional autonomy during the II Republic and the civil war, and its revival was charged with symbolism.<sup>148</sup> The first Catalan pact took place in January 1980 in the Labor Council, and it was a framework agreement regulating the collective bargaining process in the region, as ground rules had not yet been defined by central legislation. The accord anticipated the new norms on collective bargaining contained in the Worker Statute, enacted later that year, with which it coincided in its fundamental lines (Ojeda, 1987:101).

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<sup>148</sup> The Labor Council was, in fact, created before the Spanish Constitution and the Catalan autonomy statute were passed. Andreu Lope, "Autnomia e laissez-faire in Catalogna," in Ida Regalia, ed., *Regioni e relazioni industriali in Europa*, (Milan, Franco Angeli:1997), p. 159.

The transfer of powers to the Generalitat started during this period with the full backing of Catalan trade unions. In its 1980 congress, the Catalan CCOO began to talk of developing a Catalan framework of industrial relations. The idea, as we saw in Chapter Two, got a mixed reception in Catalonia and elicited controversy in Spain. However, the union was careful to emphasize its ties to CCOO as well as its support for solidarity policies in favor of disadvantaged regions.

The biggest problem facing Catalonia in the early 1980s was the unemployment crisis, and the Catalan CCOO repeatedly pushed the Generalitat to intervene and develop a regional action program together with unions and employers. This demand found an echo in the Catalan Parliament, where left parties passed resolutions urging negotiations and, especially, in Labor Secretary Rigol, who presented the social partners with a series of unsuccessful plan proposals. The failure to reach an employment pact in Catalonia in the early 1980s is indeed the most significant fact of this early phase in the relations between the actors.

The first Rigol plan was presented in 1980, and consisted of a proposal to create an employment fund in Catalonia through contributions from workers and companies, in order to create jobs. But the fund was opposed by FTN, who favored instead more flexible labor contracts and hiring subsidies, and got the UGT to sign an accord along these lines in 1981.<sup>149</sup> A second failed attempt at negotiation took place shortly thereafter, based on the National Employment Accord (ANE).

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<sup>149</sup> This accord developed a series of proposals on youth employment, temporary and part-time contracts, as well as decentralization of the INEM. Ludevid, M. and Servalós, R. "El Fomento del Trabajo..." op. cit. p.132.

Rigol proposed yet another plan in 1982, also opposed by FTN. This time, the Generalitat was to fund public works for unemployment relief carried out by municipalities, which were in fact doing so since 1980, using limited funds from the central state and the Generalitat. The "employment plans" program was funded 2,300 million pesetas in 1993, but discontinued later by Rigol's successor at the Labor Department. By that time, however, the national employment service (INEM) had stepped in and, in places like Barcelona and Baix Llobregat, the plans' implementation prompted the development of local concertation practices between trade unions, INEM field offices, left-wing municipalities and, sometimes, employer associations, that have continued through the 1990s. Local tables were set up to monitor the plans, especially to make sure that they reached the neediest recipients. Over time, these local partnerships expanded to cover training and local development activities, as we will see in a later section.

The failure to reach an employment pact in Catalonia in the early 1980s was primarily due to FTN's opposition. The employers' association urged the Generalitat to refrain from any actions that may add to the costs or otherwise put Catalan companies at a competitive disadvantage with the rest of Spain. Furthermore, it argued that any attempts to pursue regional solutions to the economic crisis would, most likely, incite other regions to do the same, fragmenting the national market.<sup>150</sup>

This first phase in the relations between the actors in Catalonia was characterized by confrontation and a low level of interaction. Union rivalry between UGT and CCOO was intense, in both Catalonia and Spain. FTN tried to neutralize the Catalan CCOO's majority status by privileging relations with the minority UGT--which explains the 1981 accord FTN-

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<sup>150</sup> M. Ludevid and R. Servalós, "El Fomento del Trabajo...", op. cit., p. 129-130.



UGT. This, of course, did not play well with CCOO, which was undergoing a period of internal strife and radicalization, with many militants in Catalonia opposing the Moncloa pacts and other accords signed at the national level. Relations between FTN and the Generalitat were also tense in this period.<sup>151</sup> Nonetheless, in 1984 FTN signed an accord with the Industry Department to promote the competitiveness of Catalan industry and provide training and assistance for small and medium-sized firms.<sup>152</sup>

The trade unions grew closer after 1985 and embarked on a strategy of "unity of action" that culminated in the 1988 general strike against the Spanish socialist government. Together, they continued to urge the Catalan government to adopt a regional employment policy, without success. "The Generalitat is more interested in reclaiming powers than in exercising them", concluded the Catalan CCOO.<sup>153</sup>

#### 4. CONCERTATION TAKES OFF

The second phase in the relationships between Catalan unions, employer associations, and the Catalan government begins with the general strike of 14 December 1988 and continues, with ups and downs, to the present. Concertation takes off, and the relations between the actors intensify and become more fluid and cooperative over this period.

The strike's success was a big boost for Spanish unions. In its aftermath, UGT and CCOO drew a joint platform of demands, known as the Priority Union Proposal (PSP), to be pursued in

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<sup>151</sup> Caprile, María, "Los sindicatos...", op. cit. p. 157.

<sup>152</sup> Ludevid, M. and Servalós, R. "El Fomento...", op. cit. p. 131.

<sup>153</sup> "Ponencia: Una política de empleo para Catalunya", IV Congreso CONC, *Lluita Obrera*, no. 87 (January 1989), p. 40.

multi-level negotiations with the state and employers. As part of this campaign, there was a first wave of regional pacts in 1989-90, between trade unions and regional governments across the country. In Catalonia, the PSP led to accords with the Generalitat on several issues: training, affordable housing, a wage increase for civil servants (to recover lost purchasing power), and the introduction of a social income program for the very poor. This program, which also included employment assistance, was renegotiated and expanded in 1997. Another effect of the accords is that they allowed the unions to develop new services as promoters of housing cooperatives and training providers.

Also in 1989, Catalan trade unions reached an important agreement with the Generalitat on health & safety. Alarmed by soaring work accident rates, the Catalan government committed to design an intervention program based on EU norms; to improve coordination between government agencies, and to draw a regional map of risks. FTN joined this pact later, after negotiating another bilateral agreement with the Generalitat to promote economic competitiveness in 1990.

The unions then approached the employers' association with an offer to negotiate an agreement to upgrade collective bargaining and incorporate several new issues--an offer that appealed to FTN's idea of a bilateral model of industrial relations. The I Interprofessional Accord of Catalonia was signed in 1990 by CCOO, UGT, and FTN, and had three topics: health & safety, training, and conflict resolution.

The accord sought to foster a culture of prevention and training in Catalan companies by drawing criteria to guide collective bargaining efforts in these areas. The guidelines for health & safety reproduced key passages of the 1989 EU directive and introduced the figure of the

prevention delegate, elected by workers. They anticipated the new national Health at Work Act, which was finally passed in 1995, after much delay. In regards to training, the accord promoted the negotiation of training plans within companies, as well as the formation of sector associations and partnerships to provide training for small and medium-sized firms. The Generalitat then funded "crash plans" organized by the social partners and helped create some specialized training institutes. The most prominent example is the Gaudí Institut for the construction industry, which was initially established to address the skill shortages that emerged in preparation for the 1992 Barcelona Olympics.

Finally, the accord foresaw the creation of the Catalan Labor Tribunal, a paritary organ run by FTN, UGT and CCOO, that provides mediation and arbitration services for collective labor disputes. The tribunal was established in 1992 and has performed extremely well, as we will discuss later. Other regional institutions that span from this pact include the (tripartite) health & safety and occupational training councils.

In 1992-93, Spanish unions promoted another wave of regional pacts across the country. Amidst a new economic downturn, labor waged a decentralized mobilization campaign aimed at getting regional governments to respond to the crisis, particularly with measures in support of industry. The "industrial pacts," as they were known, also included employer associations. In Catalonia, the Generalitat's lack of interest led the trade unions to first reach an accord with FTN, in order to lobby the administration together. FTN, CCOO and UGT signed in 1993 a joint document entitled "Towards a New Industrial Model: Situation and Interventions in Catalonia." More than a pact, this was a consensus protocol that asserted the importance of industry for Catalonia and laid out the basic elements of a strategy for improving its competitiveness.

The document made a wide set of proposals involving human resources and industrial relations, infrastructure and support services, R&D, industrial promotion, fiscal policy, environmental protection, etc.

Both parties tried to get the Catalan government to commit more resources to industrial policy, with limited success (there was some increase in the budget). The Generalitat set up an industrial table within the Catalan Labor Council and endorsed the document, but talks over implementation stalled (Lope, 1997:150). In the end, the true importance of the accord may have been pedagogical. According to the Catalan CCOO leader López-Bulla, it helped the union develop and consolidate a new strategic outlook on competitiveness.<sup>154</sup> Moreover, FTN went on record criticizing the excessive use of temporary labor. The text of the pact was explicit about the adverse effects of precarization on competitiveness:

"Since 1984, hiring under fixed-term labor contracts has undergone a spectacular increase--in Spain as well as Catalonia--while the share of workers with contract stability has decreased. A business model--both social and economic--has emerged in this way, that is characterized by profound asymmetries in labor relations, and which results in a reduction of professionalism, in fewer prospects for learning and retraining, and in uncertainty about career expectations for workers. Together, this diverse set of consequences hampers motivation in both people and organizations, and has, therefore, grave repercussions on industrial competitiveness."

In 1995, the unions approached FTN with an offer to negotiate a II Interprofessional Accord of Catalonia. The idea was to continue the path initiated in 1990 towards the modernization of industrial relations by upgrading collective bargaining and enriching its content. A preliminary accord was reached in March 1996 on a text that developed bargaining

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<sup>154</sup> Interview with José Luís López-Bulla, General Secretary CONC 1978-1996, Barcelona, January 27, 1999.

guidelines on a set of new issues: temporary contracts (reinforcing causality), grading systems, wage structure and "opt out" clauses, firm restructuring and information/participation rights; and continued the work done in the areas of training, health & safety, and conflict resolution.

The accord also foresaw the creation of two paritary commissions. The first commission was entrusted with the task of leading a process of bargaining reorganization in Catalonia and negotiating a regional "sweep agreement" for those activities that may be left without coverage by the derogation of the Labor Ordinances. Both sides--the text read--coincide on the need for having an articulated model that takes into account national sector bargaining, regional, and company bargaining. All this--it added--without encroaching on the freedom of the parties to maintain other levels such as provincial bargaining. The process laid out was as follows. First, the different sector organizations were to analyze their bargaining structure and make joint proposals (e.g., to merge agreements, replace provincial with regional agreements, expand coverage to new groups, etc.) Then, they were to report to the commission, which would mediate any disagreements and determine, if the disagreement persisted, which groups may fall under an existing agreement or a new one. The commission could also make proposals for sectors that failed to produce any of their own.

The second commission was to study the possibility that collective agreements specify in advance the criteria that would warrant the use of lay offs by companies (as the law was too generic in this regard) and design arbitration mechanisms in case of dispute. The aim of this proposal, introduced by FTN, was to preempt litigation, the prospect of which raises severance pay considerably.

A date was set for the pact's formal signature, pending approval by FTN's board of directors. But the employers backed off. How and why this happened is a bit of a mystery. The accord was leaked to the press before FTN negotiators had explained it internally. It was cast, moreover, in an unfavorable light for business. Opposition arose from the guilds, the small branch associations, who feared that their contracts could be merged and eliminated from above. Others thought that employers were making too many concessions. The media focused on the idea of having a paritary commission decide over the grounds for dismissal, which was apparently opposed by some sectors in FTN and by the Spanish CEOE<sup>155</sup>. The reason given was technical, in that the decisions of the paritary commission would not be binding for labor court judges, who could still find the lay offs unwarranted at a steep cost to the employer. But there were probably tactical reasons as well, based on the calculation that the newly elected conservative government in Madrid could end up changing the law to the employers' advantage. This change could take different forms. Catalan employers liked the Generalitat's proposal of a new "stable" labor contract with a pre-agreed cost of dismissal, which was floating around at the time. In fact, they began pushing for this alternative right away.<sup>156</sup> FTN sent back to the trade unions a watered-down text, promising to address any unsatisfactory contents in future pacts.<sup>157</sup>

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<sup>155</sup> "La patronal catalana Fomento reconoce que CEOE pone reparos al acuerdo con los sindicatos sobre despidos," *El País*, 26 March 1996.

<sup>156</sup> "Fomento propone un contrato estable con una indemnización por despido inferior a 20 días," *El País*, 16 May 1996.

<sup>157</sup> The main contrasts between the original text and the revisions proposed by FTN were: 1> the bargaining commission was watered down, and the references to particular bargaining levels dropped; 2> the guidelines for regulating the use of temporary contracts and on grading systems were dropped; 3> those on information/participation rights and on health & safety were moved to an appendix. On the other hand, the commission to study the possibility of defining

Some aspects of the accord were recovered afterwards. The Catalan Labor Tribunal was reformed so that it could intervene more effectively in conflicts arising from contract negotiations, and those involving work organization and restructuring. An agreement was reached between the trade unions, the small employers association PIMEC-SEFES, and the Generalitat, in order to create a foundation to assist firms with health & safety prevention issues. A joint commission on collective bargaining was established by FTN, CCOO, and UGT in 1998, although with less power to reorganize bargaining than the one foreseen in the original text. There was also some experimentation in company-level bargaining with specifying situations that would warrant the use of lay offs for new hires. Catalonia has, in fact, become in recent years a sort of laboratory for trying out different formulas that seek to give workers more stability in exchange for flexibility and/or wage restraint. We will discuss this point at length in the next chapter.

In the late 1990s, there was another wave of regional pacts across Spain that focused on employment. The Catalan Pact for Employment (1998-2000) was signed by the Catalan government, the trade unions, FTN, and PIMEC-SEFES. This was the first tripartite pact ever signed in Catalonia, and it followed seven months of difficult negotiations and mobilizations. The Catalan administration had just received the transfer of all INEM programs (except the dole) from the central state, and was interested in inaugurating the new powers with the backing

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through collective bargaining specific criteria that would warrant the use of lay offs was maintained.

of the social partners.<sup>158</sup> But there were disagreements with labor over both the level of resources allocated, and the structure of the new regional employment service.

The unions wanted to create a public service agency that would integrate all activity on employment. They also demanded active participation by the social partners. The Catalan government, however, seemed to favor a more decentralized and mixed public/private model along the lines of the existing Catalan Placement Service. The compromise solution was to set up a management council to oversee all the different programs, with participation from the trade unions, employer associations, and local government. The pact also ratified the public nature of the employment service and the principles of gratuity, transparency, equal opportunity and participation, leaving the door open for a future reorganization. UGT found this solution insufficient and was reluctant to sign.<sup>159</sup>

There were also obstacles on the employers' side. FTN opposed the pact's star measure: a program that subsidizes new jobs created through company agreements to reduce and/or reorganize working time and overtime. This item was very important for the trade unions because they were trying at the time to introduce in Spain something similar to the 35-hour-week policy of the French Jospin administration, either through a legal mandate or a combination of incentives and collective bargaining. A program of worksharing incentives had been pioneered by the Basque government in 1996, providing subsidies for jobs created by reducing working

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<sup>158</sup> See Maria Caprile, "Pact for employment agreed in Catalonia (1998-2000)", Eironline, (May 1998), <<http://www.eiro.eurofound.ie/servlet/ptconvert/es9805154f.sgm>>.

<sup>159</sup> The union also wanted to see numerical targets attached to the different policy objectives, in order to increase accountability. Interview with Ciriaco Hidalgo, Institutional Action Secretary, UGT-Catalunya, Barcelona, 20 January 1999.



time and overtime, replacing early retirees, etc. The Catalan government was open to experiment with incentives despite business opposition: "We do not prejudge the question of whether or not working time reduction generates employment. Each company will see for itself. If they are able to negotiate solutions, we'll subsidize them. We don't believe in imposing by law."<sup>160</sup>

In the end, FTN signed the pact under political pressure, but failed to subscribe the incentives decree. This was the first regional pact to include worksharing incentives,<sup>161</sup> others soon followed. However, the employers' opposition has resulted in very limited use of the incentives by companies.

Another important novelty of the 1998 pact was the program on "new sources of jobs." This refers to areas such as childcare and eldercare, rural tourism, environmental and cultural activities, where social needs are not being met by the market, and which are often carried out by the cooperative and non-profit sectors. The Generalitat commissioned a "white book" to assess opportunities and provide guidelines for this program. It also fostered the use of Territorial Employment Pacts (TEPs) to articulate "new sources of jobs" projects and to improve the overall coordination of employment policies at local level. Finally, the pact created some planning instruments, such as a regional labor market observatory and the Catalan Training Council, which is meant to coordinate all three training subsystems: vocational schools, occupational training for the unemployed, and further training for employees. After much delay, these two institutions have begun working recently.

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<sup>160</sup> Interview with Rafael Ortiz, Labor Relations Director (1984-1999), Labor Department, Generalitat de Catalunya, Barcelona, 28 January, 1999.

<sup>161</sup> Galicia, Andalusia, Aragon, Navarre, Cantabria, Castille-León, and the Balearic Islands all introduced different worksharing incentives programs.

The Catalan Pact for Youth Employment (2001-2003) was signed by the Catalan government, the trade unions, FTN, PIMEC-SEFES, and several entities from the youth sector (i.e., the Youth Council, the Young Farmers Union, the Young Entrepreneurs Association and the Foundation for Self-Employment Promotion). Its genesis is linked to the Catalan Youth Plan, which was presented to the regional parliament in 2000. The pact aims to mobilize all existing resources into an integrated strategy capable of addressing the work needs of young people. Young people--the text notes--are the age group most affected by unemployment, as well as by unstable and low-quality jobs; and this situation is hindering their ability to become independent, marry, and have children. (Indeed, Spain has the lowest fertility rate in the EU).

An interesting aspect of this pact is the attempt to promote youth associations as partners in job creation. In particular, youth associations are expected to develop "new sources of jobs" initiatives in areas such as youth and children services, socio-cultural, and leisure activities. There is also more targeting of policies, with specific programs for at-risk youth, women, immigrants, rural areas, etc. Finally, the pact includes two measures to foster job stability and quality. First, it subsidizes the self-employed to hire their first permanent employee. This program targets, among others, youth with low education and/or in search of their first job. Second, the Generalitat commits to report hiring contracts data on a regular basis to the Youth Employment Table and to propose to the Labor Inspectorate a plan of action to help surface undeclared and irregular jobs. This is significant because, as we will see in Chapter Five, the Catalan trade unions were demanding at the time that the Inspectorate take a more active role against the abuse of temporary contracts and had even presented the regional Labor Secretary with a list of "the 200 most precarious firms" to investigate.

More recently, an agreement to limit chain subcontracting in public works has been signed in 2002 between the Catalan government, CCOO, and UGT. This agreement seeks to improve health & safety conditions in the construction industry in light of rising work accident rates. It creates a body to control subcontracting with trade union presence. Similar agreements were first reached at the local level in Barcelona city and in several towns in Baix Llobregat. These local accords also enable the trade unions to supervise the safety measures at the works directly.<sup>162</sup>

This brings our attention to the existence of a second tier of concertation practices at the local level in Catalonia, which have become quite widespread in recent years. Back in 1989-90, the Priority Union Proposal campaign led to local agreements and the creation of Social and Economic Councils in Barcelona and several other towns. Then came the Strategic Plan Barcelona 2000, that prepared the city for the 1992 Olympics, and which was followed by strategic plans in other areas (e.g., Mataró, Osona, Baix Llobregat). Other local pacts were inspired on the 1993 protocol signed by the regional trade unions and employers to make Catalan industry more competitive, and/or in application of the 1998 Catalan Pact for Employment. Another high-profile accord is the Western Vallés Territorial Employment Pact. This pact was part of a 1997 EU pilot program and has been followed by many other TEPs across the region.

The intensity and content of local concertation varies from place to place. Common themes include active employment and training measures, economic development, social policy,

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<sup>162</sup> Espluga, Josep, "Agreements tackle workplace accidents by regulating subcontracting," Eironline, (December 2002), <[www.eiro.eurofound.ie/2002/12/Feature/ES0212205F.html](http://www.eiro.eurofound.ie/2002/12/Feature/ES0212205F.html)>

and quality of life issues. These pacts have spun local partnerships that constitute important new tools for trade union activity. Later in the chapter, we will focus on Baix Llobregat, a county with a strong tradition of pacts, in order to illustrate this point.

In conclusion, there has been considerable change in the relationships between the actors in Catalonia over the last decade. The confrontation typical of the 1980s has been replaced by more fluid and cooperative relations, and by frequent negotiations between the actors. These relationships have been institutionalized in multiple arenas, where representatives from each organization meet on a regular basis. In contrast to most other regions, bilateral dialogue between trade unions and employers has also been a fixture of Catalan industrial relations since FTN signed the I Catalan Interprofessional Accord in 1990 saying: "the parties are bound to understand each other."<sup>163</sup>

The process has certainly gone through ups and downs and important areas of disagreement continue to exist between the actors. FTN has hardened its position since it backed off from signing the II Catalan Interprofessional Accord in 1996. This episode created some loss of trust on the part of unions that is yet to be fully recovered. The Catalan employers' opposition to the 1997 national accord on employment stability is another sign of this shift.<sup>164</sup>

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<sup>163</sup> "Editorial. Un acuerdo para dinamizar la sociedad civil", *Horizonte Empresarial*, Fomento del Trabajo Nacional, no. 2010 (December 1990), p. 3.

<sup>164</sup> This opposition was rooted in the expectation that, in the absence of agreement, the door would open for the Generalitat's "stable" contract proposal, which was more to their liking. Espina, Alvaro, "El "Guadiana" de la concertación neocorporatista en España: de la huelga general de 1988 a los acuerdos de 1997," in Fausto Miguélez and Carlos Prieto, eds., *Las relaciones de empleo en España*, (Madrid, Siglo XXI:1998).

The trade unions have repeatedly tried to negotiate a new interprofessional accord for Catalonia in recent years, so far unsuccessfully.

The unions' dispute with the Generalitat over how to shape the Catalan employment service illustrates, in turn, the kinds of disagreements that separate them from the center-right regional government. We saw earlier that the Catalan Pact for Employment (1998-2000) arrived at a temporary compromise on this issue, leaving the door open to renegotiation upon its expiration. Thus in 2000 labor insisted on ending the anomaly of having the Catalan Placement Service (SCC) continue to run as a parallel network, disconnected from the Generalitat's public employment offices, as well as from the national INEM. They demanded an integrated service, with a stronger role for the public employment offices and greater participation in decision making by the social partners and local government. The Generalitat wanted to preserve the SCC model, which relied extensively on the private sector. The SCC was an on-line service with more than 2,000 partners, including temporary work agencies and a large number of for-profit training centers.<sup>165</sup> Job seekers could also access the network via bank ATMs. The partners were funded for each person and job listing they entered into the data base. Additionally, their training funding was dependent on their employment record (i.e., how many trainees had jobs after three months). Both the unions and employers had long demanded more planning of training supply, which was largely left to the discretion of the centers.

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<sup>165</sup> As of July 2000, SCC partners included: 124 regional youth offices, 105 city and county councils, 49 temporary employment agencies, 612 occupational training centers with services to others, 895 occupational training centers without services to others, and 416 others. "El INEM catalán recorta intermediarios," *El Periódico*, 21 August 2000.

The SCC model got tainted, however, by a corruption scandal involving alleged party kickbacks and clientelism in the use of training funds. The "Pallerols case" forced the Generalitat to modify the way training is contracted out to providers in order to give it more transparency, and to program training offerings according to the criteria set in a regional training plan. Finally, in 2001 the Catalan government reached an agreement with the trade unions, employer associations, and local government creating a unified employment service.

The new Employment Service of Catalonia (SOC) is centered on the public employment offices which, together with a select group of partners, mainly trade unions, employer associations and local governments, are in charge of placement. A second tier of partners collaborates in other areas, such as training. The SOC is a public state agency that integrates all existing programs in the areas of labor market intermediation and orientation, training, and promotion of employment and self-employment. Its management council has the following composition: 6 regional government officials, including the Labor Secretary, 4 members from the trade unions, 4 members from the employers' associations, and 2 members from local government associations. Decisions, which include approval of the SOC's operating plan, are based on a 2/3 majority rule. There is also decentralized participation by the same set of actors at "local employment tables" that build on previous experience under the INEM.

Regional concertation will likely continue to intensify in Catalonia in the coming years. This is so, in my opinion, for two reasons. First, the transfer of powers has reached a point (especially with the INEM transfer and the increasing fiscal powers), that makes the Catalan government more accountable for its policies. Now that the Generalitat is the single administration responsible for labor market policies in Catalonia (except for the dole), it can no

longer maintain that it lacks powers and resources. Second, the growing importance of European employment policy also favors accountability and pushes the Catalan government to take more active measures.

Catalan unions will undoubtedly keep pressing for further negotiations. The idea of a Catalan framework of industrial relations is well rooted, not only in the Catalan CCOO, but also in the Catalan UGT since the current leadership took over in 1990. "If we want to continue to be a representative union in Catalonia, we need to cover the national reality. And we had made Cándido (the Spanish UGT leader) see that if we grow, that's good for them too." <sup>166</sup>

## 5. THE ROLE OF INSTITUTIONS

There are many participation organs for unions and employer associations within the regional and central state administrations in Catalonia, in areas such as industrial relations, economic promotion, health, education, and social policy. In 1993, CONC and UGT each had approximately 200 people working in regional consultative institutions (Caprile, 1993:162). There is also a number of bilateral business-labor institutions created by the social partners for a certain purpose (e.g. arbitration, training), with state support. Finally, there is a growing second tier of local-level institutions.

This part of the study will focus on three different institutions, one from each type. First, we will discuss the Catalan Labor Council, which is the most important participation organ for unions and employers in the regional administration. Second, we will analyze the Catalan Labor

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<sup>166</sup> Interview with Ciriaco Hidalgo, Institutional Action Secretary, UGT-Catalunya, Barcelona, 20 January 1999.

Tribunal, a joint mediation and arbitration service created by the social partners. We will then shift our attention to local partnerships in Baix Llobregat, a county with a strong tradition of concertation.

### **5.1 The Catalan Labor Council**

The Labor Council was established in 1978 as a consultative organ for the Labor Department and a permanent structure for dialogue between unions and employer associations, as well as between them and the Generalitat. Its composition is the following: CCOO (5 members), UGT (5 members), FTN (8 members), PIMEC-SEFES (2 members) and the regional administration (6 members). Additionally, the Labor Secretary acts as the council president and there is a non-voting council secretary.

Decision making is based on consensus. The council has a smaller permanent commission (1 member from each organization and 3 from the Generalitat) that meets 10-13 times a year; while the full council meets only a few times on a quarterly basis. Special meetings may also be called by any of the parties. *Ad hoc* commissions have also been created for a specific task, e.g., to promote the use of the Catalan language in the workplace, to extend collective bargaining agreements.

The unions have long demanded that the mandate of the Labor Council be expanded beyond industrial relations to include economic and social policy issues. A first reform in 1993, redefined the council as a consultative organ to the Generalitat for labor, social and employment matters. Then in 1997, the actors agreed to transform the council into a new institution: the Labor, Social, and Economic Council of Catalonia, which took several years to get up and



running due to conflicts of representation from different groups. The new council has four functional areas: a> the economy, b> employment and training, c> labor relations, and d> health and safety. Participation in labor relations and health and safety continues to be restricted to trade unions and employer associations, while it has broadened in the other areas to include local government and other groups. It has replaced the regional Health and Safety and the Occupational Training and Placement Councils in place since the early 1990s.

Every year, the Economy Secretary comes to the Labor Council to present his proposed budget for the Generalitat, after a previous meeting to hear the wish list of the social partners. "We call it the letter to the Three Kings. A budget line may be left open, for example, for the minimum social income program or, this year, for work hazards prevention."<sup>167</sup> In 2000, officials from relevant departments came to inform the council about the projects to be presented by Catalonia to the EU structural funds for 2000-2006. The council oversees the Labor Department budget and is informed/consulted about different laws, decrees, and executive orders to be enacted by the Generalitat. Some of the issues covered in recent years include sexual harassment, the minimum social income program, a plan to promote equal opportunity for women at work, labor shortages, and changes in the regulation of local employment initiatives. Other council activities include setting the regional calendar for official holidays, and reviewing trends in collective bargaining and temp agencies.

The Labor Council provides a regular meeting place that has contributed to make the relations between the actors more fluid. "Going to the Labor Council is like going to my parents'

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<sup>167</sup> The Three Kings is the Spanish equivalent of Santa Claus. The name thus denotes the discretionary nature of the decision to meet these requests. Interview with Rafael Ortiz, Labor Relations Director, Labor Department, Generalitat de Catalunya, Barcelona, 28 January 1999.

house, or to chat with friends, the relationship is perfectly personal", were the words of a FTN official, who also remarked: "there is a better understanding now of what each party wants."<sup>168</sup> In addition to building social capital, the council has provided at times a forum for debate.

A seminal debate took place in 1995, when the unions opened a dialogue on how to promote greater employment stability, arguing that the use of temporary contracts had to be restricted to truly temporary jobs. The employers countered that the cost of dismissals for permanent contracts was still too high, discouraging their use by companies. The Generalitat then proposed to create a new "stable contract" with a fixed dismissal cost. The proposal was backed by FTN and rejected by labor, who offered instead to explore collective bargaining solutions. Neither venue prospered in the end, but the debate set the stage for national-level negotiations. The council also conducted a study of the prevailing cost of dismissals in Catalonia that revealed that labor court judges were interpreting the causes warranting lay offs (which had been expanded by the 1994 labor law reform) in a restrictive way, and this drove the cost of dismissal up, as employers sought to avoid litigation. The 1997 national accord reduced for new hires the penalty prescribed for unwarranted lay offs, in order to address this issue.

## **5.2 The Catalan Labor Tribunal**

The Generalitat has traditionally played a role as mediator of labor conflicts. The Labor Relations Direction of the Catalan Labor Department gets involved when there is a strike call (in which case it will also set minimum-service levels for those services that are essential to the community), and in any other conflict at the parties' request. This intervention provides a

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<sup>168</sup> Interview with José Luis Salido, Labor Relations official, FTN, Barcelona, 19 January 1999.

flexible alternative to the bureaucratized procedures of the central administration and is valued positively by the social partners. In 1990, unions and employers took another step in the governance of conflict and agreed to create their own bi-partite institution in the I Catalan Interprofessional Accord. The Labor Tribunal of Catalonia was therefore founded in 1992 by CCOO, UGT, and FTN, and is run by these organizations; the role of the Generalitat is limited to funding (85%).

The Labor Tribunal provides voluntary mediation and arbitration services in cases of collective conflict between business and labor. It has also handled a few cases involving individual worker disputes. Both parties need to consent to submit to arbitration, which is binding and can only be appealed on procedural grounds. For mediation, they may simply use a generic submission clause in collective bargaining.

The tribunal has been very successful, by all accounts. "It is working divinely", were the words of a FTN official.<sup>169</sup> This success is reflected in the growing number of cases submitted, in the expediency and the high rates of agreement reached, and in the expanding range of issues being addressed.

The growing number of cases submitted shows a rapid acceptance of the new institution among Catalan workers and firms. In 1999, the tribunal received a total of 487 cases, of which all but 11 involved conflicts of a collective nature. This was higher than the number of collective conciliations processed during the same year by the state labor authority in Catalonia (265). The

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<sup>169</sup>Interview of José Luis Salido, Labor Relations officer, Fomento del Trabajo Nacional, Barcelona, January 19, 1999.

tribunal is, therefore, displacing the established bureaucratic procedure, which continues to process the vast majority of individual labor disputes.<sup>170</sup>

The number of cases filed at the tribunal has been on the rise. The number of firms and workers involved oscillates with the bargaining cycle, which concentrates contract negotiations in some years. Cases involve firms of all sizes. Small firms (less than 100 workers) accounted for 50.2% of cases in 1998. Medium-sized firms (from 100 to 500 workers) brought another 37.4%, and the remaining 12.4% corresponded to large companies (over 500 workers).

## Labor Tribunal of Catalonia Case Log (1992-99)

	1992	1993	1994	1995	1996	1997	1998	1999
Total Cases	11	185	245	306	348	361	364	487
Firms	36,536	36,878	3,269	6,256	25,447	826	1,134	2,606
Workers	101,037	236,611	79,569	81,688	390,292	51,093	67,041	120,226
Mediations								
with agreement	36.3%	49.7%	49.4%	40.2%	44.8%	46%	48.4%	42.1%
with partial agreement	9.1%	0.5%	1.2%	1.3%	0.6%	0.6%	0.5%	0.4%
without agreement	18.2%	35.1%	29.4%	29.4%	35.1%	34.3%	35.2%	38.4%
Arbitrations	9.1%	4.9%	7.8%	10.5%	5.2%	7.2%	6%	5.3%
Non-effective (Non-show, dropped, or unable to process)	27.3%	9.7%	12.2%	18.6%	14.4%	11.9%	9.9%	13.7%

Source: Author's calculations based on Labor Tribunal of Catalonia statistics.

The tribunal has proven to be an expedient and efficacious mechanism for the resolution of disputes. Expediency was assured by merging conciliation and mediation functions and

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<sup>170</sup> There were 79,277 individual conciliations carried by the state labor authority in Catalonia in 1999. Most of these conciliations involve individual dismissals or pay claims, which the Labor Tribunal currently excludes from its mandate.

providing short procedural deadlines (5 days for mediations). After some experimentation, the procedure was designed so that each side to the conflict meets separately with mediators--i.e., the company's representatives will meet with two mediators from the employers' association, and workscouncil members will meet with two union mediators. The mediators then craft a joint proposal to take back to the parties for negotiation. In case of disagreement, the parties may decide to submit to arbitration, or they may choose this alternative to meditation from the start. The average mediation takes three and a half hours.

The percentage of cases that ended in agreement or with a binding arbitration ruling in 1999 was 47.8%. This is substantially better than the results for collective conciliations by the central labor administration. According to Labor Ministry data, of 265 conciliations in Catalonia in 1999, 49 ended in agreement (18.5%). We can also look at the figures from the Basque country, which pioneered the introduction of a conflict resolution mechanism in 1984. In 1999, the number of cases handled by the Basque PRECO was about the same than those processed by the central labor administration in the region (113 vs 112). The percentage of cases ending in agreement or arbitration is similar to that achieved in Catalonia (44.2%).<sup>171</sup> As we saw in Chapter Two, the success of these institutions has prompted their diffusion to other regions and, eventually, to the national level, where a paritary conflict resolution mechanism was created by the social partners in 1996. Virtually all regions have now similar devices.

In another sign of success, the range of issues brought to the Catalan labor tribunal has also been expanding. Three technical commissions have been added to the tribunal, in order to

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<sup>171</sup> Author calculations based on statistical data from Memoria 1999, Consejo de Relaciones Laborales, Bilbao (1999), p. 51.

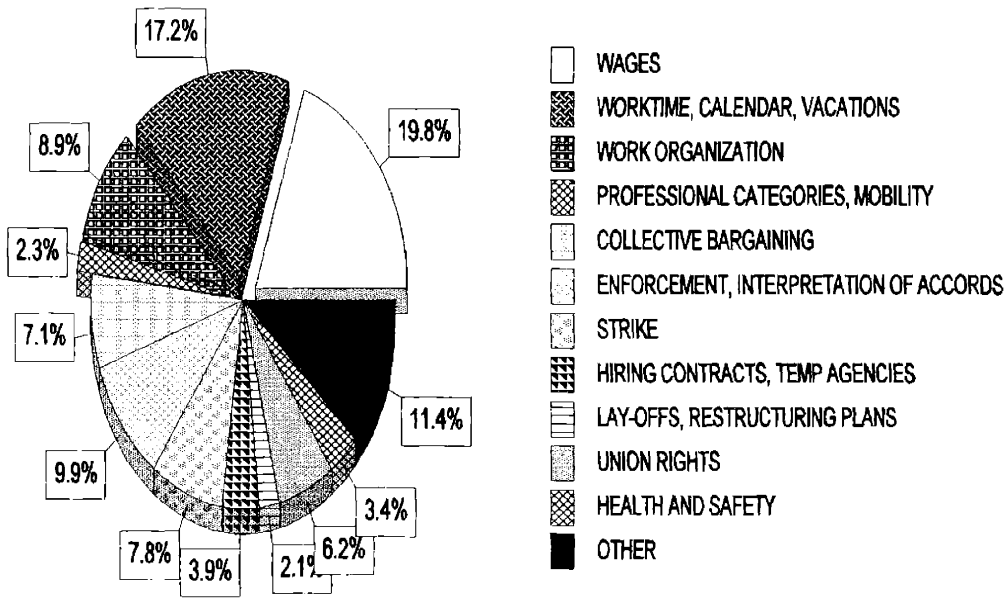
accommodate new needs. The oldest and most popular is the commission on work organization, which makes on-site determinations on issues such as productivity rates and incentives that stem from changes in work methods and the introduction of new technologies. There is also a health and safety commission, as well as an economy and finance commission, which intervenes when firms allege hardship to apply opt-out wage clauses to pay below the rates set by sector agreements, or in order to justify lay offs and other restructuring measures. The economy and finance commission has not been used that much. Companies are reportedly reluctant to show their books.

The following figure represents the breakdown of labor tribunal cases by subject matter. About one fifth of the cases include a dispute over wages. They are closely followed by working time issues with over 17%. The tendency in the last few years has been for wage disputes to lose weight in favor of working time and other flexibility issues, such as conflicts over the use of temporary labor contracts. Wage conflicts represented 22.6% of all cases in 1992-95, while working time conflicts were less prevalent than now, at 12.8%. Another important block of disputes concerns work organization and grading systems (11.2%), to which we may add conflicts over lay offs, restructuring plans and transfers, up to a total of 16%.

Thus we find that a major function of the tribunal has been to facilitate the negotiation of changes in work conditions within companies encouraged since the 1994 labor law reform, in order to afford firms more flexibility. The last big block of cases concerns the bargaining process, including conflicts that arise in the course of contract negotiations (7.1%), and over the enforcement or interpretation of collective agreements (9.9%). If we add strikes to this block, the total amounts to almost one fourth of cases.

# Labor Tribunal of Catalonia

## Types of Disputes (1998)

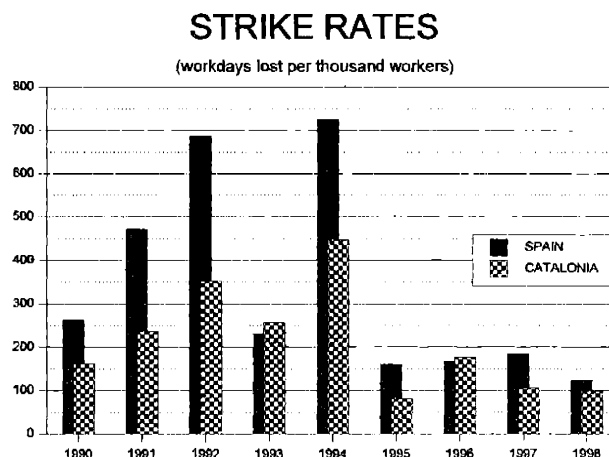


The effects of the Catalan Labor Tribunal on industrial relations have been multiple. First, there is the tribunal's contribution to social peace through strike prevention. In 1998, twenty strikes were called off after the tribunal mediated the dispute. Those deterred strikes represented more than one fourth of the (72) strikes in Catalonia that year. And by keeping other conflicts from escalating, the tribunal has further helped maintain strike levels lower in Catalonia than in Spain, although they have tended to converge in recent years.

**STRIKES CALLED OFF  
(after mediation at Catalan Labor Tribunal)**

Year	Strikes	Hours*
1992-95	59	- -
1996	31	125,090
1997	20	97,193
1998	20	68,998
1999	20	145,218

\* Does not include indefinite strikes



There were two nation-wide general strikes in 1992 and 1994, protesting government policies. Source: Author's calculation based on Labor Ministry and IDESCAT data.

Even more importantly, the tribunal has allowed unions and employer associations to solve labor disputes by themselves, rather than rely on state intervention. This strengthens the role of class associations in the governance of industrial relations, a point underscored by the actors in interviews: "The tribunal not only reduces the load of the labor courts but allows us to



manage the conflict ourselves";<sup>172</sup> "The idea was to gradually displace the courts, so that the resolution of social conflicts would not be in somebody else's hands, [...] to appropriate the government of conflict".<sup>173</sup> In other words, the tribunal provides a channel for associations to garner authority over their members. This type of institution, which is common stock in neo-corporatist systems of interest representation, was missing in the Spanish case.

The presence of the social partners changes the quality of negotiations, as the parties to a conflict "acquire a higher degree of responsibility and trust in presenting their criteria and opinions" and "a greater willingness to compromise".<sup>174</sup> It generates "a new culture based on transparency, participation, and compromise".<sup>175</sup> The tribunal makes cooperation between trade union and employer association officials a habit. "We've had visitors from other regions that are setting up labor tribunals. Everybody is struck by the climate of cordiality between business and labor."<sup>176</sup>

Finally, there is the role of the tribunal in fostering collective bargaining. Negotiators can go to the tribunal when they are stuck in contract talks or, conversely, when only a few

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<sup>172</sup> José Luis Salido interview, Labor Relations official, FTN, Barcelona, 19 January 1999.

<sup>173</sup> José Luis López Bulla interview, CONC General Secretary (1978-1996), Barcelona, 27 January 1999.

<sup>174</sup> Eduardo de Paz, "El Tribunal Laboral de Catalunya. Balance de un año", *Horizonte Empresarial*, Fomento del Trabajo Nacional (June 1993), p.34.

<sup>175</sup> Carme Rangil, "El Tribunal Laboral de Catalunya", *Les Notícies*, UGT de Catalunya, no. 9 (July 1999).

<sup>176</sup> Manel Pérez Cobos interview, Secretary, Labor Tribunal of Catalonia, Barcelona, 25 January, 1999.

Finally, there is the role of the tribunal in fostering collective bargaining. Negotiators can go to the tribunal when they are stuck in contract talks or, conversely, when only a few items need to be ironed out to reach a deal. They may even request one of the tribunal's arbiters or mediators to preside over contract negotiations. The tribunal can also solve disputes over contract interpretation and compliance when negotiators fail to settle them in the paritary commissions. It has crafted precedents that were later used in other settings: "In many cases, the solution reached through mediation sets a precedent for collective bargaining that goes beyond the parties to the conflict."<sup>177</sup> As we saw, the tribunal has been quick to address the new conflicts arising from flexibility, such as those involving working time, work organization, and grading systems. Its design has repeatedly undergone small revisions in order to improve performance and accomodate new needs. For instance, the tribunal now hears disputes between firms and works councils over restructuring decisions involving lay offs, transfers and other substantial modifications of the terms of employment that were liberalized by the 1994 labor law reform.<sup>178</sup> This and other changes expanding the role of the tribunal as facilitator in the bargaining process were first layed out in the aborted 1996 II Catalan Interprofessional Accord.

This is perhaps the best example of an institution created through regional pacts, which has helped the actors accumulate social capital, gather first-hand information on the

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<sup>177</sup> Carme Rangil, *ibid.*

<sup>178</sup> The 1994 labor law reform eliminated the need for authorization of these measures by the labor authority, with the exception of lay offs of groups of workers above certain number thresholds, depending on firm size. Management has still to consult with the works council, but the latter has no veto power over the decision. In this context, it was feared that many of these decisions would end up in the labor courts in the absence of some alternative mechanism for mediation/arbitration.

transformations underway in firms, and facilitate negotiation, making industrial relations more cooperative.

### **5.3. The local partnerships in Baix Llobregat**

Baix Llobregat is an industrial county just outside Barcelona, made up of 29 towns of different sizes. With a population of 640,000, it is home to many immigrants who came from the South in the 1960s. The county grew around SEAT (now SEAT-VW), and it maintains a concentration in the auto industry, followed by other sectors such as chemicals, publishing, textiles, and food processing. Industry accounts for 43.7% of local GDP. Service sector growth has been high in recent years, especially in services to firms. There is a strong presence of multinationals, even though small and medium-sized firms predominate.

Baix Llobregat was a stronghold of the labor movement under Franco. Some of the most famous general strikes of the Spanish democratic transition took place there. But democracy came hand in hand with deep economic crisis, and Baix Llobregat rapidly became an industrial decline area. Plant closings, bankruptcies, lay offs were everywhere. Unemployment began to climb in 1978, and reached 30% in 1984. The Baix Llobregat unions responded by brokering local pacts, in order to restore business confidence and to lobby for state aid to surmount the crisis.

The first pact took place in 1978, between CCOO, USO (a small Catholic union) and SEFES, the Catalan small and medium-sized employers association that had some presence in the area. The main point of the pact was a commitment to negotiate lay offs as needed, in order to keep plants from closing. Both sides also agreed to extend workscouncil elections to all

companies. Finally, the pact called for public works spending, and for special credit and tax relief measures for troubled firms.

In 1979, the Baix Llobregat CCOO held a very important conference on the crisis and the unemployment problem. This conference, which casted a wide role for unions in the community, had a lasting influence, not only on the strategies of tradeunionists, but also in forming the local industrial relations' culture. The conference directed the union to get actively involved in urban planning, in order to address the county's large deficits in infrastructure, public services, and the environment (i.e. cleaning up the Llobregat river), inherited from the industrialization boom of the 1960s. It floated the idea of creating a local branch of the Catalan Labor Council, that would serve as a forum to discuss these issues, and advance plans to fight unemployment.

CCOO and UGT drew an Urgent Plan against Unemployment in Baix Llobregat, demanding funds for hiring the unemployed for municipal works projects. Their campaign led the Generalitat and the INEM to start Employment Plans, that provided some relief for those in need and no longer eligible for the dole.<sup>179</sup> The nature of these plans later shifted to help youth in the transition to work, once the economy began to recover in the mid 1980s.

The Employment Plans led to the first tripartite institution. The Local Employment Table, was formed in 1983 in Cornellá de Llobregat, and included the INEM, the municipality, CCOO, UGT, and SEFES. It's function was to draw criteria and monitor the selection process for

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<sup>179</sup> The first employment plan for Catalonia was funded with 1,300 million pesetas from the national Labor Protection Fund in 1980. The Generalitat stepped in with 500 million in 1980; 800 million in 1981; 1,500 million in 1982; 5,400 million in 1983; 970 million in 1984; 5,000 million in 1985, and 3,800 million in 1986. Municipalities contributed the cost of materials. The INEM also began funding employment plans. The budget for Barcelona province was 136 million in 1982; 746 million in 1983; 1,000 million in 1984; 2,300 million in 1985; and 2,200 million in 1986. Source: I Congress, CCOO Baix Llobregat, Thesis, pp. 44-45.

the employment plans. There were problems at the time with militant groups of unemployed workers who pressured to get the jobs for themselves. The table served to ensure the transparency and fairness of the process. Similar tables were set up at other INEM offices across Barcelona province.<sup>180</sup> The INEM also began to contract out occupational training programs in the mid 1980s. Unions, employers, and municipalities, they all became training providers. In Baix Llobregat, they formed a Training Table in 1988 to coordinate supply. Another area of partnership between the INEM and the municipalities is workshop schools. Workshop schools are innovative alternatives to the formal vocational education system. They target youth with low academic achievement, and teach traditional trades in the context of a real world project, e.g., restoring a building. There were 8 workshop schools in Baix Llobregat by 1995.<sup>181</sup> An interesting example is a school that trains youth in environmental careers, while working in the rehabilitation of the Llobregat river and other natural spaces. (The local CCOO has organized for many years an annual bike stroll to reclaim the river).

A second pact was signed in 1984 by CCOO, UGT, and SEFES. The Accord for the Socio-Economic Reactivation of Baix Llobregat demanded, and obtained, the county's inclusion in the national Urgent Reindustrialization Zone (ZUR) program. The ZUR provided fiscal incentives for companies willing to invest in the area. The pact also created a paritary conflict

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<sup>180</sup> See on this point Angelina Puig, "Evolució de l'atur a la ciutat de Barcelona de 1975 a 1995 i resposta sindical", in Roca, Joan, ed., *L'articulació social de la Barcelona contemporània*, Institut municipal d'història de Barcelona (1997), p. 302-304.

<sup>181</sup> Oriol Homs, Claudia Vallvé, and Joaquim Juan, "Oferta formativa i demanda professional a la comarca del Baix Llobregat", Fundació CIREM, Barcelona, 1995, p. 139.

mediation commission, which hardly functioned but, "nonetheless, generated a climate of communication between the organizations that enabled us to avoid dead-end conflicts."<sup>182</sup>

A prime concern of these pacts of the crisis was to increase business confidence, by showing that there was a framework of cooperation between trade unions, employer associations, and local government. Unions sought, in a way, to counter the "red zone" label attached to Baix Llobregat, emphasizing that yes, they were strong, but reliable. This wish to avoid dislocation also weighted in labor's decision to drop the county metalworking contract and join that for Barcelona province in the late 1970s.

Once the economy recovered, the focus of pacts shifted to increase the competitiveness of the area. The Pact for the Promotion of Baix Llobregat was signed in 1987 by CCOO, UGT, SEFES, the municipalities, and the cooperative sector.<sup>183</sup> Its goals were to improve the urban quality, human resources, and economic potentialities of Baix Llobregat. The pact led to the creation of local economic promotion agencies: PRECSA in Cornellá, CORESSA in Sant Boi, etc. These municipal enterprises developed, in turn, a variety of local initiatives, e.g., industrial parks, trade fairs, training centers, enterprise service centers, firm incubators, etc. A county-wide agency (SOGECO) was established a few years later to coordinate efforts, and in order to monitor trends in the local economy and the labor market. Other important points of the pact

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<sup>182</sup> I Congrés, Informe General, CCOO Baix Llobregat, Sant Feliu de Llobregat, 25-27 September 1987, p. 21

<sup>183</sup> The cooperative sector was relatively new and linked to the restructuring process. CCOO reported the existence in 1987 of 200 cooperatives with 2,600 workers and of 62 worker-own firms (SAL), with 2,540 workers. These firms were often the result of worker buy-outs, that the union helped organize, as in the case of the ELSA glass factory, one of the most militant plants during the Franco years.

were the demand of a technical university for Baix Llobregat, the institutionalization of the conflict mediation commission (which did not happen), and a pledge to negotiate work organization issues within firms.

That year, the local CCOO's congress had asked: "Where is work going?"; reflecting on technological change, the emergence of more flexible and decentralized forms of production, and the increase of atypical work. The union, the congress concluded, must be able to negotiate the introduction of new technologies and new forms of work organization, as well as provide workers with training. But this wasn't enough:

"The problem of mass structural unemployment, the problem of contingent and informal work doesn't get solved by improving unjust labor conditions in "core" workplaces, even if we shouldn't, of course, forget this"

"If the union takes the easy road and centers its demands and actions, primarily or exclusively, in defending the acquired rights of the better placed workers, this would mean the end of the labor movement"

**"The union cannot be based, primarily or exclusively, on the workplace, but take on a spatial, territorial dimension."**<sup>184</sup>

The local economy was, indeed, changing. A 1989 study by the Catalan savings bank showed that the ratio of industrial workers employed by large firms (over 500 workers) declined from 29,3% to 8.0%, between 1978 and 1985. The ratio for small firms (under 100 workers) increased from 34.9% to 55.2%, while that for medium-sized firms (100-500 workers) only varied slightly from 35.8% to 36.8%. The study shared the unions' diagnosis that Baix Llobregat still exhibited important deficits in infrastructure, services, and the environment, while ongoing

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<sup>184</sup> I Congrés, Tesi, CCOO Baix Llobregat, Sant Feliu de Llobregat, 25-27 September 1987, pp. 10, 11, 23.

population flows threatened to reproduce the same set of problems in the county's less congested areas.<sup>185</sup>

The idea of trade union action in the territory, in the community, continued to mature in Baix Llobregat. In interviews, trade unionists often traced a logical progression that started with unemployment and the large infrastructure deficits inherited from Franco, and led to human capital and the qualification of the territory. One of them summed up this learning process eloquently: "We used to approach these issues, i.e. housing, education, infrastructures, as an activity that would cushion against the crisis; but then, **we developed an economic view of the territory**, and their relation to economic growth."<sup>186</sup> It was this integrated view, he insisted, rooted in the economy, in the labor market, what distinguished the union's perspective from that of say, a neighborhood association. The 1991 CCOO congress came up with a powerful example, taken from the changes underway in the local auto industry, of how the struggle inside and outside firms was intertwined:

"Even a traditional union demand like working time cannot be disconnected from a consideration of infrastructures and transportation. If we are talking about quality of life, of having more time to rest and for personal relations, and having infrastructures that communicate, rather than break apart our neighborhoods; this requires us to think in a more integrated way."<sup>187</sup>

Just-in-time systems, the union argued, required an efficient public transit system and better communications within the county, and not just to and from Barcelona. Both people and

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<sup>185</sup> Jordi Rosés et al, *L'Economia del Baix Llobregat. Creixement i desequilibris*, Caixa de Catalunya, Barcelona, 1989, pp. 144; 394-395.

<sup>186</sup> Interview of José Botella, Secretary General, CCOO Baix Llobregat, Cornellá, 5 March 1993.

<sup>187</sup> II Congrés, Informe General, CCOO Baix Llobregat, Cornellá, 11 October 1991, p. 6..



commodities had to arrive "just in time." The unions put forward Baix Llobregat 2000, a joint platform that made many concrete proposals in regards to training, employment, urban quality, economic promotion, public services, and participation.

"Competitiveness cannot be reduced to a discussion of wages and flexibility. Issues like transportation, industrial diversification, the creation of services, infrastructures, training, are elements that we must develop in Baix Llobregat."<sup>188</sup>

The creation of the Baix Llobregat Social and Economic Council in 1991, marked a new stage in the relations between the actors. Concertation became more permanent and institutionalized. There were two more pacts in the 1990s: i.e., a 1993 bilateral accord between trade unions and employers, and the Baix Llobregat Pact for Employment (1999-2003). Both these pacts were linked to pacts reached at regional level, which they aimed to apply and adapt locally. But, outside these campaigns, the Social and Economic Council gave the actors a stable framework to continue to deliberate and work together in Baix Llobregat.

The council composition is tripartite, with representatives from the municipalities (4 members plus the presidency), the unions (4 members), and the employers (4 members). The union slot is equally divided between CCOO and UGT. The employers' slot includes one representative from the cooperative sector, from SEFES, and from two newly formed associations: the Baix Llobregat Employers' Confederation, and AELLA, which represents firms in the Northern, less developed part of the county.

One of the first moves of the council was to commission a study of the impact of SEAT-Volkswagen's new plant in the Northern town of Martorell. This study identified a series of

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<sup>188</sup> Ibid, p. 7.

bottlenecks (i.e. skilled labor, industrial soil, communications and telecommunications) that could limit the ability to attract more suppliers to the area and reduce the role of imports.

Since the mid 1990s, the council has been involved in two long-term projects with the Generalitat and the central state: i.e., the Baix Llobregat Strategic Plan and the Llobregat Delta Plan. The Delta plan contains large-scale investments in infrastructure (e.g., expansion of Barcelona's port and airport, logistics center, road and railroad connections, detour of the river, waste treatment, conservation). This posed a challenge to Baix Llobregat actors to articulate their own voice in the planning process, so that the infrastructures would respond to local needs, and not only to those of Barcelona city. As a result, many old local demands are now coming true, including the location of a campus of the Polytechnic University in Castelldefels. Other interesting initiatives that have spun off the plan process are the Baix Llobregat Agrarian Park, a consortium to preserve agriculture in the delta, which the county manages together with the Farmers Union; another consortium to promote ecotourism, and VirtualBaix, a local internet service (later discontinued).

Baix Llobregat actors have been particularly active in building partnerships in the area of training and placement. The first steps were taken in 1988, with the creation of the County Training Table. This table had representatives from the INEM, the municipalities, the unions, and the employer associations. Its main function was to discuss the programming of all training courses funded by the INEM in the county, in order to improve training quality and to adjust supply to the needs of the unemployed, and "to the little we knew about what skills the market

demanded."<sup>189</sup> Next, the actors obtained funding from the Generalitat for special training plans (known as "crash plans"), and for a local labor market observatory.

The "crash plans" of 1990-92 targeted specific groups of unemployed with greater difficulties in accessing the labor market (e.g. youth with low education). They were a cooperative effort between Baix Llobregat municipalities, trade unions, and employer associations, which participated as training providers, and developed a shared data base and methodology. The design of the courses was also innovative, in that it included training in basic general skills and job search orientation. The classroom was turned into a job club during the last sessions, and teachers doubled as coaches. The plans had a high success rate,<sup>190</sup> and they prompted actors to organize workshops, to exchange information and expertise on training.

However, both the plans and the Training Table were discontinued after Catalonia assumed full jurisdiction over occupational training programs. The Generalitat, as we saw earlier in the chapter, developed its own training policy model, which essentially left decisions about supply in the hands of private providers. Back in 1992, when I first interviewed the Baix Llobregat CCOO leader, he sensed this setback: "We'll be able to advance, if the employers do not opt out, because the Generalitat rather wants to privatize training. [...] The challenge ahead is to be able to integrate occupational training with a placement system that works."<sup>191</sup>

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<sup>189</sup> Interview of José Díaz, Training and Employment Secretary, CCOO Baix Llobregat, Cornellá, 1 March 1993.

<sup>190</sup> The 1990 plan had 643 trainees (514 women and 129 men). A total of 77.4% had found a job by 1992: 55.2% had a legal labor contract, while the rest worked in the underground economy. Source: Consell Econòmic i Social del Baix Llobregat, Memòria 1992.

<sup>191</sup> Interview of José Botella, General Secretary, CCOO Baix Llobregat, Cornellá, 24 February 1992.

One door closed, but another soon opened. In 1994, the INEM lifted its legal monopoly over placement, and began contracting out job search assistance services to non-profits. This provided the opportunity to build a new and more ambitious partnership: the Baix Llobregat Employment Services (SPOBL). SPOBL is a network of 13 units that includes the county's main municipalities, the trade unions, the Baix Llobregat Employers' Confederation, and an association of persons with disabilities. The units work jointly; they share information, methodology, and objectives, which are defined by consensus. SOGECO is the coordinating agency.

SPOBL has been built in two phases since 1994. First, SPOBL developed services for the unemployed (or those, more generally, looking for jobs), funded by the INEM. The basic goal is to assist job seekers by increasing their knowledge of the labor market, their skills, and motivation. An individual plan is drawn (and revised) together with the client, and tailored to his/her needs. The services available include group orientation sessions, individual counseling, placement, and referrals to occupational training and self-employment programs. Nearly 100,000 clients had been served by the end of 1999.

Next, SPOBL developed training and recruitment services for companies. The vehicle was a 1997 survey of nearly 2,000 local firms, funded by the national further training program (FORCEM). Firms were asked about their training/re-training needs and recruitment practices. During survey visits, they were also informed about FORCEM and SPOBL. The survey found that one in five local firms had already participated in further training activities under FORCEM,

and that many more were interested in the program, especially small firms.<sup>192</sup> Unions and employers then formed a local association to organize more group training plans for these firms. We have data for 1998, during which SPOBL provided a total of 323 further training courses, serving over 4,700 employees. The courses span 26 specialties (computer applications and geriatrics were the most popular). A second survey of 500 local firms in 1999, identified 15 skill profiles that were either in high demand or hard to fill, and which would be used for course programming.

Demand for recruitment services has been very low, however. About 4,000 jobs had been filled by SPOBL by the end of 1999. Placement is the weak spot of SPOBL. The reason for this lies in the recruitment habits of Spanish firms, which rely on family, neighborhood, and acquaintance networks to obtain most of their workers. This recruitment pattern also came out in the survey. Local firms reported very low use of standard recruitment tools such as newspaper job advertisements, placement agencies, and the public employment offices.<sup>193</sup> (It would be interesting to see whether the SPOBL placement figures have improved in recent years as the relationships established with companies around training might eventually lead to more job postings).

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<sup>192</sup> This number is indeed high, given that the program only had been in operation for a few years. Moreover, a majority of these firms participated in group training plans (57.8%), which means that they were small (under 200 workers). Over 60% of firms in the survey reported an interest in future participation. Source: Dossier de análisis de datos de las visitas a empresas-FORCEM Convocatorias 96-97, SOGECO (April 1998).

<sup>193</sup> Only 17% of all new hires registered at the national employment service (INEM) in Spain in the year 2000 resulted from placement services. The rest were notifications from companies who had already hired a particular worker to take her/him off the unemployment list. *El País*, 22 January 2001.

The transfer of all INEM programs (except the dole) to the Generalitat in 1998 created uncertainty over the future of SPOBL. This issue was addressed by joining the Catalan Placement Service (SCC) network, while negotiating some flexibility in the rules to allow SPOBL to maintain its more customized job-search assistance services. At the time of my visit in 1999, client data was being entered twice into the system, using both SCC and SPOBL software. The SCC was running, in turn, as a parallel service disconnected from the newly transferred public employment offices in Catalonia, and from the INEM in the rest of Spain. This points to problems of duplication and lack of coordination that have emerged, in Catalonia and elsewhere, from the decentralization of employment and training policies.

The next step for SPOBL involves achieving a higher level of coordination and integration of services at local level. In 1999, the actors designed a new operating model that integrates the areas of training, placement, and self-employment. A key goal is that occupational training courses, which are geared to the unemployed, are programmed jointly, using data from the local labor market observatory and the placement service.<sup>194</sup>

This is a difficult task because each organization is interested in protecting its "market share" of courses and funds that has been carrying on independently. Unlike the past experience with "crash plans," cooperation is no longer about obtaining additional resources. The volume of occupational training courses is already high, and funding has doubled since 1990.<sup>195</sup> Rather, the

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<sup>194</sup> Interview of Angélica Culebras, SOGECO, Sant Just Desvern, 27 January 1999.

<sup>195</sup> In 1998, there were 935 occupational training courses in Baix Llobregat, serving 13,531 students. Funding for occupational training was 2,096 million pesetas in 1998, compared to 1,053 million in 1990--this includes funds from both the INEM and the Generalitat). Source: *Formación Ocupacional Baix Llobregat. Análisis estadístico*, Consell Comarcal Baix Llobregat (1992) and *Anuari informació estadística del Departament de Treball*, Generalitat de Catalunya

challenge ahead is to improve quality and coordination, with greater specialization of training centers. A local union leader put it this way: "People went for the easy stuff (i.e., administration, languages, computers), rather than skilled trades. The cost of a classroom with high-tech equipment is not the same ..It was also a period of low labor demand.. Now there is a clear sense that we have to play a different role."<sup>196</sup>

There are several specialized centers. The Gaudi Institute, which is a joint regional effort of trade unions and employers in the construction industry, has a site in Cornellá de Llobregat. There is also a school run by the publishing industry trade association in Sant Just Desvern. The region's training center in Sant Feliu de Llobregat, and CCOO's center in Cornellà, have developed a specialization in metalworking. Another interesting example is Movibaix, an association of recreation outlets for children and youth that trains people in this new field. New specialties have also begun to appear in the vocational school system: e.g. aircraft maintenance in El Prat (airport), hotel and restaurant trades in Castelldefells (beach).

Baix Llobregat has long lobbied the Generalitat for a better match between vocational schools and the productive profile of their surrounding area. A 1995 study of the adequacy of training supply in the county found that vocational education was highly concentrated in some branches (i.e., administration, electronics, hairdressing), while others like metalworking and chemicals had too few slots and specialties, despite the strong local presence of these industries. Supply was also insufficient in health care, and non-existent in many other service sectors like

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(1998).

<sup>196</sup> Interview of Vinçenc Rocosa, General Secretary, CCOO Baix Llobregat, Cornellá, 21 January 1999.

retail, hotels and restaurants, and services to firms (although occupational training programs had picked some of the slack).<sup>197</sup>

In 1996, the Delta Foundation was created in order to strengthen ties between schools and companies, and facilitate the school-to-work transition. The foundation's board includes representatives from the unions and the employers' PIMEC-SEFES, as well as the parents', the schools, the county, and the regional department of education. Its main task is to recruit local firms for the practical training period of vocational school students.<sup>198</sup> Students are matched with companies, and the foundation oversees the quality of their firm-based training. As they approach graduation, the students also receive job-search orientation and placement services through SPOBL.

Another important initiative is the Domicilia Foundation established in 2000 by the Baix Llobregat County Council, the Provincial Council for Barcelona, UGT, CCOO, PIMEC-SEFES and the Baix Llobregat Employers' Confederation. This foundation promotes "new sources of jobs" in the areas of home care for children, the elderly, and the disabled, as well as other personal services such as cleaning, home repairs, or meals delivery. It acts on both the demand and the supply side. On the demand side, it provides vouchers to subsidize the price of services

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<sup>197</sup> Oriol Homs, Claudia Vallvé, and Joaquim Juan, "Oferta formativa i demanda professional a la comarca del Baix Llobregat", CIREM, Barcelona (1995).

<sup>198</sup> Spain lacks a German-like dual-training system. Firm-based training has been introduced for the first time for vocational students under the new education plan that goes fully into effect in 2000-2001. Catalonia began to promote these practices some years ago. During the 1997-98 school year, 30,900 students got practical training in more than 14,000 firms. This is about the same number of slots that will be required by the new plan, according to regional government estimates. Source: Departament d'Ensenyament, <<http://www.gencat.es/ense/comu69.htm>>



for consumers. On the supply side, it organizes a shop of service-provider companies which undergo training and quality certification by the foundation. As of December 2002, there were 25 company providers in the shop. Additionally, the foundation runs a job shop for qualified individuals seeking to work in this field.

In all, Baix Llobregat actors have displayed a high level of cooperation over the last decade. The number of joint initiatives to promote the local economy and boost the labor market is truly remarkable. Their efforts seem to have succeeded, moreover, judging by the way the employment situation has turned around. The unemployment rate for Baix Llobregat used to be well above the Catalan average. In 1986, at the end of the industrial crisis, it stood at 26.1%, compared to 20.4% for Catalonia.<sup>199</sup> But strong job growth in recent years has brought the unemployment rate down below the Catalan average, and in line with the EU rate.

## Unemployment Rates

	1994	1995	1996	1997	1998	1999
BAIX LLOBREGAT	19.9%	18.7%	17.4%	12.7%	10.3%	8.1%
CATALONIA	21.2%	19.9%	18.9%	17.1%	14.4%	10.6%
SPAIN	24.2%	22.9%	22.2%	20.8%	18.8%	15.9%
EU-15	11.1%	10.7%	10.8%	10.6%	10.0%	- -

Source: Baix Llobregat Labor Market Observatory, Activity Survey (ESA)

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<sup>199</sup> The national workforce survey doesn't do down below the provincial level. These rates are based on IDESCAT's 1986 census data.

Baix Llobregat is a great example of how regional pacts can create social capital. This is, in fact, what the trade unions set out to do when they talked of "*hacer comarca*" back in the late 1970s: to build a socially-vertebrated community rather than an amorphous industrial suburb of Barcelona. "We have always been aware that this was a very young county, with a weak social and economic structure."<sup>200</sup> One of these weaknesses was, according to trade unionists, the lack of a local bourgeoisie like that of Sabadell, with its local banks, business associations, and political clout with the Catalan nationalist government. In other words, Baix Llobregat lacked some of the institutions typical of Catalonia's older industrial districts. But the Baix Llobregat unions managed to unite their forces early on, and engaged the new democratic mayors in their fight against the crisis. "Here, the unions, together with the municipalities, have compensated for this gap of the lack of a local bourgeoisie."<sup>201</sup>

The unions also sought to incorporate employers. "There was SEFES, and it was difficult, because they had very ideological people in charge; [...] we went through a period of getting to know each other [...]; the pacts served this purpose: to begin to establish normal relations between unions and employers."<sup>202</sup> The problem, back in 1979, was the employers' low level of association: "Even though SEFES is not present among all employers in Baix Llobregat, it is the only existing organization, with some 400 members among small and medium-sized firms.

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<sup>200</sup> Interview of José Botella, General Secretary, CCOO Baix Llobregat, Cornellá, 24 February 1992.

<sup>201</sup> Interview of Josep M<sup>a</sup> Rañé, former General Secretary, UGT Baix Llobregat, Barcelona, 5 March 1992.

<sup>202</sup> Interview of Emilio García, former General Secretary, CCOO Baix Llobregat, Cornellá, 9 March 1992.

There are many other small and medium-sized employers in Baix Llobregat, and whereas the Franco regime never paid them no heed, we think that they are an important force."<sup>203</sup> Larger firms joined directly the Catalan FTN, or the Spanish CEOE, but had no local collective voice.

Later pacts gave recognition to the new associations that emerged in the 1980s, i.e., AELLA and the Baix Llobregat Employers Confederation. This is also a way in which the pacts have created social capital, by promoting a thickening of associational life. But the problem persists, in the eyes of the union, because these associations do not engage in collective bargaining.<sup>204</sup> This could be an unintended consequence of having dropped the county's metalworking contract in 1978. The availability of EU funds for training and other services seems to have spurred the growth of employer associations that are essentially consulting firms, and have weak representation structures. We must note in this context that the Baix Llobregat Employers' Confederation is one of the organizations currently under investigation for alleged irregularities in the use of regional occupational training funds. This is a reminder that decentralization and public/private partnership policy models often bring with them problems of accountability that need to be addressed.

Years of concertation have made a dense web of personal contacts between actors in Baix Llobregat. This is most visible in the many officials at the different institutions and local government administrations that have a trade union past. Two key examples are José Luís Morlanes, who is the head of the county council and a former UGT leader, and Cesc Castellana,

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<sup>203</sup> Local press interview of Carles Navales, General Secretary, CCOO Baix Llobregat, published on 12 April 1979.

<sup>204</sup> Interview of Vinçenc Rocosa, General Secretary, CCOO Baix Llobregat, Cornellà, 21 January, 1999.

a former CCOO leader who is commissioner for the Baix Llobregat strategic plan and deputy for economic promotion in Barcelona province. These contacts enhance communication, bolster trust, and can be mobilized to reduce conflict: "If we have a problem at SPOBL with say, the employers, Castellana has the recognition to build consensus."<sup>205</sup> Back in 1993, Castellana himself told me of their efforts to step up cooperation among the different towns in the county, and added: "This is, of course, a very complex game. We have to rely on personal relations, on trust, that sort of thing. . Let's hope that it will no longer be like this in another ten years, that it will have become a social fact."<sup>206</sup>

I would like to finish this analysis of local partnerships in Baix Llobregat by mentioning: one more institution: the Utopia Foundation. This foundation, which houses the historic archives of the local labor movement under Franco, is a joint initiative of the trade unions and the municipalities. Under the direction of the late Joan García-Nieto, the foundation provided an open forum for public debate, organizing numerous workshops between local actors, colloquia, lecture series, etc. that were well attended by rank-and-file trade-union members and community activists. In recent years, *La factoría*, a local political magazine directed by CCOO's former leader Carles Navales has played a similar role. Keeping alive these spaces for learning and discussion is, in my opinion, a key element in order to ensure the continued vibrancy and success of partnership in Baix Llobregat.

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<sup>205</sup> Interview of Angélica Culebras, SOGECO, Sant Just Desvern, 27 January 1999.

<sup>206</sup> Interview of Cesc Castellana, SOGECO, Sant Just Desvern, 23 February 1993.

## **CHAPTER FIVE**

# **HAS 'PROBLEM SOLVING' PAID OFF FOR CATALAN TRADE UNIONS?**



## 1. INTRODUCTION

Relations between trade unions, employers, and state actors have intensified and become more cooperative over the last decade of pactism in Catalonia. We also saw in Chapter Four how bi- and tri-partite institutions in the region have helped accumulate social capital and other resources, such as information and authority, that facilitate cooperation. This chapter completes the case study by looking at the outcomes, to assess whether "problem solving" has paid off for Catalan trade unions.

The Catalan CCOO stated these strategic goals in its 2000 congress:

"We have made employment the center of our union activity... Our objective has been to rebuild tools for union intervention, and to generate an alternative to precarious work as competitive strategy."<sup>207</sup>

As for the Catalan UGT, this is an excerpt from its 1998 congress:

"The basic lines of action... have been the consolidation and modernization of the trade union, the new central issues in union activity (employment, participation, collective bargaining) and special attention to emerging sectors and groups (new workers, women, youth, immigrants)."<sup>208</sup>

These goals, especially as stated by CCOO, match pretty closely the three issues we identified in Chapter II as the main challenges facing Spanish labor. First, trade unions need to upgrade the bargaining system in order to be able to negotiate flexibility with employers. Second, they need to cut down unemployment and temporary work rates, which remain the highest in the EU and foster strong insider/outsider problems. Third, they need to induce more firms to move off the "low road" of competition, which pushes down wages and working

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<sup>207</sup> "Informe General al 7º Congreso", CONC, (2000), p.20.

<sup>208</sup> "Informe de Gestión del 10º Congreso de la UGT de Catalunya, (1998) p.7.

conditions, and condemns many workers to precarious jobs. Finally, the UGT statement also refers to the general challenge of growing stronger and more inclusive organizations that reflect today's diverse workforce.

Improvement in any of these areas means greater power for trade unions. The following pages examine what steps have been taken by Catalan unions and other actors in each area, and what have been the results in relation to other regions. To anticipate some of the findings, we can say that Catalan unions have managed to improve collective bargaining by building a less fragmented bargaining structure and showing a marked willingness to experiment with new issues and trade offs. This has, in turn, allowed them to implement the 1997 national pact for employment stability more successfully than their counterparts in other regions. Special attention will be given to how this key pact has fared in the Basque country and Andalusia, the other two cases we have identified in this thesis as having different trade union approaches to the region. We also find signs of Catalan firms moving off the "low road" (e.g., R&D and export growth) that bode well for the trade unions. Finally, union membership has increased in the 1990s, but not more so than in other regions.

## **2. UPGRADING COLLECTIVE BARGAINING**

An important handicap for Spanish unions is the poor quality of the collective bargaining system, which lacks articulation and depth in content. This is a legacy of the long period of dictatorship under Franco, when all basic working conditions were set by law and detailed sector regulations called Labor Ordinances. After 1958 collective bargaining was allowed at company level and through the state-controlled union apparatus, but remained largely confined to wage



issues. Reinforcing this poor bargaining tradition is a very fragmented bargaining structure with multiple, overlapping levels, and often based on narrow branch divisions, again, a carry over from the Franco years.

Since the democratic transition, both business and labor have professed their wish to rationalize the bargaining structure and develop national industry agreements to replace the Labor Ordinances. However, progress in this direction has been very slow. Much of the bargaining system failed to keep up with changes in the economy in the 1980s, while employers often made adjustments unilaterally or through informal negotiation with individual workers. Finally, a new impetus for change came from the 1994 labor reform, which abolished the remaining ordinances and entrusted collective bargaining with the regulation of many issues previously dictated by law. The content of bargaining has since expanded gradually, as has the lifetime of agreements. This allows unions to concentrate their efforts on a smaller number of negotiations at any given time, and focus more on issues other than wages.

In 1997, the Spanish trade union and employer confederations signed two important accords to reorganize bargaining and assure coverage for all sectors. These pacts called for a new bargaining architecture based on national sector agreements and clear rules of articulation between bargaining at different levels. They did not impose a centralized model, leaving member associations at liberty to redraw sector boundaries and to decide on the particular structure and the degree of bargaining centralization/decentralization to apply to their industry.. Despite this effort at the top, the bargaining structure has changed little in recent years. The number of national sector agreements has increased slightly from 80 in 1997 to 86 in 2000, although some numerically important sectors (e.g., metalworking, hotels and restaurants) have

reached partial accords on grading systems and other matters to replace the ordinances. National sector bargaining covered one fourth (25,2%) of workers in 2000, while most workers (54.2%) fell under provincial sector bargaining. Company agreements covered another 11.7% of workers and the remainder 8.9% is split into various levels (e.g., regional, local, company group).<sup>209</sup> According to a recent report by the Spanish Economic and Social Council, progress in articulation between bargaining levels has also been insufficient. Articulation clauses are now more frequent, but compliance at lower levels is poor.<sup>210</sup>

Catalan unions have been very active in this field. For a long time, they have tried to restructure bargaining in Catalonia on a regional rather than a provincial basis. This means replacing four provincial agreements by a single regional agreement in each sector. At first, this project was closely identified with the Catalan CCOO, as part of its demand of a "Catalan framework" of industrial relations. But even the Catalan UGT, who initially did not support this demand, decided to organize its sector federations on a regional, rather than a provincial basis, unlike in the rest of Spain.

The idea of "regional frameworks" of industrial relations was launched by Basque and Catalan unions in the late 1970s. As we saw in Chapter III, this idea was very controversial, especially in its more separatist Basque version. It is indeed interesting to note that even though both Basques and Catalans have championed a regional bargaining structure, they mean quite different things by this. For the Catalan unions, it means to eliminate the provincial level

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<sup>209</sup> Ministry of Labor. Anuario de Estadísticas Laborales 2001 (Avance)  
<[http://www.mtas.es/Estadisticas/anuario01/CCT/cct02\\_1.html](http://www.mtas.es/Estadisticas/anuario01/CCT/cct02_1.html)>

<sup>210</sup> "Memoria sobre la situación socioeconómica y laboral de la nación 2001", Consejo Económico y Social de España, Madrid, 2002, p. 233.

and establish regional agreements, which are then articulated with national level bargaining. In contrast, for the Basque ELA, it means to eliminate any articulation whatsoever with the national level, while keeping the traditional division of bargaining in three provincial units.

There is some lingering concern that regional bargaining could become an obstacle to building a national bargaining structure. Nonetheless, regional bargaining represents a step up from provincial bargaining, the weakest link in the bargaining chain. Provincial sector agreements, which cover the vast majority of Spanish workers in small and medium-sized firms, are often narrow in scope (e.g. toy retailers) and obsolete in content. The text of many of these contracts has changed little over the years, and it is not unusual to find contracts that reproduce excerpts from the old Labor Ordinances. Their replacement by new regional agreements would signify progress in many sectors.

Bargaining reorganization was a sticking point in the aborted II Interprofessional Accord of Catalonia, as many of the branch employer associations resisted reform. The unions finally managed to create a bipartite commission to rationalize the bargaining structure and fill gaps in coverage in the aftermath of the 1997 national accords. This has led to a number of new regional collective agreements in the last few years. An interesting case is the agreement signed for the very fragmented retail sector. It applies only to firms not covered by specific branch agreements, but it is the reference point for the gradual integration of these contracts...

There is currently strong union pressure to win a regional agreement for metalworking in Catalonia. The employer associations are open to negotiate a common framework for some issues, but want to maintain existing differentials in pay and working hours. These differences are considerable indeed. Wages in the provincial agreement for Barcelona are an average 30%

higher than those in the provincial agreement for Lleida, and about 10% higher than those in the Tarragona and Girona agreements.<sup>211</sup>

The table in the next page allows us to compare Catalonia's current bargaining structure to that of other regions. It shows that Catalan unions have been quite successful at developing regional sector agreements. There were 33 such agreements in the 2000 bargaining round, covering 646,510 workers or about 43.6% of all workers covered by collective agreements negotiated in Catalonia. Provincial sector agreements covered 49.2% of workers and company agreements the remaining 7.2%.

In contrast, there were only three regional sector agreements in the Basque country in 2000, covering 1.4% of workers. Provincial bargaining covered 78.3% and company bargaining 20.3%. This higher incidence of company agreements is typical of the Northern rust-belt regions with large industrial firms. In Andalusia, which is divided into seven provinces, there was just one regional sector agreement in 2000, covering 0.1% of workers. Provincial bargaining covered 94.2% of workers, while company bargaining accounted for 5.7%. These results are not surprising since neither the Basque nor the Andalusian unions have really pursued this goal. The Basque ELA has favored decentralized bargaining while the Andalusian unions have insisted on the need for national, rather than regional, sector agreements. Regional bargaining plays a marginal role in all regions except for Catalonia and, to a lesser extent, Valencia. In Valencia, regional sector agreements covered 13.1% of workers in 2000.

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<sup>211</sup> "Prospects of framework regional agreement for metalworking in Catalonia," Eironline, July 2000, <<http://eiro.eurofound.ie/2000/07/inbrief/ES007297N.html>.>

# Regional bargaining structure

## Year 2000

	Regional Agreements			Provincial Agreements			Company Agreements		
	Number	Workers covered	%	Number	Workers covered	%	Number	Workers covered	%
<b>Andalusia</b>	1	1,297	0.1	184	1,136,047	94.2	540	68,235	5.7
Aragon	1	300	0.2	60	146,993	82.5	150	30,929	17.3
<b>Basque Country</b>	3	3,653	1.4	101	202,884	78.3	342	52,698	20.3
Canary Islands	1	365	0.1	40	253,523	93.1	178	18,516	6.8
Castille-La Mancha	1	3,000	1.6	76	163,233	89.0	134	17,068	9.3
Castille-Leon	1	65	0.0	166	240,742	88.8	263	30,140	11.1
<b>Catalonia</b>	33	646,510	43.6	117	730,142	49.2	545	107,070	7.2
Extremadura	1	400	0.2	29	156,726	94.1	49	9,429	5.7
Galicia	9	12,016	4.2	95	237,296	82.9	265	36,892	14.8
Valencia	12	86,399	13.1	124	541,354	81.8	279	33,930	5.1
<b>Single Province Regions</b>									
Asturias				33	92,217	74.5	100	31,557	25.5
Balearic Islands				21	174,109	96.0	66	7,319	4.0
Cantabria				33	49,189	79.9	80	12,384	20.1
Madrid				54	625,558	87.4	307	90,137	12.6
Murcia				42	166,240	97.7	55	3,975	2.3
Navarre				31	85,211	81.8	89	19,013	18.2
Rioja				19	25,138	81.3	37	5,786	18.7

Author's calculation based on Labor Ministry data from the Anuario de Estadísticas Laborales 2001.  
 Note: Collective agreements above the region covered 2,866,254 workers in 2000. This includes 2,325,392 workers under national sector agreements and 507,028 workers under company agreements spanning more than one region. There is some overlapping in bargaining levels, so that the same workers may be covered by a national sector agreement and a provincial, regional, and/or company agreement.

In addition to bargaining reorganization, Catalan unions have actively sought to improve the quality of bargaining in the region. Collective bargaining has been a central issue in Catalan pacts, starting with the I Interprofessional Accord of Catalonia. This accord, signed in 1990 by the trade unions and the main employers' association, identified three key content areas for the modernization of industrial relations: health and safety, further training, and conflict resolution. The accord sought to educate workers and employers on the importance of the first two issues, providing guidelines for their negotiation at company and sector levels. Its more substantial contribution was to create a new institutional mechanism for the speedy mediation/arbitration of labor conflicts, run by the social partners themselves rather than the state.

The Catalan Labor Tribunal has been very successful and has played an important role in facilitating collective bargaining. Negotiators often go to the tribunal when they are stuck in contract talks, or when disputes over contract interpretation and compliance arise. The tribunal also crafts precedents that are later used in other settings. Furthermore, it has increased the level of information and trust between the officials from the trade unions and employer associations that sit as mediators, as well as their authority over members. This is a prime example of how regional pacts can create social capital and foster more cooperative industrial relations.

After the 1994 labor reform, negotiations took place for a II Interprofessional Accord of Catalonia that would provide guidelines for bargaining over various flexibility issues, including temporary contracts, restructuring and lay offs, functional mobility and grading systems, wage structure and opt-out clauses, and flexible working hours. As we saw in Chapter IV, a pre-agreement was reached in the summer of 1995, but employers later backed down from the deal.

Catalonia has nonetheless become "a pioneer in the experimentation with new labor formulas," "a laboratory to which we must pay much attention, given the wealth, the novelty, and, doubtless, the polemic nature of many of the pacts reached there."<sup>212</sup> In the 1997 study of collective bargaining just quoted, Ricardo Escudero points out that new trade-offs have emerged between employment stability, on one hand, and lower pay or more certainty for employers regarding the cost of lay offs, on the other. Most often, these exchanges take place through company pacts, which are more informal than collective agreements and need not be registered with the labor authority.

These deals typically involve the hiring of new workers on a permanent basis or the conversion of a certain number of temporary contracts. In exchange, the workscouncil accepts dual-pay scales, with lower pay (10 to 30%) or benefits for the new workers, in most cases for a limited time period. A related strategy of lowering labor costs for new entrants is to suppress or reform seniority pay complements. In 1996, the metalworking contract for Barcelona suppressed seniority pay for new hires, freezing it for other workers. The same step was taken by the 1995 hotels and restaurants contract for Catalonia, which also introduced entry-level wages for youth aged 18 to 21 and for older workers new to the trade.

A second type of exchange consists of defining specific conditions that could trigger lay offs, either for new hires or for the whole staff. The best known example is the controversial pact reached in 1996 at Estampaciones Sabadell. This pact stipulated that the company would convert 75 temporary workers into permanent employees within three years with the proviso

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<sup>212</sup> Escudero, Ricardo, "Adaptabilidad y causalidad de la contratación temporal en la negociación colectiva posterior a la reforma," *Relaciones Laborales*, vol. I (1997), p. 250-1.

that the works council would approve lay offs for these workers if there was a quarterly fall in production turnover of 20%. The regional unions criticized the pact based on the particulars (i.e., the indicator chosen, the lack of participatory mechanisms for verification) but endorsed the logic behind it.<sup>213</sup> They also proposed, as a safeguard, that the Labor Tribunal mediate any disputes arising from lay off clauses. They spoke out in favor of ending seniority pay, while expressing more reservations about dual-pay scales.

Both Catalan trade unions have made a special effort to get to know better the reality of collective bargaining in the region and to debate the different experiments under way. UGT has developed a data base of almost all the collective agreements negotiated in Catalonia and keeps tabs on a number of bargaining clauses of interest to the union. CCOO produced a more qualitative snapshot of collective bargaining in 1998, focusing on the treatment of flexibility and employment.<sup>214</sup> Both trade unions provide regular bargaining reports and organize conferences and workshops of union officials and delegates to coordinate bargaining criteria. Their main thrust has been to try to link the negotiation of employment to the broader discussion of the organization of work and working hours within companies.

Employment agreements have become more widespread since the 1997 national pact for employment stability, and have gained in depth and complexity. A recent study by Ramón Alòs,

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<sup>213</sup> See the discussion of this case by Miquel Falguera and José Luis López-Bulla, *El sindicalismo en la encrucijada. Reflexiones y propuestas en el actual debate sobre el mercado de trabajo*, CCOO, Col·lecció Sociologia del Treball Núm. 5, Columna, (Barcelona: 1997) pp. 77-78 and 114-115.

<sup>214</sup> Falguera, Miquel and López-Bulla, José Luis, "Auditoría de la negociación colectiva en Catalunya: análisis, crítica y propuestas," CERES, Centre d'Estudis i Recerca Sindical, Barcelona, 1998.



analyzes 30 "best practice" agreements in Catalonia in the context of the Western Vallés Territorial Employment Pact. (This was one of the pilot TEPs promoted by the EU and included a task force to identify "best practices" in the negotiation of employment.)

The study concludes that the main feature of these company pacts is to exchange new jobs or contract conversions for wage moderation and flexibility, be it functional mobility (with the introduction of new classification systems) or flexible working hours. This is usually done by establishing a schedule of annual working time, with the possibility of irregular distribution throughout the year. The system allows the company to lengthen the working day and/or introduce work on a number of Saturdays or holidays in certain cases. This is compensated with a pool of hours that each worker can use under the conditions set in the pact. Different techniques are featured in the agreements to lower wage costs, such as changes in grading systems, seniority pay, and the introduction of dual-pay scales. Many pacts include restrictions on temporary recruitment and/or on the use of temp agencies, and some restrict the use of overtime as well. A few agreements specify lay off mechanisms if turnover or company activity decreases significantly, and one establishes shorter working hours, using incentives under the 1998 Catalan Pact for Employment.<sup>215</sup>

Is Catalonia ahead of other regions in enriching bargaining content? Ministry of Labor statistics show that special bargaining clauses have gradually increased in Spain since 1994. Unfortunately, there is no regional breakdown for this data. Several regions have come up with their own reports, usually carried out by the Labor Relations Council (e.g., Basque country,

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<sup>215</sup> Ramón Alòs, "Agreements on «good employment practices» in Spanish companies", Eironline, ES9903207f, (March 1999).

Andalusia, Madrid, Valencia). In Catalonia, the Labor Council compiled data on bargaining contents for a short period (1996 and the first half of 1997) and we have already mentioned the UGT data base. But the methods and criteria used are not consistent across sources, making comparison meaningless. We can say confidently that bargaining has become less fragmented in Catalonia, that there has been a marked willingness to experiment with new issues, and that the Catalan Labor Tribunal has been an asset in this process.

### **3. IMPROVING THE LABOR MARKET**

The most fundamental problem facing Spanish unions in the 1990s has been the state of the labor market. Unemployment and temporary work rates remain the highest in the European Union. Unemployment was 10.6% in Spain in 2001, compared to 7.4% for the EU. Temporary work stood at 31.7%, more than double the EU rate at 13.2%.<sup>216</sup> Together, these two facts have created a hostile environment for trade unions, dampening their bargaining power and credibility. Segmentation between permanent and temporary employees undermines, moreover, the unions' ability to aggregate demands and even threatens their future survival, given that temporary work is highly concentrated among youth.

Catalan unions have long strived to use the regional arena to address the labor market situation. Back in the early 1980s, during a period of industrial crisis and intense restructuring, labor calls for a regional pact for employment were unsuccessful. However, in Barcelona and her industrial belt, trade unions began to collaborate with left-wing municipalities and the field offices of the national employment service (INEM) in running jobs relief programs for the

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<sup>216</sup> European Commission. Draft Joint Employment Report 2002.

unemployed. This collaboration planted the seeds of local partnership, which grew in some places to include employers, and extended to different initiatives in the fields of local development, training, labor market intermediation and the fight against social exclusion. Since the mid 1990s, more and more communities in the region have started similar practices.

There has been much ferment at the local level in Catalonia and this has helped produce programs that are adapted to local conditions. In Chapter IV we saw, for instance, how the actors in Baix Llobregat, an area with a strong tradition of pacts, have worked to identify the training needs of local firms in order to organize training programs that are responsive to these needs. We also saw how they have pushed the regional administration for a better match between the specialties offered at the vocational school system and the local economy, and how they have actively recruited local firms for dual-training and placement schemes that ease the transition from school to work. At the same time--and despite their experience at cooperation--the actors in Baix Llobregat still reported difficulties in coordinating efforts above and beyond the narrow interests of the different municipalities and associations involved.

This is consistent with the general picture painted by Ramón Alós of the strengths and weaknesses of local development policies in Catalonia. According to this author, these policies have given local authorities first-hand knowledge of the socio-economic fabric of their communities. They have also helped create a climate of social dialogue and consensus "that has become one of the principal resources of local systems."<sup>217</sup> On the other hand, he points out, there has been a proliferation of initiatives that very often lack coordination among themselves

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<sup>217</sup> Alós, Ramón, "Las políticas de desarrollo local en Cataluña," Universitat Autònoma de Barcelona, Papers no. 58 (1999).

as well as with those in neighboring towns, causing a lot of duplication and waste. Better coordination is needed to increase the quality and the efficiency of programs.

In contrast to local activism, the Catalan government's low-intervention philosophy has shaped employment policy at regional level. For many years, the Generalitat was able to duck the issue by pointing to its restricted powers in this area--labor legislation is reserved to the central state--and demanding the full transfer of programs run by the INEM. Yet it failed to use the resources already at its command to develop new initiatives, focusing almost all its efforts on training (Lope, 1997).

Training programs, which are co-financed by EU funds, came gradually under Catalan control after 1986 and were formally transferred in 1991. The Generalitat has directed these programs to the unemployed as well as to active workers through a network of some 1,500 training providers, the majority of which are privately owned. In 1995, it launched the Catalan Placement Service, linking the training providers to form an on-line service that could also be accessed by the public through bank ATMs. The unions did not like this initiative, however. They thought that this created a parallel employment service which was ill suited to serve the majority of the unemployed, who need more personalized attention. They also criticized the model adopted for training, which left decisions about training offerings largely in the hands of private providers, rather than follow more careful programming.

The situation began to change when full transfer of INEM programs finally took place in 1998.<sup>218</sup> The Catalan government was now keen to obtain social backing for its expanded role,

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<sup>218</sup> The Generalitat has now full jurisdiction over active labor market policies in Catalonia. Unemployment insurance payments are also administered by the new regional employment service but remain a national program subject to national rules.

and this led to the signing of the Pact for Employment (1998-2000). The pact featured some new initiatives to foster job creation. One such program subsidized the hiring of workers for positions created through company agreements that reduce and/or reorganize working time and overtime.<sup>219</sup> This was the first regional pact to introduce such incentives in the context of national union demands for worksharing measures similar to the 35 hour-week policy in France.<sup>220</sup> The employers, however, opposed this measure and this has undermined implementation.

Another program subsidized jobs in "new sources of jobs," which has also been included in other regional pacts. The "new sources of jobs" refers to areas such as elder care, rural tourism, environmental and cultural activities, where social needs are not being met by the market, and which may require to act on both the supply and the demand side to generate jobs (e.g., by giving vouchers to consumers in order to make services affordable). The Generalitat commissioned a "white book" to assess opportunities and provide guidelines for this program. It also fostered the use of Territorial Employment Pacts (TEPs) to articulate "new sources of jobs" projects and improve coordination and integration of employment policies at local level. More recently, the Pact for Youth Employment (2001-2003) has continued this line of work.

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<sup>219</sup> The subsidy only applies to permanent contracts and equals 40% of the employer's share of the payroll tax for two years. Those workers who also qualify for incentives under the 1997 national employment stability accord (i.e., under 30, over 45, long-term unemployed, handicapped, women in under-represented professions) receive an additional 20-25% subsidy.

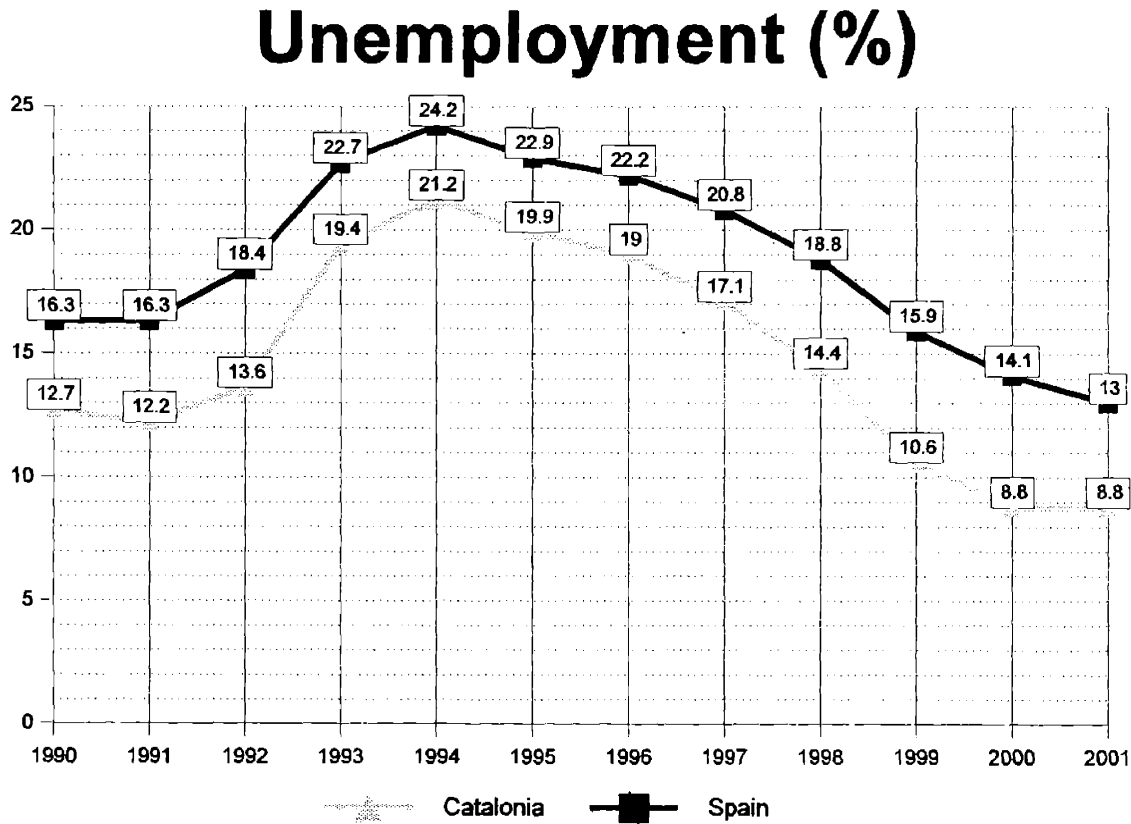
<sup>220</sup> Within Spain, there was also a precedent in the Basque country, where the regional government introduced subsidies for work redistribution in 1996. The Basque program covered cases of job creation through work time reduction as well as sabbaticals, parental leave, and other temporary situations.

Catalonia is one of several Spanish regions where the regional administration has now a 35-hour work week. It is also the first region to introduce measures to reconcile family and work. Catalan public-sector workers may reduce their working hours by 1/3 and receive full pay until their baby is one year old; those with young children or taking care of a disabled family member may also reduce their working hours by 1/3 for 80% pay or by 1/2 for 60% pay.

These programs suggest a shift towards more active employment measures--and the EU policy process is clearly a factor here. After long negotiations, the Catalan government has also agreed to adopt an integrated and participatory model for the new regional employment service, as we saw in Chapter IV. The new framework is promising on several grounds. First of all, there is more accountability now that all programs have been transferred to the Generalitat. Second, there are mechanisms in place (i.e., local tables, TEPs) to mobilize local actors and to advance towards greater horizontal coordination of measures at local level. And third, there is also a chance of vertical coordination between the Generalitat and local governments that have been brought into the employment service governance structure. Nonetheless, partisanship has hindered cooperation between different administrations in Catalonia in the past and is likely to continue to do so in the near future.

How has Catalonia performed on the employment front? Being one of Spain's most industrial regions, it was particularly hard hit by the economic crisis of 1975-85, which was in large part a crisis of the industrial sector. Unemployment soared to 22.7% in 1985, above the Spanish rate at 21.6%. In many communities in Barcelona's industrial belt, it reached 30%. Catalonia regained economic dynamism rather quickly afterwards, unlike Northern "rustbelt" regions such as Asturias or the Basque country.

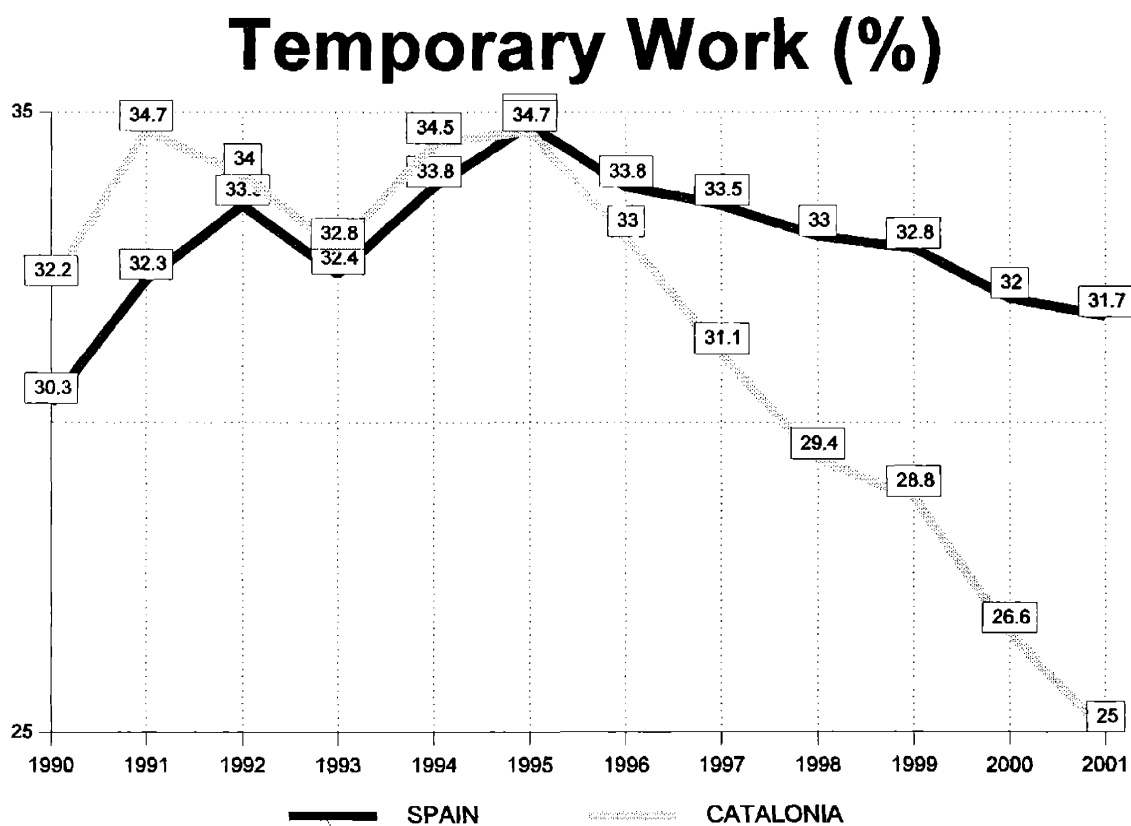
Through the 1990s, unemployment has run parallel to, and some four points below, the Spanish level. But the fact that this gap has remained quite stable during the last decade, does not seem to indicate that the growing practice of partnership in the region has had a strong impact on employment creation.



Source: Workforce Survey, Labor Ministry and IDESCAT

The picture changes when we look at the quality of the jobs created. Catalonia has made important strides in reducing temporary work. From 1995 to 2001, the percentage of workers with fixed-term contracts has dropped from 34.7% to 25%, compared to 31.7% for Spain.

This is a reversal of the previous pattern, in which temporary work was more prevalent in Catalonia than in Spain. Temporary work grew explosively during the economic expansion from 1985 to 1991. In Catalonia, it reached 34.7% in 1991, more than 2 points above the Spanish rate. It then lulled down during the 1992-93 recession, when temporary workers were the first to be laid off by firms, and bounced back as the economy recovered in 1994. By now, however, the disadvantages of having such a large contingent workforce were apparent and policies shifted to curb its growth.



Source: Workforce Survey, Labor Ministry and IDESCAT.



The 1994 labor reform phased out the "employment promotion" contract, a blanket fixed-term contract that was responsible for much of the expansion of temporary work in the 1980s. It also made easier for small firms to lay off workers, in response to employer claims that high dismissal costs made them reluctant to hire workers on a permanent basis. However, the reform did legalize temporary work agencies, and these agencies rapidly absorbed much of the demand for contingent work.

More decisive action was taken in 1997 by the social partners, who signed a national accord to promote employment stability. This pact introduced a new type of permanent contract with lower dismissal costs for new hires from target groups (i.e., youth, over 45, long-term unemployed, women in certain professions) and for the conversion of temporary contracts. The government added a two-year payroll tax cut of 40-60% for these hires and stopped subsidizing temporary work (except for the disabled). Rules were tightened for some temporary contracts, but further regulation was left to collective bargaining. The pact's success would thus depend in part on decentralized implementation through bargaining at lower levels. The results have, in fact, varied across regions and it is to this issue that our attention now turns.

#### **4. CURBING TEMPORARY WORK. SOME REGIONAL CONTRASTS**

Four years after the national employment stability pact was signed by the peak Spanish trade union and employer associations we can see that the impact has not been uniform from region to region. The table below gives us a snapshot of the regional distribution of temporary and permanent employment based on INE's workforce survey data for the second quarter of 1997 (just before the pact was signed) and the fourth quarter of 2001 (the last available).

# IMPLEMENTATION OF 1997 EMPLOYMENT STABILITY PACT

	1997		1997		1997		2001		2001		Net jobs gain that is perm. (%)	Change in temp work rates
	Temp workers (thousands)	Perm workers (thousands)	Temp work rate (%)	Temp workers (thousands)	Perm workers (thousands)	Temp work rate (%)	Temp workers (thousands)	Perm workers (thousands)	Temp work rate (%)			
ANDALUSIA	648.5	825.7	44	897.3	1,080.0	45.4	50.5	+1.4				
ARAGON	88.1	216.1	29	90.4	275.4	24.7	96.3	-4.3				
ASTURIAS	55.1	170.1	24.5	77.8	201.0	27.9	57.6	+3.4				
BALEARIC ISLANDS	70	164.4	29.9	84.8	211.1	28.6	75.9	-1.3				
BASQUE COUNTRY	186.5	391.9	32.2	214.0	486.5	30.5	77.5	-1.7				
CANARY ISLANDS	181.4	264.7	40.7	249.4	372.2	40.1	61.2	-0.6				
CANTABRIA	37.1	86.5	30	44.6	118.1	27.4	80.8	-2.6				
CASTILLE-LEON	164.9	373.1	30.6	195.7	478.3	29	77.3	-1.6				
CASTILLE-LA MANCHA	139.6	225.7	38.2	173.8	304.7	36.3	69.8	-1.9				
CATALONIA	581.8	1,278.3	31.3	556.4	1,692.7	24.7	106.7	-6.6				
EXTREMADURA	77.8	134.8	36.6	99.1	161.1	38.1	55.2	+1.5				
GALICIA	207.8	390.1	34.7	270.6	503.4	35	64.3	+0.3				
MADRID	329.5	1,201.9	21.5	399.5	1,629.6	19.7	85.9	-1.8				
MURCIA	117.9	160.3	42.4	144.0	216.7	39.9	68.4	-2.5				
NAVARRRE	37.9	111.7	25.3	46.7	138.0	25.3	74.9	0				
RIOJA	20.7	45.6	31.2	17.2	62.8	21.5	125.5	-9.7				
VALENCIA	426.7	613.0	41	530.6	900.1	37.1	73.4	-3.9				
SPAIN	3,379.3	6,675.8	33.6	4,104.5	8,859.7	31.7	75.1	-1.9				

Source: INE. Author's own calculation based on Workforce Survey data for 1997 (2nd Quarter) and 2001 (4th Quarter)

The data shows that the pact has been more successfully implemented in Catalonia than in the rest of the country. The temporary work rate for Catalonia declined from 31.3% to 24.7% (6.6 points), whereas the Spanish rate went from 33.6% to 31.7% (1.9 points). Only the Rioja region outperformed Catalonia, but the tiny size of Rioja's labor market diminishes its significance.

An interesting contrast can be drawn between Catalonia, the Basque country, and Andalusia, the other two cases we have identified in this thesis as having different trade-union approaches to the region. The Basque temporary work rate went from 32.2% to 30.5%, a small 1.7 point decline and very close to the Spanish average. Andalusia did worse. The Andalusian rate went up from 44 % to 45.4%, a 1.4 point increase.

The table also tells us that this was a period of strong job creation in all three regions, especially in Andalusia. But in Andalusia many of the new jobs created were temporary; only half the net employment gain was permanent (50.5%). In the Basque country, like in Spain, the proportion was three quarters (77.5%). Finally, in Catalonia the entire net employment gain was permanent plus there was an additional transfer from temporary to permanent jobs (106.7%). The differences cannot be attributed to economic performance. In fact, the economy grew at a slower pace in Catalonia than in the other two regions during this period. In 1997-2001, the average annual GVA (Gross Value Added) growth rate was 3.4% for Catalonia, compared to 4% for Andalusia and 4.1% for the Basque country.<sup>221</sup>

Could these differences mask a seasonal effect? After all, we are comparing data from different times of the year and this could alter results. For example, temporary work rates tend to

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<sup>221</sup> Author's calculation based on Regional Accounting of Spain Series 1995-2001, INE.

peak in Spain during the third quarter due to the tourist season, but in Andalusia they are usually higher in the first and second quarters because of agriculture. We should therefore control for season and check whether the snapshot would look any different if we were to examine the data for the second quarter of 2001, exactly four years after the signing of the pact. The answer is negative. The temporary work rate was then 24.4 % in Catalonia, 30.9% in the Basque country, and 46% in Andalusia.<sup>222</sup> The gap in favor of Catalonia is maintained.

Could these differences be caused instead by a sector composition effect? Some regions specialize in sectors with high levels of temporary work. This is the case of Andalusia with agriculture, for example. Other regions, like Catalonia, specialize in industry, which is a sector with lower levels of temporary work. Do differences in the structural mix of our three regions explain the different impact of the pact? The answer, again, is negative. We find that temporary work rates for the same economic sector vary substantially from region to region, and that Catalonia consistently outperforms the others in all of them.

The next table provides a sector breakdown of employment in each region and the temporary work rate for that sector and region in 1997 (2nd quarter) and 2001 (4th quarter). The INE divides the data in two different ways. One is between the public and the private sectors. The other is between four sectors of economic activity: agriculture, industry, construction, and services.

The right side of the table deals with these four economic sectors. If we examine the data for Spain as a whole, we can see that temporary work rates are about twice as high in agriculture

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<sup>222</sup> From CCOO, "Los retos del empleo y el paro en España tras la cumbre de Barcelona," Madrid, April 2002.

Temporary work by Sector	Public	Public	Private	Private	Agric.	Agric.	Industry	Industry	Building	Building	Service	Service
	sector workers %	sec temp work rate %	sector workers %	sec temp work rate %	workers %	temp work rate %	workers %	temp work rate %	workers %	temp work rate %	sector workers %	sec temp work rate %
Andalusia	27.4 23.4	19.8 27.7	72.6 76.6	53.1 50.8	10.2 9.5	79.5 82	12.6 12.5	37.3 38.6	10.8 13.8	76 70.9	66.5 64.3	34.6 35.8
Aragon	23.7 20.8	15.4 20.4	76.3 79.2	33.2 25.8	2.5 1.9	40.8*19.1	31.6 29.9	27.8 21.6	8.4 8.7	56.1 49.5	57.5 59.6	25.2 22.9
Asturias	32.5 25.5	9.7 19.7	67.5 74.5	31.5 30.7	1.2* 1.1*	-- --	26.5 23.4	17.6 20.2	11.5 12.7	51.3 61.5	60.8 62.8	22.2 24.3
Balearic Islands	21 19	9.7 22.9	79 81	35.2 30	0.8* 0.8*	-- --	12.9 9.7	32.3 16.1	10.9 17.1	63.5 53.8	75.4 72.4	24.7 24.3
Basque Country	20.8 17.2	19.8 26.3	79.2 82.8	35.5 31.4	0.8* 0.8	51* 30.9*	31.7 31.1	24.3 21.6	6.9 7.5	59.7 51.5	60.6 60.6	33 32.5
Canary Islands	24.5 21.8	21.3 29.6	75.5 78.2	46.9 43	6.3 3.7	38.2 28.6	8.2 6.5	28.1 25.2	10.8 15.5	76 73.3	74.8 74.3	37.1 35
Cantabria	26.1 19.4	18.6 28.6	73.9 80.6	34.1 27.1	2.2* 2.1*	-- 14.7*	25.2 23.9	20.6 17.2	10.2 12.4	73.8*51.5	62.5 61.5	26.3 26.9
Castille-Leon	28.9 25.6	17.7 22.7	71.1 74.4	35.9 31.2	2.5 2.3	30.9 34.2	22.4 22.1	20.7 23.3	11.1 12.6	63.3 52.9	64 63	28.5 26.1
Castille-LaMancha	28.7 25.4	18.6 27.5	71.3 74.6	46.1 39.3	5.7 5	35.9 46.7	20.9 21.8	43.1 29.6	15.9 15.3	72.2 67.6	57.5 57.9	27.2 29.7
Catalonia	15.4 12.8	15.6 17.2	84.6 87.2	34.1 25.8	1.2 1.1	35 27.8	32.6 32.1	27.3 18.1	8.8 9.5	57 46.4	57.4 57.3	29.5 24.8
Extremadura	33.6 31.5	21.3 30.3	66.4 68.5	44.4 41.7	10.9 9.5	57.8 70.3	12.4 11.6	35.2 22.6	13.9 15.9	67.2 65.7	62.7 63.1	26.3 29.2
Galicia	24 20.9	15.6 21.4	76 79.1	40.8 38.5	3.9 3.5	40.7 42.3	23.3 24.5	37.9 34.6	13.1 14.3	60.6 54.5	59.7 57.6	27.5 29.8
Madrid	26.4 21	8.3 12	73.6 79	26.3 21.7	0.7 0.5	16.5 16.8	19.1 15.8	17.2 15.2	8 8.9	35.8 39	72.2 74.8	21.1 18.3
Murcia	22.9 19.1	14.9 26.9	77.1 80.9	50.5 43	11 10.9	67.5 62.6	18.8 18.1	45.6 34.1	9.8 13.3	69.1 58.6	60.4 57.6	32.4 33.1
Navarre	20 20.9	19.3 30.2	80 79.1	26.8 24	1.5* 1.1*	-- --	37.9 33.7	21.2 18.9	8 7.4	52.9 52.5	52.7 57.7	23.4 25.3
Rioja	20.7 19.5	10.2 19.9	79.3 80.5	36.7 21.9	-- 3.5*	-- 17.9*	39.4 36.2	37.2 21.4	7.1* 7.5	53.2*31.7*	52 52.6	23.8 20.2
Valencia	18.3 14.7	18.6 25.2	81.7 85.3	46.1 39.1	4.5 2.4	67.4 67.1	27 26.3	47.1 33.8	9.2 12.5	69.5 59.1	59.2 58.7	31.8 32.6
Spain	23.3 19.8	16 22.5	76.7 80.2	39 33.9	3.9 3.4	60.2 61.3	22.9 21.6	30 24.5	9.8 11.7	62.1 57	63.4 63.4	28.8 27.8

Author's own calculation based on Workforce Survey data for 1997 (2nd Qtr) and 2001(4th Qtr). Source: INE  
\* subject to high sample error

and construction than in industry and services. We also see that the impact of the pact has been uneven across sectors. The greatest reduction in temporary work has taken place in industry (from 30% to 24.5%, down 5.5 points), followed by construction (from 62.1% to 57%, down 5.1 points). On the other hand, change has been slight in services (from 28.8% to 27.8%, down 1 point) and agriculture (from 60.2 to 61.3%, up 1.1 points).

Industry has performed better under the pact and industry employs a higher share of the workforce in Catalonia, about a 10 point difference with Spain. This could mean that the success of the 1997 pact in Catalonia is in fact a success of the industrial sector. But we can also see from the table that the temporary work rate is lower in every sector in Catalonia than in Spain. Moreover, the reduction in temporary work from 1997 to 2001 has been greater in Catalonia than in Spain in every sector (9.2 points in industry, 10.6 points in construction, 4.7 points in services and 7.2 points in agriculture). Therefore, the success of the 1997 pact in Catalonia cannot be attributed to sector composition.

A similar conclusion can be reached for the failure of the pact in Andalusia. Compared to Spain, Andalusia has a higher share of the workforce in agriculture, which is the sector that has performed worst under the pact, and a lower share in industry, which has performed best. This could explain the region's poor results. However, the table tells us that the temporary work rate is higher in every sector in Andalusia than in Spain. Furthermore, temporary work rates have increased from 1997 to 2001 in Andalusia in every sector except construction (where a 5.1 reduction took place). Sector composition does not explain the Basque country's mediocre performance either. The Basque country's higher share of the workforce in industry would actually lead us to expect better results. However, we can see that the reduction in temporary

work has been very modest in the Basque country in both industry (2.7 points) and services (0.5 points), although not in construction (8.2 points).

Comparing data for the public and private sectors is also important because the public sector weights almost twice as much in Andalusia than in Catalonia (23.4% of the workforce vs 12.8% in 2001). This data is included in the shaded part of the table. For Spain as a whole, we see that the public sector has a lower rate of temporary work than the private sector but that these rates are converging. From 1997 to 2001, the rate for the private sector declined from 39% to 33.9% (down 5.1 points), while that for the public sector increased from 16% to 22.5% (up 6.5 points). This increase is partly due to a policy of attrition in the civil service, where a 25% replacement cap has been set by the central government. In other words, the public sector has been a major drag on the success of the 1997 pact.

In Catalonia, however, the public sector performed better than in the rest of the country. Temporary work grew only moderately (up 1.2 points compared to 6.5 points for Spain). Results in the private sector were also superior (down 8.3 points). In Andalusia, on the other hand, both the public sector (up 7.9 points) and the private sector (down 2.3 points) did worse than in Spain. Finally, in the Basque country the public sector performed the same as in Spain (up 6.5 points), and the private sector slightly worse (down 4.1 points). Differences in public sector size do not account for the different results observed.

Finally, we may ask, could these differences be caused by workforce composition? Since temporary work is highly concentrated among women and youth, we may expect a region with low workforce participation by these groups to have a low incidence of temporary work and viceversa. Does this factor explain the different impact of the 1997 pact in our three regions?

<b>Temporary work women &amp; youth</b>	<b>Women workers %</b>		<b>Women temp work rate %</b>		<b>Young workers (under25) %</b>		<b>Youth temp work rate %</b>		<b>Total temp work rate %</b>	
	1997	2001	1997	2001	1997	2001	1997	2001	1997	2001
Andalusia	33.2	34.5	47.2	48.4	14.4	14.6	80.2	79	44	45.4
Aragon	34.2	38.9	31	31	12.6	11.7	71	60.9	29	24.7
Asturias	33.3	35.5	26.6	27.7	8.5	8.9	70.8	65.1	24.5	27.9
Balearic Islands	41.4	41.5	29.5	28.5	14.9	15.2	73.3	65.4	29.9	28.6
<b>Basque Country</b>	<b>38.8</b>	<b>39.8</b>	<b>37.1</b>	<b>39.4</b>	<b>9.9</b>	<b>10</b>	<b>82.5</b>	<b>76</b>	<b>32.2</b>	<b>30.5</b>
Canary Islands	37.3	38.2	43	40.3	13.5	13.7	77.1	70	40.7	40.1
Cantabria	35.3	35.9	28.6	32	10.1	11.2	75.2	66.5	30	27.4
Castile-Leon	33.5	37.7	36	33.3	10.5	10.8	78.5	68.9	30.6	29
Castile-La Mancha	32	34.5	39.4	39.1	15	15	77.9	65.2	38.2	36.3
<b>Catalonia</b>	<b>39.5</b>	<b>42.1</b>	<b>34.4</b>	<b>29.2</b>	<b>14.6</b>	<b>14.3</b>	<b>76.8</b>	<b>61.3</b>	<b>31.3</b>	<b>24.7</b>
Extremadura	31.3	33.8	31.1	41	15.1	13.6	68.8	65.5	36.6	38.1
Galicia	33.8	39.2	35	37.6	13.3	11.5	76.9	71	34.7	35
Madrid	38.5	41.8	25.1	22.4	10.6	10.8	58.5	52.1	21.5	19.7
Murcia	35.9	36.1	43	43.5	16.3	16.5	79	71.7	42.4	39.9
Navarre	39	40.8	26.9	30	10.6	11.6	67.9	60.9	25.3	25.3
Rioja	38.1	39.5	34.4	26.3	12.8	12.1	82.3	59.8	31.2	21.5
Valencia	36.8	40.3	42.1	39.7	14.8	14.9	79.5	68.5	41	37.1
<b>Spain</b>	<b>36.4</b>	<b>39</b>	<b>35.8</b>	<b>34.6</b>	<b>13.1</b>	<b>13.1</b>	<b>75.3</b>	<b>66.8</b>	<b>33.6</b>	<b>31.7</b>

Author's own calculations based on Workforce Survey data for 1997 (2nd Qtr) and 2001 (4th Qtr) Source: INE



The answer to this question is negative too. The table above allows us to compare the temporary work rates for women and youth in each region, as well as their respective weight in the regional workforce. We can see that Catalonia has a higher percentage of women in the workforce and yet, their temporary work rate is lower (29.2% in 2001, compared to 39.4% in the Basque country and 48.4% in Andalusia). Moreover, this rate has declined from 1997 to 2001 (down 5.2 points) while it has increased in the Basque country (up 2.3 points) and Andalusia (up 1.2 points). We can also see that Catalonia and Andalusia have about the same percentage of young people in the workforce but their temporary rate is different (61.3% in 2001 in Catalonia, compared to 79% in Andalusia). The Basque country has fewer young workers and their temporary work rate stands at 76%.

Young workers have been the prime beneficiaries of the 1997 pact. For Spain as a whole, the temporary work rate for youth under 25 declined by 8.5 points from 1997 to 2001. In Catalonia, it fell 15.5 points, compared to 6.5 points in the Basque country and 1.2 points in Andalusia. Catalonia has outperformed the others in regards to both women and youth.

We have established so far the success of the 1997 employment stability pact in Catalonia. But did the Catalan trade unions have anything to do with this success? Could it be that more Catalan firms have decided, for their own reasons, to give workers stability in order, for instance, to pursue quality-oriented business strategies? As we will see later on, there are signs of economic upgrading in Catalonia (e.g., R&D and export growth) that would be consistent with this scenario. However, we also find strong evidence that the Catalan unions have been especially active in the implementation of the pact.

First of all, Catalan unions have vigorously pursued this issue through collective bargaining. A distinctive feature of the Catalan case is that the trade unions have emphasized collective bargaining in their approach to the region, and employment stability has been in recent years at the top of their bargaining list. A major theme in the 1995-96 negotiations for a II Interprofessional Accord of Catalonia was the regulation of temporary contracts. In the end, the employers backed down from the deal, probably expecting the new conservative government in Madrid to bring them better terms at the national level. Nonetheless, Catalonia emerged as a laboratory for different deals that trade off flexibility for employment stability. These deals typically take place at company level and involve a commitment to hire new workers or to convert a certain number of temporary contracts. In exchange, the works council agrees to greater functional mobility, flexible working hours, and/or reduced labor costs (e.g., by allowing entry-level wages or freezing seniority pay). Sometimes this is also linked to pacts to "rejuvenate firms" through early retirement schemes.<sup>223</sup>

A model for these deals can be found in Seat-Volkswagen, which employs nearly 15,000 workers in Catalonia. Since the mid 1990s, the unions at Seat have entered a series of pacts that exchange flexibility for new jobs. The backdrop to these accords has been assuring production of new models with an eye towards the consolidation of the plant within the Volkswagen group. This was the case with a 1998 pact to increase production time through more flexible working hours. The unions agreed to stagger summer vacation over three months (rather than two), increase shifts on Saturdays, forfeit time-off accumulated from the previous year (a good portion

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<sup>223</sup> Martín-Artiles, Antonio, "Employment features increasingly in company-level agreements", Eironline, (ES9809280F) (September 1998).

of the staff was already on a flexible time-banking system) , and allow up to 80 hours of overtime per worker. In exchange, the company agreed to convert 600 temporary workers recruited two years before into permanent employees, and to hire 350 new workers plus an additional 100 students to cover weekends and holidays. Wages for new hires at the bottom grade were reduced by 15%, before moving to a higher grade in two years.<sup>224</sup>

At the unions request, a new pact to rejuvenate the firm was reached at Seat in 2001. It involves the partial early retirement of 2,000 workers over 60 and the hiring of the same number of young workers under "replacement contracts" subsidized by the state. The older workers that voluntarily join the plan will work only 15% of the time (32 days/year) until they turn 65, and social security will pay the remaining 85% of their salary. The new hires will work full time and become permanent after 6 months. Wages for these workers will be reduced by 30% (the level of the sector contract) and gradually move up to standard company pay in three years. More than 16,000 youths applied for the job, according to press reports.<sup>225</sup>

A telling contrast emerges here with the 1999 Basque Employment Pact, which features a framework agreement on company rejuvenation pacts. The Basque pact stipulates that the new hire be permanent and subject to standard company conditions for his/her occupational grade. Unlike the Seat deal, it does not allow for entry-level wages.

In the public sector, Catalan unions reached an important agreement in 1997 with the regional administration that we should also mention. This accord set targets for reducing the percentage of temporary workers (down to 10% by 1999, 5% in the school department) and

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<sup>224</sup> "Flexibility in exchange for jobs at SEAT", Eironline, <<http://www.eiro.eurofound.i.e>> ES9811288n, (November 1998)

<sup>225</sup> "Operación triunfo en Seat", *El País*, 23 April 2002 and 13 November 2001.

established various sectoral commissions to discuss staffing plans and monitor implementation. It also created a job shop for temporary staff, which channels all the temporary openings in the system and is run by the Catalan employment service. Outside temporary work agencies may only be used when an opening cannot be filled through the job shop.<sup>226</sup>

In addition to collective bargaining efforts, Catalan unions have launched public campaigns to mobilize social support and regional institutions behind the objective of employment stability. One such campaign focused on temporary work agencies. Temporary work agencies were legalized in Spain in 1994 and rapidly gained market share. They also earned a reputation for low wages and short work stints, which made them very unpopular. By the year 2000, temporary work agencies employed some 600,000 workers, many of them in Catalonia. The first collective agreements for this sector were signed in Catalonia and Spain in 1996.<sup>227</sup> These agreements provided for gradually bringing up wages to the contract rate for the industry to which the client company belongs. However, company rates are often higher than the industry contract rate and the gap gives employers an incentive to use temps to cut labor costs. In 1998, the Catalan UGT collected 100,000 signatures demanding new legislation on this issue. These signatures were presented to the Catalan parliament, which drew a formal resolution in support of reform. A new law was finally passed in Spain in 1999, mandating that wages for temps be equal to the client company's contract rate.

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<sup>226</sup> "Agreement on employment and working conditions in Catalan Regional Government," Eironline, <<http://www.eiro.eurofound.ie>>ES9710127, (October 1997)

<sup>227</sup> According to some reports, the Catalan Labor Secretary acted as a facilitator, asking the parties to sit down and try to regulate the sector. See the article by Pere Joan Pons, "CCOO y UGT firman en Cataluña el primer acuerdo para el control del trabajo temporal," *El País*, 1 July 1996.

Another trade union campaign denounced the fraudulent use of temporary contracts to cover permanent jobs. In 2001, the Catalan CCOO made public a black list of "the 200 most precarious firms" in Catalonia and presented it to the regional Secretary of Labor, demanding legal action by the Labor Inspectorate. The union argued that a large number of temporary contracts had no economic or productive justification. It cited official statistics that 210,000 workers, or 40% of temporary workers in Catalonia, had been working for the same company with different contracts for over a year, and 100,000 of them had been working for the same company for over two years. If this fraud were addressed, the union concluded, the temporary work rate for Catalonia would go down about 10 points, from 25% to 15%, a level close to the EU average.

The list was based on information gathered by union locals, which were asked to report on firms with a high percentage of temporary workers, and on those with a high turnover of contracts for the same worker or of workers for the same job. Caution was taken not to upset any ongoing negotiations by including a firm in the list. A prime objective was indeed to open up space for negotiating contract conversions. These are some of the fraudulent practices uncovered: using different contract types when their maximum legal time limit is reached, using temporary part-time contracts but then extending working hours to full time, stretching trial periods and firing workers when these end, etc. About half the firms in the list had no CCOO representatives.

The campaign was successful in calling attention to the problem and pushing the regional authorities to take action. The trade union valued the experience positively and decided to do it again in 2002. There were also plans for a similar campaign at the national level. An internal

union report put the number of contract conversions in "the 200" firms at 1,300, as of March 2002. That is, 1,300 temporary workers were made permanent employees in these firms, about 500 of them by negotiation and the other 800 by an order from the Labor Inspectorate. The number of conversions was expected to grow further, since 77 firms still had pending cases at the Labor Inspectorate. More importantly, the regional government started targeting companies with high turnover rates for inspection. From January to September 2002, this new program resulted in 406 open cases with more than 2,500 irregular temporary contracts.<sup>228</sup>

What about the other two regions in our comparison? The 1997 employment stability pact has had little impact on the Basque country. We find that Basque unions have been preoccupied with ethnic politics, as the nationalist unions ELA and LAB played important roles in forging a new pro-independence coalition and a cease-fire in 1998-99. They also seemed less willing to compromise in order to bring contract conversions. In contrast to the Catalan unions' active implementation of the pact, ELA criticized it for making lay-offs cheaper and easier. This hard-line stand can also be found in the 1999 Basque employment pact's treatment of "rejuvenation" pacts, which tries to prevent the negotiation of entry-level wages for new hires, a concession that has often been linked to contract conversions in Catalonia. Basque unions have focused their demands on reducing working time and overtime. According to official statistics, they have managed to cut overtime by 1/2 from 1997 to 2001, compared to 1/3 reductions in Catalonia and Spain.<sup>229</sup> But the volume of permanent jobs to be obtained this way is limited.

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<sup>228</sup> As posted in the Catalan UGT's web page news section on 25 September 2002.

<sup>229</sup> In the Basque country, overtime dropped from 11 hours per full-time worker in 1997 to 5.1 hours in 2001. In Catalonia, it went from 12.2 to 7.5, and in Spain, from 9.7 to 6. Source: Labor Ministry, *Anuario de Estadísticas Laborales*, 1998 and *Avance* 2001.

In Andalusia, we find that the highest priority has been placed on creating jobs (any jobs), rather than on reducing temporary work. This is perfectly understandable given that unemployment is so high in this region. This priority is shown in the 1997 Andalusian employment pact, which contains a generous program of incentives for new hires including some subsidies for temporary contracts (e.g., for training contracts, for those over 45, for hires resulting from overtime reduction and from replacement of workers on maternity leave, partial retirement, etc.). The national trade unions have warned against incentive saturation, stressing that total subsidies from central and regional sources should never exceed 60% of the cost to the employer, that they should be for permanent hires from target groups and focus on situations not covered at the central level (e.g., permanent-discontinuous contracts for seasonal workers, which are featured in the latest Andalusian pact).<sup>230</sup>

In 1998, the Andalusian unions and employers issued a joint recommendation to foster job creation and stability through collective bargaining. According to the annual reports from the Andalusian Labor Relations Council, a large number of collective agreements in Andalusia (over 70% in 2001) feature employment clauses, although most of these clauses involve employment maintenance rather than creation, and many are just generic statements.<sup>231</sup> Some clauses refer to the region's employment incentives and others deal with contract conversions, overtime, etc. A good example is the 2001 Malaga hotels and restaurants contract, which sets caps on temporary staff, with those in excess being converted to permanent or permanent-discontinuous contracts.

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<sup>230</sup> "Criterios comunes sobre empleo para las negociaciones territoriales en el ámbito de las Comunidades Autónomas," CCOO, Secretaría Confederal de Empleo (October 2000).

<sup>231</sup> "Memoria Consejo Andaluz de Relaciones Laborales 2001, Vol. II, La negociación colectiva," pp. 312-313. This source covers all collective agreements in force in Andalusia, including national sector and company agreements that are negotiated outside the region.

Labor market performance	A. Employment rate (%)		B. Unemployment rate (%)		C. Temp. work rate (%)		Labor market change 1997-2001			Economic growth 1997-2001 (%)	
	1997	2001	1997	2001	1997	2001	A.	B.	C. Total		
Andalusia	33.1	39.2	31.6	22.3	44	45.4	6.1	9.3	-1.4	14	16.2
Aragon	41.9	46.6	14.2	7.5	29	24.7	4.7	6.7	4.3	15.7	11.0
Asturias	33.8	36.0	21.0	13.1	24.5	27.9	2.2	7.9	3.4	13.5	11.7
Balearic Islands	47.5	51.4	12.0	5.5	29.9	28.6	3.9	6.5	1.7	12.1	10.1
Basque Country	40.9	46.2	18.7	10.6	32.2	30.5	5.3	8.1	1.7	15.1	16.5
Canary Islands	41.4	48.2	20.7	13.1	40.7	40.1	6.8	8.2	0.6	14.4	18.5
Cantabria	36.1	44.0	20.9	12.3	30.0	27.4	7.9	8.6	2.6	19.1	20.4
Castille-Leon	36.8	41.6	19.7	12.5	30.6	29.0	4.8	7.2	1.6	13.6	12.0
Castille-LaMancha	37.0	42.8	19.0	12.0	38.2	36.3	5.8	7.0	1.9	14.7	13.9
Catalonia	43.9	47.9	17.2	9.0	31.3	24.7	4.0	8.2	6.6	18.8	13.7
Extremadura	32.7	38.1	29.2	22.1	36.6	38.1	5.4	7.1	-1.5	11.0	18.0
Galicia	39.2	42.3	19.0	13.2	34.7	35.0	3.1	5.8	-0.3	8.6	11.2
Madrid	42.0	51.1	18.2	10.2	21.5	19.7	9.1	8.0	1.8	18.9	19.3
Murcia	41.4	46.1	18.1	13.0	42.4	39.9	4.7	5.1	2.5	12.3	16.0
Navarre	45.7	49.5	9.9	6.3	25.3	25.3	3.8	3.6	0.0	7.4	16.4
Rioja	41.8	44.9	11.6	7.5	31.2	21.5	3.1	4.1	9.7	16.9	11.3
Valencia	40.5	48.8	21.2	10.3	41.0	37.1	8.3	10.9	3.9	23.1	18.5
<b>Spain</b>	<b>39.3</b>	<b>45.1</b>	<b>20.9</b>	<b>13.0</b>	<b>33.6</b>	<b>31.7</b>	<b>5.8</b>	<b>7.9</b>	<b>1.9</b>	<b>15.6</b>	<b>15.6</b>

Source: INE. Author's calculation based on Workforce Survey data for 1997 (2nd Quarter) and 2001 (4th Quarter) and on Regional Accounting of Spain Series 1995-2001. GVA (Gross Value Added) for years 1997 and 2001.



Andalusia has done well in terms of creating jobs. From 1997 to 2001, unemployment fell from 31.6 % to 22.3%. The employment rate, i.e., the share of the population 16 and older currently employed, also rose from 33.1% to 39.2%. However, there has been no progress in curbing temporary work, which stands at 45.4%. This is a reminder that trade unions face greater difficulties in poor regions, but also suggests that we look at the broader picture of the regional labor market when assessing the impact of the 1997 employment stability pact.

The table above compares labor market improvements in employment, unemployment, and temporary work rates, and puts them in relation to economic growth. It shows that the overall performance of Catalonia in these three areas has been superior to that of Spain, while that for both the Basque country and Andalusia has been inferior. Some regions like Valencia and Madrid have done better than Catalonia in expanding employment, but their economies have also grown at a faster rate during this period.

### **5. MOVING OFF THE "LOW ROAD"**

The success in reducing temporary work could turn out to be short-lived if Catalan employers do not move off the "low road." If most firms continue to compete primarily on the basis of price, rather than product differentiation, quality, customer service or technological content, then it is likely that they will revert to old practices once the current subsidies for stable hirings run out. The high prevalence of the "low road" has indeed been a major problem for Spanish unions: it puts downward pressure on wages and working conditions, and is the root cause of the massive use of temporary work.

Low-cost strategies have a self-reinforcing quality. Reliance on a contingent work force tends to undermine worker commitment and skill formation in the mid run. This makes more difficult to pursue higher-value-added strategies that hinge on other forms of flexibility, such as functional mobility and multiskilling. (Remember the small employers' concern about the loss of craftsmanship reported in Chapter II?). Moreover, it creates an environment that deters competing firms from upgrading by making riskier for them to make the necessary investments in training and organizational change (Locke, Kochan & Piore, 1995). In this sense, moving off the "low road" poses a collective-action problem for employers. Two types of solutions exist. One is to pool or subsidize the cost of training, innovation, access to export markets, etc. The other is to limit downward competition by enforcing wage and labor standards. Employers naturally gravitate towards the first solution but a combination of both is normally involved.

For quite some time now, Catalan unions have been seeking common ground with employers on this issue. In 1990, the I Interprofessional Accord of Catalonia focused on two important aspects: training and health & safety. In regards to training, the accord promoted the negotiation of training plans within companies, as well as the formation of sector associations and partnerships to provide training for small and medium-sized firms. The Generalitat funded "crash plans" organized by the social partners and helped create some specialized training institutes. The best known example is the Gaudí Institute, founded in 1989 by the construction employers and trade unions, and which initially sought to address skill shortages in preparation for the 1992 Barcelona Olympics. The institute offers courses with a high technical and practical orientation, and promotes re-training and adaptation to new technologies.<sup>232</sup> A similar institution

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<sup>232</sup> Andreu Lope, "Autonomia e laissez-faire in Catalogna", op. cit. p 151.

has later been established at the national level. Another example is the Algueró School for printing/publishing, which is run by the industry association. These experiences gave Catalan actors a head-start over other regions in the training field.

In 1992, a national employee training system was created by an agreement between the Spanish trade unions and employer confederations. The system, known as FORCEM, is financed through payroll taxes and EU funds, and it is run by the social partners on an industry basis. Central paritary committees (e.g. the national metalworkers' unions and employers' associations) set general criteria and approve training plan proposals for their sector. Training plans fall primarily under two categories: company plans, which are drawn by the companies themselves and require works council assent; and group plans for firms under 200 workers (100 since 1997), which are promoted by trade unions and employer associations. Plans that cut across different sectors can also be promoted by regional committees, but are less common. This centralized design has been opposed by some regions. Catalan unions and employers have been amongst those pushing for decentralization but have refrained from breaking away from the system like the Basques, who set up their own parallel structure.

In a short time, FORCEM has expanded demand for training tremendously among Spanish firms. Almost 1.5 million workers (about 12.3% of private-sector employment) got further training through the program in 2000. Total requests for funding that year involved 6.6 million workers. Moreover, 91.8% of participating firms were small (under 50 workers); a very good number, even though it is still some 6 points below their presence in the economy.<sup>233</sup>

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About 40% of trainees were women and 32.3% were unskilled workers,<sup>234</sup> which are groups that usually have less access to training. The most popular contents in 2000 were, in decreasing order, computers, health & safety, foreign languages, management, customer service, and industrial maintenance.

The funds have been spread quite evenly across regions. In 2000, Catalan trainees represented 12.6% of private-sector employment in the region, just about the national average. In Andalusia the rate was 12.4%. Madrid was the main exception with 17%.<sup>235</sup> In addition, regional governments also provide funding for further training. In the case of Catalonia, to the 278,000 FORCEM trainees in 2000 we should add another 68,000 from a regional retraining program and an indeterminate number from other programs open to both the unemployed and employed workers.<sup>236</sup>

The system, however, is currently under fire because of widespread irregularities in the use of training funds. There are several open investigations affecting both FORCEM and the INEM-funded programs. The problem, which seems to cut across regions, has been known for some time but has apparently continued unabated despite greater bureaucratic controls. Reform is also being compelled by a recent Constitutional Court ruling backing Catalonia's claim over further training, and which will lead to a more decentralized system.

A regional training plan for 2003-2006 has been approved by the Catalan Training Council which seeks to improve quality and integration between further training, job training for

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<sup>233</sup> "Empresas participantes en el Sistema de Formación Continua. Principales indicadores," FORCEM, Boletín Estadístico nº 3, June-September 2001.

<sup>234</sup> Author's calculation based on "Memoria de Actividades 2000", FORCEM, p. 76.

<sup>235</sup> Ibid, p. 105.

<sup>236</sup> "Memòria del Departament de Treball 2000", Generalitat de Catalunya, p. 178.

the unemployed, and the vocational school system. Incidentally, over 40% of Catalan students, double than expected, chose a vocational high school this year, which seems to indicate that the negative social perception of vocational schooling is beginning to change.<sup>237</sup>

Health and safety is another area where Spain lacked effective institutions. The steady rise of work accidents in the late 1980s made changing the outdated regulations inherited from the Franco era urgent, as did the need to comply with EU directives. But the process has been long and difficult, marked by employers' concern over costs.<sup>238</sup>

The first agreements on health and safety took place in Catalonia. In 1989, the trade unions reached an accord with the Catalan government to improve coordination between relevant administrative agencies and draw a regional risk map. In 1990, the I Interprofessional Accord of Catalonia signed with employers sought to foster a new culture of prevention through collective bargaining. Bargaining guidelines reproduced key passages of the 1989 EU directive and introduced the figure of the prevention delegate, elected by workers. They anticipated the new national Health at Work Act, which was finally passed in the Spanish Parliament in 1995. More recently, the unions signed in 1996 a pact with the Catalan small employers association (PIMEC) establishing a consulting service to assist firms with health and safety issues.

Catalonia's health and safety policy has been assessed by Andreu Lope, who emphasizes three points.<sup>239</sup> First, the regional government has been relatively active in this field, developing

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<sup>237</sup> *El País*, 19 April 2002.

<sup>238</sup> For details on the previous legal framework and the process of reform see Vogel, Laurent, *Prevention at the Workplace: An initial review of how the 1989 Community Framework Directive is being implemented*, European Trade Union Technical Bureau for Health & Safety, (Brussels: 1994).

<sup>239</sup> "La regulació regional de las relaciones de trabajo: el caso de Catalunya", Grup d'Estudis Sociològics sobre la Vida Quotidiana i el Treball, Departament de Sociologia,

a series of program initiatives and institutions. Intervention has been channelled through the regional Centers for Health and Safety Conditions at Work, which handle work accidents and professional diseases, as well as training and outreach efforts. Second, the pace of implementation has been slow. It took, for instance, three years to get the Interdepartmental Health and Safety Commission off the ground, and more than five years for the tripartite Health & Safety Council to start working. Finally, the approach of the Catalan government has been to inform and educate employers and workers about prevention, but not to police and enforce standards--as the unions would like.

These joint efforts succeeded in reducing work accidents, although most of the gains made in the first half of the 1990s have been lost in latter years. The following table compares work accident rates by region. It shows that these rates have increased in Spain from 68.6 accidents per thousand workers in 1990 to 75.6 in 2000 (up 7 points). Only a few regions show decreases: Catalonia (down 3.5 points), Aragon (down 2.8 points), the Basque country (down 2.5 points), and Asturias (down 1.4 points).<sup>240</sup> Catalonia started the 1990s with work accident rates above the Spanish average but has substantially closed the gap since then.

The table also tells us that the 1995 Health at Work Act had no impact on the ground. Work accidents declined temporarily across Spain during the 1991-93 recession, but have been steadily climbing since then. These rates are the highest in the EU (although the Spanish numbers include traffic accidents in the way to/from work that are usually not counted in other countries).

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Universitat Autònoma de Barcelona (1995) pp. 27-29.

<sup>240</sup> Catalonia, Aragon, and the Basque country have all developed regional initiatives in this field. I don't know of similar pacts in Asturias, where the decline in accidents may be related to the shrinking mining sector.

## Work Accident Rates

(number of accidents requiring leave per thousand workers with social security records)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	90-00
ANDALUSIA	59.0	59.6	54.1	47.2	48.7	52.0	53.2	55.6	60.6	66.0	69.0	+10.1
ARAGON	66.3	61.7	56.1	46.8	49.6	55.7	56.0	59.7	63.2	62.8	63.5	-2.8
ASTURIAS	87.2	90.1	79.5	67.4	70.8	96.2	91.9	91.0	83.5	91.4	85.8	-1.4
BALEARIC ISLANDS	74.1	71.1	65.7	62.1	65.7	74.2	82.4	85.1	95.5	100.3	102.7	+28.6
<b>BASQUE COUNTRY</b>	<b>82.6</b>	<b>78.8</b>	<b>71.5</b>	<b>64.6</b>	<b>65.9</b>	<b>70.0</b>	<b>71.2</b>	<b>72.2</b>	<b>76.4</b>	<b>77.2</b>	<b>80.1</b>	<b>-2.5</b>
CANARY ISLANDS	64.0	60.0	55.8	52.5	54.0	58.6	62.7	66.8	75.0	82.9	84.4	+20.4
CANTABRIA	66.7	64.9	60.4	54.5	55.9	55.7	54.9	59.3	64.4	68.5	70.8	+4.1
CASTILLE -LA MANCHA	71.9	69.8	67.0	58.4	58.8	63.5	65.4	69.5	72.3	79.1	84.2	+12.3
CASTILLE -LEON	63.3	62.5	58.9	52.5	53.5	55.4	57.6	59.6	60.0	63.1	66.2	+2.9
<b>CATALONIA</b>	<b>83.8</b>	<b>82.0</b>	<b>75.2</b>	<b>65.3</b>	<b>65.3</b>	<b>68.4</b>	<b>67.0</b>	<b>70.4</b>	<b>74.8</b>	<b>79.6</b>	<b>80.3</b>	<b>-3.5</b>
EXTREMADURA	44.6	44.3	45.0	39.4	39.6	41.0	41.5	45.0	49.8	54.2	53.9	+9.3
GALICIA	52.3	50.8	48.2	43.7	44.8	49.5	50.5	52.8	56.4	61.1	61.6	+9.3
MADRID	52.5	50.1	47.2	43.1	43.0	45.8	50.7	52.0	50.2	60.8	62.8	+10.3
MURCIA	90.9	86.7	74.7	67.4	74.1	83.2	84.2	91.2	96.3	100.2	95.5	+4.6
NAVARRRE	76.8	79.4	75.1	67.5	68.4	70.7	67.9	71.4	75.8	81.2	81.1	+4.3
RIOJA	64.4	62.1	55.7	53.0	54.2	59.6	59.9	64.1	68.9	72.3	74.9	+10.5
VALENCIA	82.7	80.0	72.6	64.9	69.8	76.5	76.8	82.2	88.2	97.5	95.5	+12.8
<b>SPAIN</b>	<b>68.6</b>	<b>66.9</b>	<b>61.6</b>	<b>54.6</b>	<b>56.1</b>	<b>60.6</b>	<b>61.9</b>	<b>64.9</b>	<b>68.3</b>	<b>74.4</b>	<b>75.6</b>	<b>+7</b>

Author's calculation based on data from Labor Ministry, Anuario de Estadísticas Sociales y Laborales (2000)

There seems to be a strong link between work accidents and contingent work. While temporary workers represented about 1/3 (32%) of the workforce in 2000, they accounted for more than 1/2 (57.1%) of work accidents. A similar link has been identified in a study of the US petrochemical industry, between the use of non-union contract workers and higher rates of accidents (Kochan et al, 1994).

Spanish trade unions have grown increasingly frustrated with this trend, demanding more decisive law enforcement. They have also called for new restrictions on temporary employment and on chain-subcontracting, which is connected to high work accident rates in the construction industry. Special action plans have been drawn at national and regional levels in recent years, inspired by a successful tripartite experience in Aragon that targeted companies with the highest accident rates. But these plans do not seem to have accomplished the desired results. (In Catalonia, the Generalitat was apparently unwilling to release to the unions the names of the companies involved).

Regional work stoppages took place in Catalonia and the Basque country in 2001 to protest against the rising tide of work accidents. An accord has recently been signed with the Generalitat to limit chain-subcontracting in public works, and a new national plan is currently being prepared that would target for inspection some 30,000 Spanish firms where 40% of work accidents concentrate. The plan also foresees more manpower for the Labor Inspectorate, which is seriously understaffed, and adjusting companies' pay-roll taxes based on accident rates.

Another factor to consider in moving off the "low road" is the role of regional policies to support firms. The Catalan government has focused its efforts on two areas: technological



innovation and internationalization. It invested some 20,000 million pesetas (120.2 million euros) in the 1990s to develop a network of technological centers where firms can subcontract their R&D activities.<sup>241</sup> The General Research and Trials Lab (which also runs a number of specialized programs in fine chemistry, laser, etc) and the Automobile Applied Research Institute are both public centers. Others are private/public partnerships, e.g., the Catalan Plastics Center, the Molds and Casts Manufacturers' Association Technological Center, the Food Industry Research and Technology Institute and about a dozen more. In addition, transfer centers have been established at universities in the region. The other major initiative is the Trade Promotion Consortium of Catalonia (COPCA), which has business centers in 27 countries, and actively promotes exports and joint ventures between Catalan and foreign firms. The CIDEM also runs a number of programs that assist small and medium-sized firms with innovation, quality, design, inter-firm cooperation, etc.

The Catalan unions have tried to get the regional government to invest more heavily in this field. The best example was the 1993 pact reached with employers to lobby together the administration for more funds at a time of industrial crisis. However, the Generalitat has followed a less interventionist approach than other regions with similar levels of powers.

Have Catalan firms moved off the "low road"? We can find some signs of economic upgrading that bode well for the trade unions. The first sign is an increase in company spending in R&D and innovation, an area where Spain still has to catch up with other EU countries.

The table below compares company spending trends in different regions over the last decade.

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<sup>241</sup> This is the figure provided by the region's Secretary for Industry, Commerce and Tourism, Antoni Subirà, in his article "Innovació tecnològica i reptes industrials. El paper de l'administració pública", *Revista d'indústria, comerç i turisme*, no. (Jul-Aug 1999)

It shows that Madrid has lost some of its centrality in R&D, while Catalonia's share has increased from 23.5% to 27.7% of the national total. R&D spending by Catalan firms grew from 57,933 million pesetas in 1990 to 141,460 million in 2000 (a 144% increase, compared to a 107% increase for Spain as a whole during the same period). The table also provides information on innovation spending among industrial firms, which is a wider concept than R&D. This column also shows that Catalonia has improved its position in recent years.

## **R&D and innovation spending by firms**

	R & D spending (all firms) (% of national total)		Innovation spending (industrial firms) (% of national total)	
	1990	2000	1996	2000
Madrid	45.9	31.1	22.4	25.9
Catalonia	23.5	27.7	25.3	27
Basque Country	12.3	11.7	10.3	9.1
Other regions	18.2	29.5	42	38

Source: Informe Cotec Tecnología e innovación en España 2002 and INE Encuesta sobre Innovación tecnológica en las empresas 1996 (author's calculation)

Another sign of economic upgrading is export growth, which has been more pronounced in Catalonia than in Spain over the last decade. According to IDESCAT data, Catalan exports increased from 14,562 million euros in 1994 to 36,308 million euros in 2001. Catalonia has consolidated its role as Spain's leading export region: its share of total exports grew from 24.8% in 1994 to 28.2% in 2001. More than 2/3 of these exports go to the EU, a demanding consumer market, and they involve many firms, not just a few large exporters. In 1998, for instance, there were about 13,000 exporting firms. This is the equivalent of saying that, on average, all Catalan

firms over 23 workers export some part of their production.<sup>242</sup> A study by the Catalan industry department identified more than 100 "pocket multinationals": manufacturing firms that had established facilities abroad, typically during the last ten years. As the name indicates, many of these companies were small; two out of three had total sales under 60 million euros, and about 90% had no foreign capital participation in ownership.<sup>243</sup>

Finally, the technological content of exports has also increased. According to IDESCAT, Catalonia's share of Spain's high-tech industrial exports grew more than 13 points, from 25.2% in 1994 to 38.3% in 2001, while that for medium-high exports went from 30.1% to 32.3%.

## 6. ORGANIZATIONAL GROWTH

Trade union membership has expanded in Catalonia in the 1990s, but no more so than in other regions. This might be due to the fact that many new union members come from the public sector, which is smaller in Catalonia. Nonetheless, it shows that the Catalan approach has not proven advantageous in promoting membership growth.

CCOO and UGT organized 8.5% of Catalan workers in 1990 and around 10.3% in 2001 (CCOO figures are actually for 2002). The rate of increase was the same as that for Spain, where membership rates went from 11.9% to 13.7%<sup>244</sup>

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<sup>242</sup> "La projecció internacional de Catalunya", *Revista*, Departament d'Indústria, Comerç i Turisme, Generalitat de Catalunya, no. 12 (Sept-Oct 1999) pp.3-5.

<sup>243</sup> *Ibid* p. 6.

<sup>244</sup> Total unionization rates are several points higher due to the presence of other trade unions. A 1997 count of union declared membership put it at 18.2% of Spanish workers. Miguélez, Fausto, "Trends in Trade Union Membership", Eironline, <<http://www.eiro.eurofound.ie>>, 1998

## Union membership by region (thousands)

	CCOO	UGT	ELA	LAB	Total	%	CCOO	UGT	ELA	LAB	Total	%
	1990	1990	1990	1992		1990	2002	2001	2002	2002		2001
<b>Andalusia</b>	<b>70.7</b>	<b>83.2</b>	--	--	<b>154.0</b>	<b>10.9</b>	<b>146.1</b>	<b>130.2</b>	--	--	<b>276.3</b>	<b>14.2</b>
Aragon	13.7	19.3	--	--	33.0	10.8	24.2	35.5	--	--	59.7	16.4
Asturias	34.6	41	--	--	75.6	31.3	35.1	41.6	--	--	76.7	28
Balearic Islands	10.9	15.6	--	--	26.5	13.7	17.5	15.1	--	--	32.6	11
<b>Basque Country &amp; Navarre</b>	<b>29.9</b>	<b>42.3</b>	<b>67.4</b>	<b>18</b>	<b>157.6</b>	<b>22.6</b>	<b>57.3</b>	<b>54</b>	<b>96.9</b>	<b>25</b>	<b>233.2</b>	<b>26.4</b>
Canary Islands	14.8	16.3	--	--	31.1	8.5	36.7	23.1	--	--	59.8	10
Cantabria	7.5	12	--	--	19.5	16.9	13.3	15.5	--	--	28.8	18
Castille-Leon	23.9	36.5	--	--	60.4	11.5	45.2	58.5	--	--	103.7	15.4
Castille-LaMancha	24.9	19.9	--	--	44.8	12.4	52.1	27.5	--	--	79.6	17
<b>Catalonia</b>	<b>84.6</b>	<b>65.9</b>	--	--	<b>150.5</b>	<b>8.5</b>	<b>146.5</b>	<b>86.4</b>	--	--	<b>232.9</b>	<b>10.3</b>
Extremadura	5.7	10.6	--	--	16.3	7.9	18.5	25.2	--	--	43.7	16.7
Galicia	19.4	27.2	--	--	46.6	8.1	42.5	43.6	--	--	86.1	11.5
Madrid	81.1	66.8	--	--	147.9	9.8	125.1	84.7	--	--	209.8	10.6
Murcia	14.0	11.1	--	--	25.1	10.1	20.9	16.6	--	--	37.5	10.5
Rioja	1.9	6	--	--	7.9	12.8	6.5	11.1	--	--	17.6	22.4
Valencia	67.4	67.7	--	--	135.1	13.6	100	76.6	--	--	176.6	12.6
Ceuta & Melilla	0.2	2.8	--	--	3.0	12.2	3.5	3.8	--	--	7.3	18.4
<b>Spain</b>	<b>508</b>	<b>545</b>	<b>67</b>	<b>18</b>	<b>1,139</b>	<b>11.9</b>	<b>886</b>	<b>749</b>	<b>97</b>	<b>25</b>	<b>1,757</b>	<b>13.7</b>

Membership data does not include USO, CGT, the Galician CIG and other independent trade unions that organize up to another 5% of workers.

Data for the Basque country and Navarre is reported jointly because some of the unions do so.

Source: CCOO, UGT, ELA, LAB figures are from (Albers, 1995) and *El Pais*. Unionization rates are calculated based on wage earners' numbers from the INE Workforce survey.

Both Andalusian unions and Basque nationalist unions have experienced greater membership increases than Catalan unions. Membership figures for the Basque Country and Navarre is reported together, obscuring the different patterns at work in each region.

Workscouncil elections data for the Basque Country suggest that the *ethnic politics* approach has allowed nationalist unions to make some gains over UGT and CCOO. In the 1990 elections, ELA obtained 37.8% of delegates in the Basque Country, followed by UGT (19.5%), CCOO (17%), and LAB (13%). As of December 2001, their respective shares were ELA (40.8%), CCOO (18%), LAB (15.8%) and UGT (15.3%).<sup>245</sup>

### Workscouncil Elections in Catalonia

	1986 Delegates %		1990 Delegates %		1995 Delegates %		1999 Delegates %	
CCOO	11,808	41.1	16,753	44.1	16,378	43.0	19,390	43.0
UGT	10,605	36.9	15,366	40.5	13,165	34.5	17,361	38.5
CCOO+UGT	22,413	78.0	32,119	84.6	29,543	77.5	36,751	81.5
Other	6,259	22.0	5,847	15.4	8,572	22.5	8,360	18.5
Total	28,672	100	37,966	100	38,115	100	45,111	100

Source: CONC and (Caprile, 1993)

The number of Catalan union candidates elected in workscouncil elections has also expanded in the 1990s. CCOO and UGT's joint share of delegates peaked in 1990 at 84.6%. It then fell to 77.5% in 1995, and went up again to 81.5% in 1999. The temporary drop in 1995 was associated with the bankruptcy of UGT's housing cooperative which damaged the unions'

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<sup>245</sup> Source: (Albers et al, 1996: 185) and ELA.

image. Workscouncil elections results for Spain followed a similar trend. CCOO and UGT's joint share of delegates was 74.4 % in 1986, 79% in 1990, 73% in 1995, and 74.4% in 1999.<sup>246</sup>

Like their Spanish counterparts, Catalan unions have renewed their membership base in the 1990s, reaching beyond the traditional core of male industrial workers. In 1998, service sector workers accounted for 51.7% of members in the Catalan CCOO and 49% in UGT. Recent figures from CCOO show that women represent 32.8% of membership in 2002 (just 7 points below their workforce participation rate in Catalonia). The union has also been promoting women candidates in workscouncil elections. As of July of 2002, 29% of CCOO delegates in Catalonia are women.<sup>247</sup>

An area where regional concertation has contributed to organizational growth, in Catalonia and elsewhere, is union services. The 1989 accords with the Generalitat allowed the unions to develop training programs and housing cooperatives, adding new services to the traditional legal counsel offered on labor matters. The unions' role as training providers has also expanded under the umbrella of the national further training accords. Since 1995, the trade unions began to provide job-search orientation services contracted out by the INEM. Another new activity that has been funded by the regional and local administrations is assistance to immigrant workers. The unions' centers help them apply for work permits, residence and family reunification, and provide information on local schools, social services, etc. In Catalonia, the unions have also been involved in organizing multicultural events and in the recruitment of

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<sup>246</sup> Since 1994, the Labor Ministry does not provide official data on workscouncil elections which are now computed on an ongoing basis. Results for 1995 and 1999, two years with a high concentration of elections are from CCOO as reported in *El País*, 14 December 1999.

<sup>247</sup> "El sindicat de les dones treballadores," *Lluita Obrera*, no. 159 (Sept-Oct 2002), p. 9.

workers at harvest time. Immigration is becoming an important issue on the regional trade union agenda.

These services enhance the trade unions' presence in society and contribute a large share of their budget. According to the Catalan CCOO budget for 2000, membership dues represented 31.4% of income, while services and grant activities accounted for 60%. State subsidies, on the other hand, totalled 104 million pesetas, less than 2% of income.<sup>248</sup>

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<sup>248</sup> Author's calculation based on CONC, *Lluita Obrera*, no. 147, March-April 2000





# **CONCLUSION**



This dissertation argues that the region has become an important site for trade-union activity. This is evident in Spain's rich mosaic of regional pacts between unions, employer associations, and state actors in the 1990s. These pacts cover a broad set of issues, including employment and training policies, regional development, social policy, and different aspects of industrial relations.

The Spanish experience is part of a general European trend. The emergence of tripartism and social partnerships in the regions is a rather widespread phenomenon, which may be explained by a mixture of structural and policy changes:

- post-Fordist, flexible forms of production engender a great deal of diversity in industrial relations that makes centralized regulation problematic
- agglomeration and regional clusters are important sources of learning and expertise in today's knowledge economy
- there has been a decentralization of both economic development and employment policies in search of more adaptability to local conditions
- the EU has actively promoted this decentralization and the participation of the social partners through the structural funds and, more recently, through its European employment strategy.

Against this background of European cases, the Spanish case presents some favorable conditions for the development of the regional trade union. Spain has strong regional identities and many of its regions enjoy high levels of institutional power. Moreover, Spain's competitive devolution process has been ripe with opportunities for political exchange. Regional

governments have been keen to obtain social consensus in order to legitimize their powers and demand further transfers from the center. This has made them willing to negotiate policies with trade unions and employers. Seeing these opportunities, Spanish unions have increasingly taken the initiative in regional pact making. There were three union-led waves of regional pacts in the 1990s, each covering 12-13 regions (out of a total of 17).

Nationalism, on the other hand, has been a double-edged sword. Whereas in Catalonia it has encouraged unions to focus on local *problem solving*, in the Basque Country it has led them to emphasize divisive *ethnic politics*. This contrast is arguably rooted in the early histories of the labor movement and nationalism in each region, which Hobsbawm summed up as follows:

"Catalanism became, and could become, a mass force only by moving to the left in order to integrate a powerful and independent labor movement, while Basque nationalism succeeded in isolating and eventually practically eliminating the traditional working-class socialist movements [...] It is perhaps not surprising that Catalanism has been spectacularly more successful in assimilating the (mainly working-class) immigrants to its country than the Basque movement, held together largely by xenophobia."<sup>249</sup>

Hostility between the Basque ELA and UGT can be traced back to 1911, when ELA was founded in reaction to UGT's immigrant worker base. ELA's statutes indeed required prospective members to show that at least one of their four surnames was of Basque origin (Mees, 1995). Similarly, the Catalan unions' strong regional orientation and relative autonomy within the Spanish confederations reminds us, especially in the case of CCOO, of the anarcho-syndicalist CNT and its predecessors, which "were not Catalanist; but they were very Catalan" (Jordana & Nagel, 1995:87). Nevertheless, the current trade-union approaches are not simply a dim legacy from the past, but the product of deliberate strategic choices. In fact, ELA opted briefly for

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<sup>249</sup> Eric Hobsbawm, *Nations and Nationalism since 1780*, (Cambridge: Cambridge University Press, 1990), p. 140.

cooperation with UGT and CCOO in 1988-91, before it decided to go on and build a political pro-independence coalition. Unfortunately, this emphasis on ethnic politics has exacerbated inter-union conflict and locked Basque industrial relations in a dynamics of confrontation. Like the old CNT, the Catalan CCOO has integrated both native and immigrant workers into its ranks and adopted a broad, often ambiguous discourse, in order to catch both nationalist and non-nationalist members (Jordana & Nagel, 1995). Incidentally, the large presence of immigrants from other parts of Spain is a significant fact to bear in mind and a caveat against interpreting the Catalan case purely as the result of a strong, shared national identity.

Andalusia represents a third type of trade-union approach. From the vantage of an economically lagging region, Andalusian unions have been foremost interested in preserving national labor standards and redistribution policies. Therefore, they have not sought to develop a regional level of industrial relations, focusing merely on *lobbying* the regional administration. As a result, Andalusian pacts have dealt almost exclusively with regional policies, although this might be now beginning to change as best practices are beginning to be shared across the country.

These different approaches must be placed in the context of national labor politics. Spanish unions have made several strategic adaptations since the late 1980s, trying to reverse their declining fortune. Perhaps the most important of these adaptations has been "unity of action" between CCOO and UGT. Much effort has gone into upgrading collective bargaining, which is poor in content and fragmented, to negotiate flexibility with employers. The unions have also sought to strengthen their political role as representatives of working people, not only in the workplace but in society at large. This has led them both to call for general strikes (5 since

1988) and to enter national pacts over issues such as continuing training, pension reform, the rural dole for the South, employment stability and, more recently, incomes policy. Regional pacts have been part and parcel of this political action strategy of national unions.

The case study of Catalonia reveals that regional and local pacts have thickened the relationships between unions, employers, and state actors, especially through participation in different institutions and partnerships. These institutions have helped them reduce conflict, access information, improve communication and understanding of each other views, develop new services for their constituencies, and enhance their governance role in industrial relations. The latter functions have added value in a country like Spain, where small firms predominate and where both labor and business are weakly organized. In sum, Catalonia fits well Regalia's view of regional industrial relations arrangements as *social capital* accumulation (Regalia, 1998). My research doesn't cover Andalusia and the Basque Country in the same depth; but it appears that this process of social capital accumulation has been more limited in Andalusia (e.g., the conflict resolution service is of recent creation) and has been undermined by union fighting in the Basque Country.

The Catalan unions' *problem solving* approach has also proved advantageous in other, more tangible ways. In particular, Catalan unions have been able to increase employment stability in the region, in contrast to their Basque and Andalusian counterparts. This is a critical issue for Spanish labor, because of the extremely high prevalence of temporary work. A national pact was signed to address this problem in 1997 but, whereas one in three Spanish workers still has a temporary contract, in Catalonia the rate has dropped to one in four. Catalan unions have been at the forefront of experimentation with different bargaining trade-offs, e.g., accepting

entry-level wages, lay-off clauses, functional mobility, and flexible working hours, in exchange for new permanent hires and contract conversions. They have also launched regional initiatives, such as the campaign denouncing "the 200 most precarious firms," that led to contract conversions in those firms and to increased policing of contract abuses by the labor inspectorate.

The Catalan unions' success has been compatible with working within the framework of national agreements and institutions. In fact, Catalan unions have been more successful, in my view, than Basque unions, who tried to break away from national frameworks. Their success also seems to depend on better integration between regional concertation and collective bargaining than in regions like Andalusia, where pacts have been largely restricted to the political sphere.

The Spanish experience with regional pacts speaks in a number of ways to the debate over how to foster union revitalization that has been going on for some time. Some authors (Locke, 1990) (Sabel, 1992) saw the regional trade union as a more adaptable alternative in today's flexible economy. Others (Streeck & Schmitter, 1991) (Teague, 1995) thought that this would only accelerate the decline of national labor movements by increasing interest fragmentation and inequality. The main lesson from the Spanish case is that we should not view the regional and the national trade union as competing alternatives, with one growing at the expense of the other. The Spanish confederations have promoted regional pacts as a complement to their national strategies, seeking to expand participation in the administration of policies that are increasingly decentralized. At the other end, Catalan unions have shown that regional success is not at odds with, and indeed *builds upon*, national policies and frameworks of coordination.

Another aspect of the debate over union revitalization juxtaposes strategies of social partnership to more militant organizing of the kind developed by American unions, which often target workers in low-wage and insecure jobs. Some authors (Baccaro, Hamann & Turner, 2003) argue that this choice is largely a function of national contexts. Unions everywhere see political action as essential to their revitalization efforts. In countries where their institutional position is weak, unions have adopted social movement tactics; and in countries where their institutional position is stronger or the political opportunity structure is more open (as in Spain), they have focused on social partnership. Unions in the latter situation, however, have less incentive to organize the unorganized and risk being confined to a shrinking core of "insiders."

The region, and this is the second lesson from the Spanish case, allows the trade union to reach out to "outsiders": the unemployed, temporary workers and others in the more insecure segments of the labor market. By participating in regional and local employment and training policies, unions get to play a visible role representing these workers and gain direct contact with them through program delivery. This helps unions bridge the divide between insiders/outsiders and boosts their legitimacy as political actors. Spanish unions have developed new roles in the 1990s as providers of public-funded training, job orientation services, and legal assistance for immigrants. It has been found, for instance, that union-run continuous training programs have led to improved training access for workers in small and medium-sized firms, especially for the less skilled that tend to be excluded from employer plans (Rigby, 2002).

Moreover, the region has also served as a platform for mobilizing community-based interests and solidarity. This is illustrated by the following comment from a national trade union leader on the 1993 industrial pacts campaign, which started in the mining region of Asturias:



"They tell us the miners they are retiring are guaranteed 100%. That's not the problem we are posing; the problem is that the miner's son will have to emigrate. Therefore, this is not a problem of you guaranteeing me my future but [...] the future of employment in that region."<sup>250</sup>

A third lesson from the Spanish case is that the regional trade union is bound to produce uneven success and it is, therefore, necessary for national unions to act as a coordination center that helps diffuse, compare, and evaluate regional practices in order to promote learning, especially in disadvantaged regions. Spanish unions have been active in the diffusion of regional pacts but they are only beginning to develop a coordinating role, gathering information on the different experiments under way, organizing exchange fora, and setting basic criteria for negotiations and benchmarking. Here an obstacle has been the ambivalence the national unions still feel about the increasing regional differentiation of industrial relations and its potential for undermining national unity and solidarity, which is doubtless fed by the Basque nationalist unions' separatist drive. This drive has not been very disruptive because the Spanish bargaining system is quite decentralized. One could even argue that in countries like Spain, Italy, or Belgium, regional separatist tensions have contributed to national concertation by providing a rationale for national "social pacts" (Crouch, 2000). More research is needed in order to better understand what conditions are more conducive to regional trade union success and to further elucidate the relationship between national and regional unions.

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<sup>250</sup> Interview of Raimundo Fisac, Industry Secretary, CCOO Confederation, Madrid, 30 September 1993.



**APPENDIX**  
**Regional Pacts with Trade-Union Participation**  
**1980-2000**

	<b>EMPLOYMENT AND REGIONAL DEVELOPMENT POLICIES</b>	<b>INDUSTRIAL RELATIONS</b>
Andalusia	<p>Employment and training accords (Gov-UGT) (Gov-empl) (1985)</p> <p>Concertation accords linked to Regional Development Plan (Gov-UGT) (Gov-empl) (1987)</p> <p>Concertation accords (gov/unions) (1990) (1992)</p> <p><b>Social and Economic Development Accord</b> (tripartite) (1993)</p> <p><b>Pact for Employment and Productive Activity</b> (tripartite) (1995)</p> <p><b>Pact for Employment and Economic Development</b> (tripartite) (1997)</p> <p><b>IV Concertation Accord: Pact for Employment and Productive Activity</b> (tripartite) (1999)</p>	<p>Interprofessional accord on conflict resolution (bipartite) (1996)</p>
Aragon	<p>Employment and training accords (tripartite) (1990)</p> <p><b>Accord for Industrial Progress</b> (tripartite) (1993)</p> <p><b>Accord for Economic and Social Development</b> (tripartite) (1996)</p> <p><b>Accord to Promote Employment</b> (tripartite) (1998)</p>	<p>Interprofessional accord on conflict resolution (bipartite) (1996) (1999)</p>
Asturias	<p>Concertation accords (gov/unions) (1988) (1990)</p> <p><b>Regional Concertation Accords</b> (tripartite) (some parts without CCOO) training, employment, reindustrialization (1993) (1996)</p> <p><b>Institutional Pact for Employment</b> (tripartite) (1999)</p>	
Balearic Islands	<p><b>Pact for Employment</b> (tripartite) (1996)</p> <p><b>Pact for Employment, social cohesion and the promotion of productive activity</b> (tripartite) (2000)</p>	<p>Interprofessional accord on conflict resolution (bipartite) (1999)</p>
Basque Country	<p>Accords to monitor labor contracts and work conditions in public works (Gov-ELA-UGT-CCOO) (1988)</p> <p><b>Accord on Employment</b> (bipartite unions/employers) (1999)</p>	<p><b>PRECO accord</b> on conflict resolution (CCOO-ELA-employers) (1984)</p> <p><b>PRECO II</b> (CCOO-ELA-UGT-employers) (1990) + LAB (2000)</p> <p>Interprofessional Accord on Continuous Training (bipartite) (1996)</p> <p>Interprofessional accord on health and safety (bipartite) (1997)</p>
Canary Islands	<p>Concertation protocol (1993)</p> <p><b>Pact for Promoting Stable Employment and Entrepreneurship</b> (tripartite) (1997)</p>	<p>Regional framework accord on collective bargaining and conflict resolution (UGT-employers) (1984)</p> <p>Interprofessional accord on conflict resolution (bipartite) (1995)</p>

**EMPLOYMENT AND REGIONAL DEVELOPMENT  
POLICIES**

**INDUSTRIAL  
RELATIONS**

Cantabria	Concertation accords (Gov-unions) (1990) <b>Social Concertation Pact for Employment and the Economy</b> (tripartite) (1998)	
Castille-Leon	Concertation accords (Gov-unions) (1990) <b>Accord for Industrial Development</b> (tripartite) (1993)	Interprofessional accord on conflict resolution (bipartite) (2000)
Castille-La Mancha	Concertation accords (Gov-unions) (1990) <b>Industrial Pact</b> (tripartite plus savings banks, university, municipalities) (1992) (1996) (2000) <b>Regional Accord for Employment</b> (tripartite) (1998)	Interprofessional accord on conflict resolution (bipartite) (1997)
Catalonia	Concertation accords (Gov-unions) (1990) <b>Towards a New Industrial Model</b> (bipartite protocol unions-employers) (1993) <b>Pact for Employment</b> (tripartite) (1998)	Collective bargaining procedure accord (bipartite) (1980) UGT-employers accord (1981) <b>Health and safety Accord</b> (Gov-UGT-CCOO) (1989) <b>Catalan Inter-Professional Accord</b> on health and safety, conflict resolution, and continuous training (bipartite) (1990) Accord on health and safety consulting service (bipartite-small firms) (1996) Collective bargaining commission accord (bipartite) (1998) <b>Protocol 2000</b> on flexibility (bipartite-small firms) (1999)
Extremadura	Concertation accords (Gov-unions) (1988) (1990) (1992) <b>Employment and Industry Plan</b> (tripartite) (1996)	
Galicia	Social economy accords (Gov-CIG-UGT-CCOO) (1989) <b>Regional government-union accords</b> (1992) <b>Accords on Measures for Growth and Employment</b> (tripartite, without CIG) (1998)	Interprofessional accord on conflict resolution (bipartite) (1992)
Madrid	<b>Employment Plan</b> (tripartite) (1988) (1989) Concertation accords (Gov-unions) (1989) <b>Pact for Industry and Employment</b> (tripartite) (1993) Accord to create tripartite regional council for employment, training, and development (1995) <b>Framework Accord to Promote Employment Stability and Quality</b> (Gov-unions) (1997)	Interprofessional Accord on conflict resolution (1998)
Murcia	Concertation accords (Gov-unions) (1990) <b>Regional Economic Reactivation Plan</b> (tripartite) (1993) <b>Accord for the Promotion of Training, Labor Relations, Employment and Economic Activity</b> (tripartite) (1996)	

**EMPLOYMENT AND REGIONAL DEVELOPMENT  
POLICIES**

**INDUSTRIAL  
RELATIONS**

Navarre	<p>Employment and training accords (Gov-UGT) (1987)  <b>Accord for Industrial Development and Employment</b>                      (tripartite, without ELA and LAB) (1993)  <b>Employment Plan</b> (tripartite, without ELA and LAB)                      (1999)</p>	<p><b>Intersectoral Accord on Labor Relations:</b> training, conflict resolution, and health and safety (bipartite, without ELA and LAB) (1995)</p>
Rioja	<p>Concertation accords (Gov-unions) (1990)  <b>Economic Reactivation and Employment Plan</b>                      (tripartite) (1993)  <b>Pact for Employment</b> (tripartite) (1996)</p>	<p>Interprofessional accord on conflict resolution (bipartite) (1994)</p>
Valencia	<p>Regional Economic Program accords (tripartite) (1984)                      (1988) + CCOO (1992) (1995)                      Concertation accords (Gov-unions) (1990)  <b>Accord for Employment, Solidarity and Competitiveness</b> (tripartite) (1993)  <b>Accord for Employment and Training</b> (tripartite)                      (1996)</p>	<p>Interprofessional accord on conflict resolution (bipartite) (1993) (1997)                      Collective bargaining commission accord (bipartite) (1997)</p>

Notes:

Tripartite accords involve trade unions, employer associations, and regional administrations

Bipartite accords involve trade unions and employer associations

Accords between trade unions and regional administrations that deal exclusively with public sector employment are not included in the chart

Bold type is used when pacts are listed under their original titles. When the content of a pact falls under more than one heading, it is listed under its main subject.



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- Bartolomé Domingo, UGT Confederation, Institutional Action, Madrid, Sept 22, 1993
- Blanco, Máximo, CCOO Metal Federation, International, Madrid, Feb 17, 1995
- Benito, Rodolfo, CCOO Madrid-Region, General Secretary, Madrid, Oct 11, 1993
- Boix, Isidor, CCOO Chemicals Federation, Collective Bargaining, Madrid, Sept 21, 1993; Sept 27, 1993, Feb 22, 1995
- Borges, Francisco, UGT Confederation, Sociologist, Organization, Madrid, Sept 23, 1993
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- Díaz, José, CCOO-Baix Llobregat, Employment and Training, March 2, 1993
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- Elvira, Salce, CCOO Confederation, Employment Secretary, Madrid, Sept. 29, 1993
- Fernández Toxo, Ignacio, CCOO Metal Federation, General Secretary, Madrid, Feb 13, 1995
- Fisac, Raimundo, CCOO Confederation, Industrial Policy Secretary, Madrid Sept 30, 1993, Feb 16, 1995
- Flores, Paco, Albilux workscouncil, Castellbisbal, Baix Llobregat, March 2, 1993
- García, Alfredo, CCOO Madrid-Region, Madrid, Feb 23, 1995
- García Criado, Belén, UGT-Baix Llobregat, Organization Secretary, Cornellà, Jan 21, 1999
- García, Emilio, CCOO-Baix Llobregat, former General Secretary, Cornellà, March 3, 1992, March 9, 1992, March 8, 1993
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- García Segovia, CCOO, Textiles Federation, General Secretary, Madrid, Sept 30, 1993
- García-Nieto, Joan, Utopia Foundation Director, Baix Llobregat, Cornellà, Feb 28, 1992, April 8, 1992, March 5, 1993

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Garnacho, Manuel, UGT Construction Federation, General Secretary, Madrid, Oct 14, 1993, Feb 17, 1995

Gil, José Ignacio, CCOO Metal Federation, Sociologist, Madrid, Feb 23, 1995

Gómez, Andrés, CCOO, Metal Federation, Vocational Training, Madrid, Oct 8, 1993, Feb 17, 1995

González, Carlos, Staff Manager, Albilux, Castellbisbal, Baix Llobregat, March 4, 1993

Gutiérrez Elena, UGT Confederation, Collective Bargaining, Madrid, March 1, 1995

Hero, Ana, Gallina Blanca works council, Molins de Rei, Baix Llobregat, April 8, 1992

Hidalgo, Ciriaco, UGT-Catalonia, Institutional Action Secretary, Barcelona, Jan 20, 1999

Labrador, Alfons, CCOO-Catalonia, Organization Secretary, Barcelona, Feb 1, 1999

Lebrón, Rafael, Director Revista Aquí Baix Llobregat, former Labor City Councilor, Cornellà, Feb 22, 1993

López-Bulla, José Luis, CCOO-Catalonia, Secretary General (1976-1996), Barcelona, March 24, 1992, March 27, 1992, Jan 27, 1999

López, Javier, CCOO, Madrid-Region, Institutional Action Secretary, Madrid, Oct 6, 1993

Manzanares, Pepe, UGT Confederation, Vocational Training Secretary, Madrid, Oct 11, 1993

Maravall, Héctor, CCOO Confederation, Madrid, Oct 1, 1993

Márquez, Fabián, CEOE Legal Advisor, Madrid, Feb 16, 1995

Menéndez Díaz, Gonzalo, UGT Service Federation (hotels and restaurants) General Secretary, Madrid, Feb 28, 1995

Molina, Juan Manuel, CCOO European Economic and Social Committee Representative, Madrid, March 2, 1995

Moreno, Fernando, CEOE Labor Relations Director, Madrid, Feb 27, 1995

Moreno, Agustín, CCOO Confederation, Collective Bargaining Secretary, Madrid, Feb 24, 1995

Moreno, Juan, CCOO Confederation, International Secretary, Madrid, Feb 20, 1995

Moreno, Rita, CCOO Metal federation, Madrid, Feb 17, 1995

Moreno, Félix, CCOO-Baix Llobregat, Chemicals union, March 3, 1993

Morlanes, José Luis, UGT-Baix Llobregat, General Secretary, Cornellà, March 19, 1992

Navales, Carles, CCOO-Baix Llobregat, former Secretary General, Girona, March 20, 1992. Feb 17, 1993

Ortiz, Rafael, Director of Labor Relations, Catalan Government, Barcelona, Jan 28, 1999

Palomino, Eladio, CCOO Retail Federation, General Secretary, Madrid, Feb 15, 1995

Palomo, Julián, UGT Madrid-Region, Organization Secretary, Madrid Oct 6, 1993

Paredes, María Jesús, CCOO Banking Federation, General Secretary, Madrid, Sept 30, 1993, Feb 15, 1995

Pascual, José Manuel, Manager, Pirelli/Perfiles del Automóvil SA, Cornellà, Baix Llobregat, March 5, 1993

Paz Dorado, Baix Llobregat Employers' Confederation, Secretary General, Cornellà, Feb 26, 1992

Pérez, Alberto, UGT Confederation, Organization Secretary and former Secretary General of UGT-Basque country, Madrid Feb 27, 1995



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Piqué, Josep, former Director General for Industry, Catalan Government, Barcelona, March 8, 1993  
Poveda, Luis, CCOO Construction and Woodworking Federation, General Secretary, Madrid, Sept 30, 1993; Oct 13, 1993  
Puig, Angelina, CCOO-Catalonia, Employment Secretary, Barcelona, Jan 27, 1999  
Puig, Fernando, CCOO Healthcare Federation, General Secretary, Madrid, Feb 22, 1995  
Rangil, Carme, UGT-Catalonia, Collective Bargaining Secretary, Barcelona, Jan 20, 1999, Feb 1, 1999  
Rañe, Josep María, UGT-Catalonia, Institutional Action Secretary and former Secretary General UGT-Baix Llobregat, Barcelona, March 5, 1992, Feb 16, 1993, Member of PSOE Executive, Jan 14, 1999  
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