

IESE



University of Navarra

SPAIN AND THE EUROPEAN  
SOCIAL CHARTER

Antonio Argandoña\*

*RESEARCH PAPER N° 277*  
*September, 1994*

\* Professor of Economic Analysis for Management

**Research Division**  
**IESE**  
University of Navarra  
Av. Pearson, 21  
08034 Barcelona - Spain

Copyright © 1994, IESE  
Do not quote or reproduce without permission

**SPAIN AND THE EUROPEAN SOCIAL CHARTER (\*)**  
**Social harmonization with unemployment**  
**and high wage growth**

**I. Introduction**

For decades, among those who were fighting for social, political and economic modernization in Spain during General Franco's dictatorship (1939-75), Europe was the guiding light and the example to be followed. With the advent of democracy in 1977, and Spain's subsequent entry into the European Economic Community on 1st January 1986, the country began to pick up speed on its path towards Europeanization. The implementation in Spain of the European Social Charter (ESC) (Commission, 1989) and adherence to the social chapter of the Maastricht Treaty is merely one more step along the path of alignment.

However, Spain is a country beset with serious employment problems: wages have grown at higher rates than in other member states, the unemployment rate is currently the highest in the Community, and labour market rigidities appear to exceed the already high levels recorded in other European nations (see Argandoña and García-Durán, 1992, Chapter 1). Is the route traced by the Community towards social harmonization the best route for Spain?

This is the subject of the present paper. In Section II, I will discuss the evolution of the Spanish economy in recent years, with particular reference to the labour market (employment, unemployment, wages, and labour costs) and the reform of the Spanish legal framework on employment during the 1980s. I next discuss, in Section III, the Spanish labour market's current problems, and then turn in Section IV to the ongoing reform agenda. Finally, I consider the relevance and likely impact of the ESC on the labour market.

The conclusions of the paper are plain. General Franco's regime put the Spanish labour market into the straitjacket of an interventionist and corporatist legal framework, and the economic, social and political changes and policies operated in the 1980s did not improve the framework. A significant part of Spanish unemployment thus has an institutional origin, and a structural reform is needed. The contents and scope of this reform have been the subject of an important debate in Spanish society, particularly when the government

---

(\*) The comments of Professors John T. Addison, Jordi Canals, José Antonio García-Durán, José Miguel Sánchez-Molinero and W. Stanley Siebert are gratefully acknowledged.

announced a partial reform in 1993. However, the ESC may be an obstacle to a more flexible and free labour market. The regulations implied by the Charter emphasize Spain's current structural rigidities, and the philosophy that dominates the harmonization process supports the position of those that resist reform.

## II. The Spanish Economy in Recent Years (1)

### 1. Economic and Labour Market Developments

The postwar economic boom did not take hold in Spain until the 1960s. A vigorous stabilization plan (1959) and partial liberalization of prices, foreign investment, and trade (but not the labour market) put the country on track for a high level of sustained economic growth (see Table 1). This growth was based on an abundant supply of cheap, relatively skilled and disciplined labour, an intense capitalization process (assisted by foreign investment), a lowering of barriers to foreign trade (exports grew at a mean real annual rate of 12.4% and imports by 16% during the period 1962-73), and an institutional environment that encouraged hard work, entrepreneurship, savings, and investment. In spite of the high growth in the economically active population and the steady migration from the rural areas to the cities, unemployment was minimal (helped in part by emigration to other European countries.)

**Table 1. Labor market indicators. Spain and EU-12**  
(Annual Rates of Growth, in %)

Periods (1)	Growth of real GDP		Growth of employment		Gross capital formation		Rate of inflation (2)	
	Spain	EU-12	Spain	EU-12	Spain	EU-12	Spain	EU-12
1961-73	7.8	4.8	0.8	0.3	10.6	5.7	6.6	4.7
1974-77	3.1	2.2	-0.8	0.0	0.0	-1.0	18.4	12.5
1978-84	1.0	1.8	-1.9	-0.1	-2.5	0.4	14.9	9.8
1985-90	4.3	3.1	2.3	1.2	10.5	5.2	6.9	4.5
1991-93	0.7	0.6	-0.6	-0.7	-3.6	-2.2	5.8	4.5

Periods (1)	Growth of wages		Unit labor costs		Growth real wages (3)	
	Spain	EU-12	Spain	EU-12	Spain	EU-12
1961-73	14.7	9.9	7.7	5.3	0.6	0.1
1974-77	23.5	16.4	19.1	13.8	0.8	0.7
1978-84	17.3	12.4	12.9	9.5	-1.2	0.5
1985-90	8.0	6.2	6.2	4.2	-1.3	-0.8
1991-93	8.6	5.5	5.8	4.1	2.7	1.1

Periods (4)	Rate of unemployment (5)	
	Spain	EU-12
1964-75	2.9	2.6
1976-77	6.2	5.1
1980-86	17.0	9.3
1987-91	17.2	9.2
1992-94 (6)	20.5	10.2

(1) According to the main stages of the Spanish economy

(2) Deflator of private consumption

(3) Deflator of GDP

(4) Taking into account the lag in the adjustment of unemployment

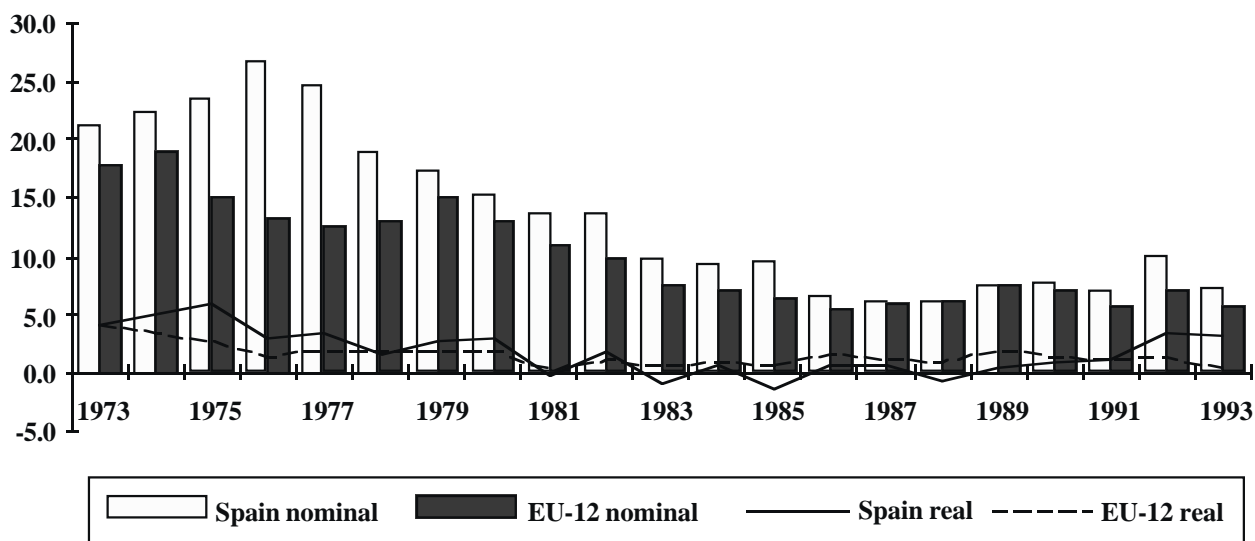
(5) As a percentage of active population

Source: *European Economy*, 55, 1993, tables 2, 3, 10, 21, 24, 28, 29 and 32.

*The Years of Crisis, 1974-85*

At the end of the 1960s, Spain experienced an inflationary process similar to that of other Western countries, with large wage increases and social unrest. The first oil shock (1973) caught the Spanish economy in a phase of expansion and optimism but with serious economic and political problems. The authoritarian regime was in crisis, brought on by General Franco's failing health (he died in November 1975) and the growing social and political strife. Wage increases were set considerably above the inflation rate in the hope of achieving industrial peace (Table 1 and Figure 1), but to no avail. Successive governments devoted their time and energy to solving political problems –first, the internal battles during the last months of the Franco regime and, then, the transition to democracy– and consequently, valuable time was lost in designing and implementing the necessary stabilization measures.

**Figure 1. Nominal and real wage growth, Spain and EU-12  
(Percentage rates)**



Source: «European Economy», 55, 1993, tables 28 and 29.

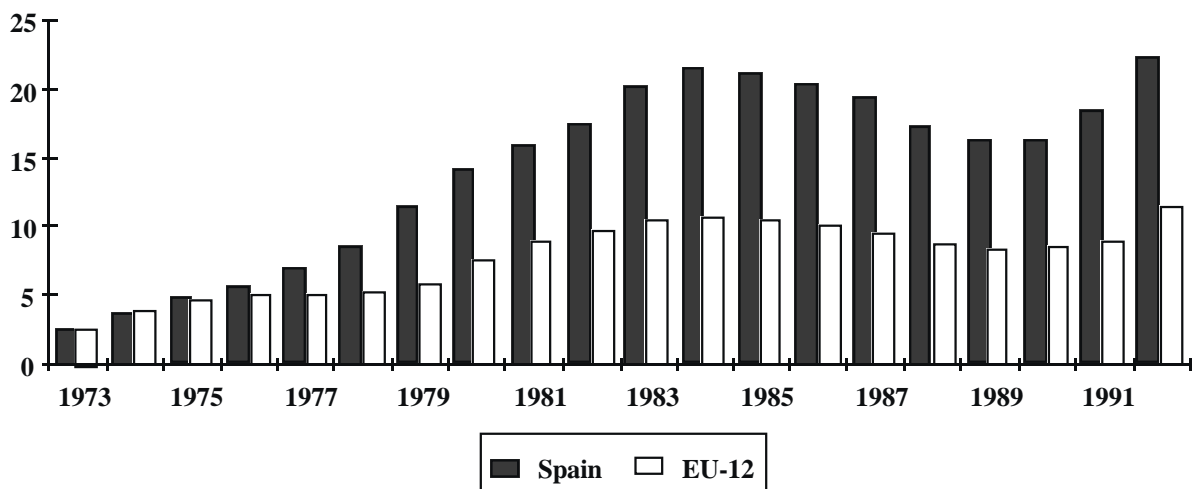
During this period, the structure of production underwent considerable dislocation. The heavy dependence on oil for energy sharpened the industrial crisis. Profits were virtually eliminated, many companies went into liquidation, and tens of thousands of jobs were lost in spite of the laws that were intended to protect them. Investment growth turned negative (see Table 1). The country's traditional sources of comparative advantage –low labour costs and high rates of capital investment– deteriorated. High inflation and a current account deficit added to the worrying state of the Spanish economy during the difficult period of political transition.

In 1977, the first democratic government (centre-right) since the end of the Civil War implemented a stabilization plan that included a devaluation of the peseta by 20% and a tight monetary policy. The plan also included a programme aimed at reforming, liberalizing and deregulating the economy, namely fiscal reform, deregulation of the financial system, and liberalization of markets for goods and services (but again not for labour). One of the

keystones of this programme was a set of political agreements –the so-called Moncloa Pacts– by which all the parties with seats in Parliament accepted the government’s measures. The trade unions and employers’ organizations, legalized only a few months earlier, also gave their support in 1979, and the rate of growth of wages slowed. The new Constitution was approved in December 1978.

The harshness of the stabilization programme was compounded by the second oil shock (1979). The growth rate of real GDP fell to an average of 1% in 1978-84, unemployment increased sharply, and inflation and wage costs moderated (see Table 1 and Figures 1 and 2). The internal divisions within the ruling party and the growing opposition of the unions impeded full implementation of the reform programme. Nevertheless, a recovery process was under way. Profit levels improved due to wage moderation and a timid reform of some labour laws (see below), which, although very limited in scope, had considerable consequences for redundancies. In October 1982, a new Socialist government with a comfortable majority in Parliament was able to give added momentum to the stabilization and reform measures.

**Figure 2. Unemployment rate, Spain and EU-12, 1973-1993**



Source: «European Economy», 55, 1993, table 3.

As for labour market developments, the Spanish economy lost 2.25 million jobs (more than 17% of total employment in 1974) between 1974 and 1985. 1.1 million jobs were lost in agriculture, 0.9 million in industry, and 0.5 million in construction. Only the services sector, and in particular the public sector, created jobs (slightly more than 250,000). This situation marked a significant departure from the rest of Europe: employment in Community countries as a whole was stable, but was falling by 1.9% a year in Spain (see Table 1). By 1985 unemployment had risen to 21.6% of the economically active population (see Table 2).

**Table 2. Overview of employment and unemployment**

	1976	1985	1993
<b>EMPLOYED</b> (in % of total)			
Women	29.7	31.7	33.7
Men	70.3	68.3	66.3
16-24 years	20.9	14.9	13.6
25-54 years	61.7	68.2	72.2
> 55 years	17.4	16.9	14.2
Illiterate and without schooling	17.1	13.5	9.1
Primary school	63.2	49.9	33.3
Secondary school	14.3	27.0	34.9
Vocational training	–	–	10.3
Short university studies	2.8	5.0	6.3
Undergraduate and graduate	2.6	4.6	6.1
Wage-earners private sector + self-employed	90.6	83.0	82.1
Wage-earners public sector	9.4	17.0	17.9
<b>UNEMPLOYED</b>			
Rate of unemployment (in % of economically active population)			
TOTAL	4.7	21.5	22.7
16-19 years	13.7	54.9	50.3
20-24 years	8.2	42.5	40.5
25-54 years	3.3	15.7	19.4
> 55 years	1.7	8.0	10.8
Women	5.5	27.6	18.9
Men	4.4	18.5	29.2
Duration (in % of the total)			
More than 2 years	4.2	45.5	24.9
More than 1 year	17.5	64.9	49.7
In search of the first job	38.4	41.5	19.9

Source: Ministerio de Trabajo y Seguridad Social, «Encuesta de población activa», various issues.

Empirical studies of the fall in employment during this period point to four causes (2). First, until well into the 1970s, high real wage growth was encouraged by the authorities in an attempt to «buy» social content. Thus, illegal trade unions which operated within the official union structure were able to press for wage rises well above the growth of productivity. Second, greatly increased social security contributions raised labour costs and reduced labour supply. (In real terms, contributions per employee rose by 122% between

1970 and 1986, that is, from about 8% of GDP to 12%). Third, aggregate demand fell by reason of the recession that followed the first oil shock. Furthermore, investment fell for a variety of reasons, some of them related to the functioning of the labour market. Companies had to face rising wage, energy and capital costs but were unable easily to offload redundant labour, due to employment protection laws (3).

The growth of unemployment also reflected a fall in the number of jobs (see Table 3), even though the total population grew faster than in the Community as a whole. At the same time, the activity rate - which was below that of the Community - increased as a result of the large influx of women into the labour market (Malo de Molina, 1989; Pedreño, 1990). The reversal of migratory flows to the rest of Europe also modestly contributed to this increase in unemployment: the net outflow of migrants in the period 1974-80 of nearly 300,000 persons per year, became a net outflow from 1981 (San Juan, 1991).

**Table 3. Population, employment, and unemployment in Spain  
(End of Period Values, in Thousands)**

Years (1)	Total population	Active population	Unemployed	Employed	Employed agriculture	Employed industry	Employed construction	Employed services
1974	34471	13480	353	13127	3106	3593	1283	5145
1977	36338	13279	685	12594	2632	3450	1238	5274
1985	38474	13837	2973	10864	1977	2662	793	5432
1990	38959	15044	2424	12620	1420	2962	1248	6990
1993	39141	15406	3683	11723	1182	2485	1040	7016

Sources: National Institute of Statistics, «Anuario Estadístico de España», various issues.  
Ministerio de Trabajo y Seguridad Social, «Encuesta de Población Activa», various issues.

### *The Boom, 1985-90*

After 1985 the Spanish economy returned to a high growth rate in an atmosphere of euphoria which put an end to ten years of recession. The per capita GDP gap with the Community average narrowed from 70.3% in 1984 to 77.5% in 1991. As Table 1 shows, the gross capital stock increased at a rate of no less than 10.5% per year over the period 1985-90. Inflation continued to decline, although it remained somewhat higher than the Community average. The rate of wage increases also continued to decline. And the Spanish economy received a huge volume of foreign investments: gross foreign investment flows averaged 3.0% of GDP over the period 1986-91.

The labour market reacted strongly to the recovery. Between 1985 and 1990, 1.75 million jobs were created: 300,000 in industry, 450,000 in construction and 1.55 million in services (including some 400,000 in the civil service), while 550,000 jobs were lost in agriculture. Unemployment fell by only 550,000, however, as employment growth was offset by an increase in the economically active population of 1.2 million people (Tables 2 and 3).

The growth in employment benefitted women and young workers in particular, thanks to the increase in temporary contracts (see below). From 1985 to 1991 women's employment grew at an annual rate of 5% (as compared to 2.1% for men), and employment for those under 25 grew at an annual rate of 5.3% (2.6% in the case of those older than 25). This period was also marked by a change in the composition of the demand for labour (affecting both geographical location and skills), without this being fully matched by a change in supply, owing to rigidities in vocational training and low incentives to migration (4). Accordingly, excess demand appeared in certain areas and industries while there was excess supply in others.

### *The Recession of the 1990s*

The implementation of restrictive monetary measures in July 1989 (immediately after the peseta joined the exchange rate mechanism of the European Monetary System), the international recession and the uncertainties created by the Gulf War signalled the end of the boom. Employment declined (897,000 people between 1990 and 1993), as did the active population (362,000), and unemployment increased (1,259,000 people) (see Table 3). Employment levels seem to have reacted more sharply to the drop in production than in the past because companies now had large numbers of temporary workers that they could lay off (see below).

The basic imbalances (inflation, balance of payments deficit, and the public deficit) did not start to be corrected until well into 1992 (Table 1 and Figures 1 and 2). The peseta was devalued three times between September 1992 and May 1993 in an attempt to recover the competitive advantage lost due to seven years of real appreciation. When the socialist party started its fourth consecutive term in power in June 1993, the state of the country's economy was again a cause of concern.

### *The Structural Imbalances of the Spanish Labour Market*

The picture we have painted here is broadly comparable to that of the other Community member states, but the symptoms are more intense in Spain. Periods of economic growth have been more marked, and the recessions have been longer and deeper - probably due to the accumulation of structural imbalances, including those of the labour market.

Unemployment rates have been anomalously high in Spain, and have responded only partially to economic growth (unemployment stood at 15.9% at the height of the boom, 1991-II, and was 23.9% in 1993) (5). The existence of a significant underground economy does not make these figures any less serious. According to a detailed study for 1985, unemployment is reduced by only slightly more than 3.5 points when recipients of unemployment benefits working in the underground economy are deducted (see Muro *et al.*, 1986, 1988). Estimates of the extent of the informal economy range from 5-6% to 15-20% of GDP (ABC, 1994a). Some of the jobs created in the period 1985-1990 could be due to the legalization of jobs in the underground economy. The structural component of the unemployment rate therefore seems to be very high (6).

Between 1985 and 1993, jobs were created only when the GDP grew at rates above 2.6%. This cyclical creation and destruction of jobs within the economy as a whole must be contrasted with the steady growth of employment in the civil service and state-owned companies, namely from 11.8% of the employed workforce in 1978 to 17.9% in 1993.



Compared with other industrialized countries, the activity rate is low in Spain (49.1% of the population of working age in 1993-IV), mainly because of a low rate of female labour force participation (35.2%). (Though there might also be underenumeration due to the extent of the informal economy.) Thus, although the overall population has stabilized, the formal sector labour supply is expected to increase over the next few decades, adding further to the unemployment problem.

Long-term unemployment has been very high in Spain (see Table 2) (7). Among other factors, this is caused by:

1) Generous unemployment benefits –this is discussed in section III(5) below. Benefits in Spain are above the Community average, in part because they are not subject to income tax (8);

2) The underground economy, which provides a source of informal support to the unemployed (Muro *et al.*, 1986; Ruesga, 1988; Viaña, 1993);

3) The financial support provided by the unemployed person's family. In Spain, only a minority of unemployed people (24% in 1993) are the primary family bread-winners;

4) Feedback effects whereby long-term unemployment causes a loss of human capital and motivation on the part of the unemployed;

5) The lack of mobility of the workforce. High unemployment in some regions does not lead to population movements towards other areas with greater job opportunities. The reasons are not only high welfare protection, but also housing costs. Rent controls have been in force since the 1940s, so that rented homes in Spain are scarce, in spite of a partial liberalization in 1985. The proportion of dwellings available for rent decreased from 51.3% in 1950 to 23.0% in 1981 (De Esteban, 1993).

## **2. Wages and Collective Bargaining**

### *Trade Unions, Employers' Associations and Collective Bargaining*

In Spain there are two big unions, *Unión General de Trabajadores* (General Union of Workers, UGT), and *Comisiones Obreras* (Worker Commissions, CCOO), plus several small unions, national or regional in scope, and a number of professional unions. The rights to organize and strike are recognized by the Constitution, the Unions' Freedom Act (Act 11/1985, of August 2) and the Workers' Statute Act (*Estatuto de los Trabajadores*, Act 8/1980, of March 10). The "most representative unions" are given special status in collective bargaining and negotiations with the government, as well as representation in official institutions. (They must have more than 10% of the total number of representatives at the national level, or 15% at the regional level). Only UGT and CCOO have this status at the national level, and they act like a duopoly with collusion. In fact, they reached an agreement on the mutual distribution of representatives and public funds, as well as on the de facto suppression of elections, an agreement that the Socialist government is now in the process of accommodating by changing the law. In the 1990 national union elections, UGT got 42% of representatives and CCOO, 37%.

CCOO has loose ties with the Communist Party, while UGT has a historical relationship (though nowadays there is also political confrontation) with the Socialist Party currently in power. Both have problems of organization, bureaucracy, insufficient internal democracy, high debts, scandals in the administration of their assets, and so on. Membership is very low - around 10-12% of the economically active population in 1992 (Prieto, 1993), down from 27% in 1977. Trade union incomes come partly from the state budget and union participation in the funds of the National Institute for Employment (*Instituto Nacional de Empleo*, INEM) devoted to training, as well as from union dues. There are no direct financial links between the unions and the political parties. Nevertheless, the Spanish trade unions are politically strong because of their role as negotiating partners of the government, the privileges granted to the “most representative unions”, and the automatic extension of the agreements signed by one union to all the workers of the company or industry concerned.

Since its origins in 1977, the employers’ association, *Confederación Española de Organizaciones Empresariales* (Spanish Confederation of Business Organizations, CEOE), has claimed to have definite goals, namely to attain flexible labour laws, to reduce the growth of wages below that of productivity and prices, to guarantee the right of the owner to manage the company, and to protect employers against excessive interference by the state. At the same time, it has always defended the corporatist policy of global agreements with the government and the unions.

The CEOE conducts industry-wide collective bargaining on behalf of its members, and provides services including legal and economic advice, information, research, management training, and so on. In 1987 it claimed to represent 1,350,000 companies, employing 95% of the workforce (Pardo and Fernández, 1993). Nevertheless, small and medium-sized companies are under-represented in the governing bodies of the CEOE, owing to its centralized organization and its relatively high fees.

Collective bargaining in Spain is relatively centralized (see García-Perea and Gómez, 1993). Only 15% of workers are covered by company collective agreements; the rest are mainly included in industry-wide agreements (though most of these agreements are negotiated separately for each province). In any case, unless special permission is obtained, company agreements must observe the minimum wages stipulated at the industry level (this is to change as a result of the 1994 reforms discussed below). It is sometimes argued that a highly centralized negotiating system, such as that in force in the Scandinavian countries, is better able to take into account the aggregate effects of wage increases on inflation and competitiveness, at the cost of disregarding the specific needs of each sector and of individual companies; the reverse would be true of decentralized systems (Nickell, 1991). The Spanish system, halfway between the two, might be said to suffer from the disadvantages of both (Jimeno, 1992).

The content of collective bargaining in Spain is usually limited to wages and working hours. Everything to do with organization, productivity, technology, investments, participation, inter alia, is regulated by the labour ordinances (*Ordenanzas Laborales*) established in the 1960s. This tends to increase rigidities in the practice of industrial relations, and encourages extra-legal solutions.

#### *Wages: Determinants and Structure*

Legal minimum wages are established every year by the government, but they are so low as to have little effect. In 1993 the minimum wage for workers aged 18 or older was

only some 40% of the gross average wage of a blue-collar worker. Nevertheless, collectively agreed wage rates are higher than the legal minimum, and their extension to non-parties is likely to have negative effects on employment.

There are small inter-regional and inter-sectoral wage differentials. In the 1960s wage differentials were wider, but dispersion appeared to narrow during the 1970s. The wage distribution has widened slightly since 1985, probably because of the uneven increase in demand, which –as it has not been accompanied by the necessary flexibility in supply– has given power to those in certain occupations, enabling them to obtain larger wage increases. In any case, a low spread of wages between sectors suggests that the system is probably inefficient.

The conclusion from all this is that wage increases respond poorly to the state of the labour market (excess supply) or to the situation of the particular company or industry (productivity and competitiveness). Instead, wages are mainly influenced by nominal variables such as inflation, or nominal reference wages (see Andrés and García, 1992, 1993; Bushell and Salaverría, 1992; Viñals, 1992; and Argandoña and García-Durán, 1992). Looked at in price terms, the market seems to be very rigid. Insiders (workers with indefinite employment contracts) seem to have a high degree of control over their wages, thus creating a market segment separate from that of other workers - mainly young people, women and unskilled workers, who have limited access to long-term contracts.

### **III. Spanish Labour Legislation in the 1980s**

#### ***1. The Legacy of Franco***

The labour system established at the end of the Civil War (1936-39) had the following characteristics (Argandoña, 1993; García-Perea and Gómez, 1993; Malo de Molina, 1983):

1) Priority was given to public order. Freedom of association, the right to strike and demonstrate, etc. were abolished or restricted.

2) The state intervened and virtually controlled the labour market –contracts, transfers and dismissals– with little scope for voluntary arrangements.

3) Workers and employers were compulsorily affiliated to joint, centralized organizations known as «vertical union» (*sindicatos verticales*) that were inserted into the political machine and controlled by the government.

4) Wages were settled centrally, first by the government and, after 1958, by means of collective bargaining within the official trade unions and under government control. A system of compulsory arbitration was established to minimize conflicts in case of disagreement.

5) Indefinite contracts were the rule, with few exceptions. Large-scale layoffs were permitted only for economic or technological reasons and were subject to a lengthy administrative approval process; high redundancy payments were required. Individual dismissals were also subject to compulsory conciliation and arbitration procedures and, again, high severance payments.

At the centre of this model of labour relations was an implicit sharing of functions among the different agents, whose interests were supposedly unified by the «vertical unions». The government's task was to establish the official level of wages so that both the purchasing power of the workers and the competitive ability of the companies were improved in the long run, and to play the role of a referee in case of conflict. The employers enjoyed moderate wages and few industrial disputes in exchange for a rigid workforce (although they had some flexibility through overtime and underground labour). Moreover, wage differentials were meant to be high enough to induce training and adaptation of workers to the needs of new technologies. Workers received permanent jobs and rising real wages (except in periods when the fight against inflation was given priority) in return for renouncing strikes and free unionization.

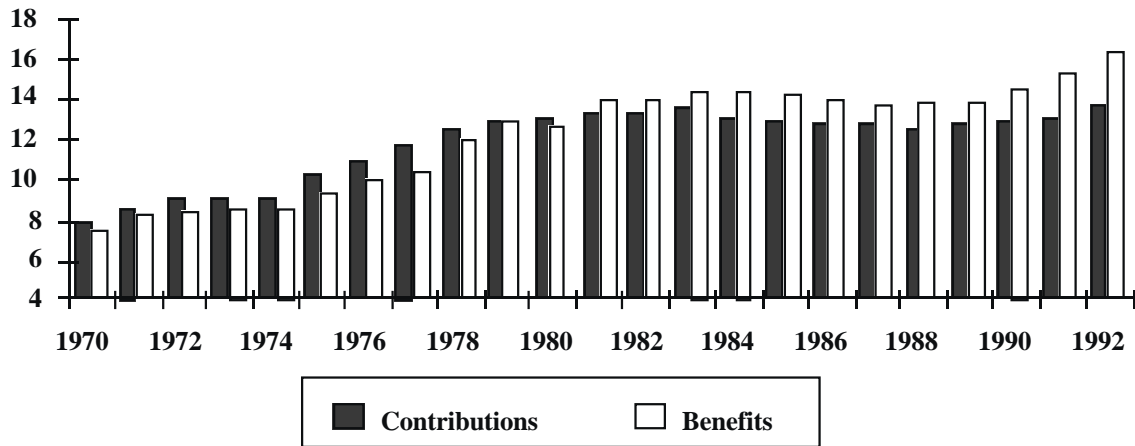
Surprisingly, the labour market was fairly flexible in practice. Despite the rigidity of employment (indefinite contracts, restricted dismissals, etc.), employers were able to reduce labour costs during recessions by making good use of overtime and the irregular economy. The low level of taxation (and tax evasion) also helped. This is one of the reasons why the model performed rather well during the 1950s and 1960s (see Table 1). The growth of real wages was such as to allow companies to have substantial profits, giving them the incentive to invest and innovate, and to permit workers to improve their standard of living. The rate of growth of real GDP was high and virtually full employment was attained, with the help of emigration. The basic safety net of social security was established after 1942, and law and order were secured.

The model evolved with the passage of time. New «illegal» trade unions infiltrated the official unions, making the most of a number of free elections of representatives. They claimed higher wages, and added their voice to the clamour for political freedom. The workers, hurt by the high inflation of the late sixties, were also dissatisfied. And many businessmen wished for a more open and less highly regulated economy and labour market. The regime responded in 1973, as mentioned earlier, with a timid liberalization in the realms of collective bargaining, collective dismissals and temporary contracts.

After General Franco's death in November 1975, the labour system collapsed in the midst of recession, high inflation, an explosion of wage claims, and rising unemployment. The new unions turned their wage claims into political pressure. The labour market rigidities, which in practice had been softened during the years of high growth, were exacerbated when the unions resisted the collective dismissals and cuts in working hours made necessary by the recession, seeking instead a reduction in overtime, an increase in the fixed component of wages, and across-the-board wage increases to equalize income. At this point, the full burden of the rigid institutions of the labour market became apparent.

Growing unemployment created a need for a reform of the mechanisms of social protection. The unemployment benefit regime was adapted in a generous and expensive way in 1976, and the cost was covered by raising social security contributions (see Figure 3). The successive governments proved to be too weak, first because of the precariousness of the old regime and, subsequently, due to the political problems of making a transition to democracy in the middle of a severe economic crisis.

**Figure 3. Social security contributions and benefits  
(As percentage of GDP)**



Source: INE, «Contabilidad Nacional de España», various issues.

## ***2. The democratic reforms***

This was the situation in the summer of 1977 when the first democratic government took office. Unions and employers' associations were legalized and free collective bargaining was established. A stabilization and reform plan was put forward, and was endorsed by all the political parties represented in the Parliament: the Moncloa Agreements of October 1977. The main aspect of the wage agreement was full indexation of wages. Henceforth, wages were to be negotiated on the basis of expected (rather than actual) inflation.

A major task facing the new regime, once the Constitution had been approved in 1978, was to change the legal and institutional framework. This was a formidable task in itself since vested interests had been created that were difficult to break. The trade unions, for example, wished to retain all the «social conquests» from the previous regime (indefinite contracts, job stability) plus the new ones granted with the advent of democracy (increased social benefits and union rights) (Malo de Molina, 1983).

Obviously, the point of reference used in the process of reforming the Spanish labour system was Europe because this was the model of democracy and market economy that Spain had closest at hand and, above all, because it was the country's long-standing wish to join the European Community. Hence, political acceptance of the Community legal framework has been relatively easy. The result is a system of labour law that closely matches that of the Community, but which retains a number of specifically national features and «residuals» from the previous regime.

The centrepiece of the new democracy's legislation was the Workers' Statute Act 8/1980 of March 10. This Act attempted to homogenize working conditions in different industries, and extended the effectiveness of the collective agreements signed by the «most representative union» to the whole sector or industry. However, it left issues such as transfers and job organization to the old Labour Ordinances. The inability of the government to withstand the pressures of the unions and build the new labour legislation on a more

democratic basis –relying on freedom of contract– meant a new loss of flexibility in the labour market, which was only partially corrected by the new varieties of contracts and a reduction in the costs of dismissals (see below).

### ***3. The Policy of Social Dialogue***

Following the onset of democracy in 1977, industrial relations have centred on free collective bargaining. Nevertheless, governments have sought to establish some kind of corporatist «global agreement» with the unions and the employers' associations so as to help prevent future social conflicts (Pérez-Díaz, 1987). Thus, the «forced cooperation» of the previous regime has at times evolved into a «voluntary cooperation» driven from above. This dialogue had the aim of reaching agreements that would enhance the credibility and legitimacy of the measures taken by the government.

Five global agreements were signed between 1977 and 1984 (9), which, as we have seen, were also years of increasing unemployment. Attempts to reach new agreements during the period of economic boom failed.

The global agreements were established as part of a «strategy against inflation» based on wage growth moderation. Thus, growth rates of average wages negotiated between the employers' association and the unions were meant to be based on the expected inflation rate put forward by the government. In fact, the agreements seem to have made a positive contribution to curbing inflationary expectations, and to the recovery of business profits, hastening the end of the recession. But they also reduced the wage differentials among industries and professions, decreasing the efficiency of the market. Moreover, such wage growth moderation as was attained came about to some extent by means of market segmentation between «insiders» (usually adults with indefinite contracts and a degree of control over their remuneration) and «outsiders» (young workers and women, with temporary contracts). The burden of wage moderation fell mainly on the latter.

The social dialogue failed when the model of consensus designed for the economic crisis lost its *raison d'être*. The union movement demanded a more redistributive policy, seeking a larger share of the economic bonanza that began in 1985. However, the government attempted to resist both wage increases (as an anti-inflationary strategy) and social expenditure (to balance the budget). The conflict led to the general strike of December 14, 1988, the outcome of which was a victory for the unions. The government met the main points of their demands, the immediate result being an increase in social security benefits (see Figure 3).

A further phase of negotiations opened in 1989, in a climate that was more reminiscent of confrontation than of cooperation but which, nevertheless, enabled several specific agreements to be reached, often behind the employers' backs (Palomeque, 1992). An attempt to reach a new formal broad-based agreement in mid-1991 (*Pacto Social de Progreso*) ended in failure due to the withdrawal of the unions. In spite of this, negotiations continued in specific areas, and agreements were achieved on non-contributory pensions, civil servants' salaries and right to collective bargaining, and the unions' control of labour contracts.

The spirit of dialogue was resumed with the onset of recession. On May 12, 1992, Parliament approved the Convergence Programme (Ministerio de Economía y Finanzas,

1992) drawn up by the government to bring the Spanish economy into line with the convergence criteria required for membership of the Economic and Monetary Union (EMU) under the Maastricht treaty. This programme included structural measures to increase functional and geographical mobility, as well as measures supposedly requiring the unemployed to search actively for jobs. (These included extending from six to twelve months the period of payment of unemployment contributions required in order to be entitled to benefits, and the option of interrupting the flow of benefits to those who turned down a job or a training course). The unions rejected these proposals, claiming a lack of consultation. On this occasion, however, a half-day general strike, called on May 28, 1992, proved abortive, and the unemployment measures were enacted (Act 22/1992 of July 30).

In the general elections of June 6, 1993 the Socialist party retained power, although without an absolute majority. The new government attempted once again to reach a «social consensus» on the creation of employment, the moderation of wage growth and the reform of the labour market. However, the negotiations with the unions and the employers' association failed in November, and another general strike was called for January 27, 1994. The outcome of the strike was mixed, but the government held its ground and the reform was agreed by Parliament (see below).

#### ***4. Types of contracts and termination costs***

The long recession that began in 1974 demonstrated the rigidities caused by labour contracts of indefinite duration, as well as restricted and expensive dismissals. Legislative changes since then have sought to increase the range of permitted contracts, thereby lowering termination costs. But there have been reversals and interruptions.

The Workers' Statute Act of 1980 brought greater flexibility to job termination, easing administrative requirements (permits for collective dismissals), and lowering required severance payments. Since the unions resolutely refused to accept anything that remotely resembled a «free dismissal» rule, however, the solution chosen was to change the circumstances in which dismissal, as such, was required for contract termination.

##### *Temporary Contracts*

The Workers' Statute Act confirmed the role of temporary contracts and extended their range (which had already been widened in 1978). These new types of contract were called «employment promotion contracts» –suggesting that they were not ordinary contracts and perhaps that they would not exist in a full employment situation. Temporary contracts have been widely used by employers and workers, due to their low termination costs and their low social security contributions. (They have, however, been limited to certain workers, to a percentage of the company workforce and to a maximum duration of two years.) Between 1981 and 1983 four Decrees alternately limited and broadened the conditions for the use of temporary contracts.

Thereafter, in 1984, Act 32/1984 removed the limits on the number of temporary contracts per company, increased the permitted duration to three years, and created new kinds of contracts. In fact, in 1994 there were around eighteen different legal categories of labour contract in Spain. These included contracts for part-timers, for apprentices, for temporary workers «for the promotion of employment», for temporary workers due to the circumstances of production, for older workers (over 45), for the handicapped, for women in professions in

which women are under-represented, for the relief of old workers by young ones, for young workers, and for work at home. Chief among these is the temporary contract «for the promotion of employment»: such a contract is «non-causal» (in the sense that the firm is not obliged to justify that the job is not permanent), and it has no termination costs, no limits as to the percentage of the workforce, and a generous permitted duration of three years (longer than in all other Community countries apart from Portugal).

As Table 4 shows, non-causal temporary contracts have ended up systematically replacing indefinite contracts. Only 4.0% of the contracts signed in 1992 were full-time and of indefinite duration, whereas 85.5% were fixed-term and 10.5% were indefinite part-time contracts (which were also liberalized under the 1984 Act, but remained less developed than in other EU countries until 1992). At present, about one-third of the country's workforce is governed by a temporary contract, compared with a Community average of 10%. The proportion of part-time contracts is low, however - only 12% of the female workforce are part-time, compared with a Community average of 30% (see Sanromá, 1993).

**Table 4. Types of labor contracts**  
(Thousands of workers)

Year	Total contracts (a)	Total Indefinite (b)	Total Temporary (c)	Related to employment promotion				Ordinary		
				Total (d)	Indefinite (e)	Part-time (f)	Temporary (g)	Total (h)	Indefinite (i)	Temporary (j)
1984	...	...	...	448.2	6.9	47.7	393.6	...	...	...
1985	2792.0	...	...	1104.4	64.4	121.9	918.1	1687.6	...	...
1986	3454.8	179.1	3098.2	1403.6	117.7	177.5	1108.4	2051.2	61.4	1989.8
1987	4037.9	205.3	3611.8	1670.0	132.5	220.8	1316.7	2367.9	72.8	2295.1
1988	4723.6	210.6	4219.8	1991.6	107.2	293.2	1591.2	2732.0	103.4	2628.6
1989	5361.3	150.7	4853.6	2292.5	14.4	357.0	1921.1	3068.8	136.3	2932.5
1990	5532.6	176.0	4945.6	2327.0	12.8	411.0	1903.2	3205.6	163.2	3042.4
1991	5522.5	183.8	4867.8	2279.0	11.4	470.9	1796.7	3243.5	172.4	3071.1
1992	5156.8	205.1	4412.0	1840.9	34.3	539.7	1266.9	3315.9	170.8	3145.1

Notes:

Total contracts: (a) = (b) + (c) + (f) = (d) + (h)

Total Indefinite: (b) = (e) + (i)

Total Temporary: (c) = (g) + (j)

Related to employment promotion: A variety of contracts devoted to the promotion of employment, with or without economic incentives.

Total (d) = (e) + (f) + (g)

Temporary (g): Temporary, for workers older than 64, for apprentices, for trainees, etc.

Ordinary. Total (h) = (i) + (j)

Source: INEM, «Estadísticas de empleo», various issues.

The rapid increase in the number of temporary contracts has benefitted particularly those population groups that were hardest hit by unemployment, namely young people, women, and unskilled workers (Sanromá, 1993). Equally, it has increased worker turnover. Thus, in 1992 new hirings were 42% of the workforce, compared with only 26% in 1985 (see Bentolila *et al.*, 1992; Bentolila and Saint-Paul, 1992; Bentolila and Dolado, 1993). By



shortening the length of time people work in a particular company, temporary contracts may reduce the incentive for the company to invest in the training of workers - although a higher level of employment, even if only temporary, is likely to have a positive effect on the human capital formation of the previously unemployed. Moreover, the degree of worker loyalty may have been adversely affected. (However, it could also be that worker loyalty has increased, since workers may work more efficiently in the hope that their temporary contracts will eventually be converted into indefinite contracts.) Evidence on the effects of temporary contracts on productivity is not conclusive. Alba (1991) and Hernando and Vallés (1992) find a zero or slightly negative effect on productivity, while Jimeno and Toharia (1992a,c) find a negative effect in some years but not in others.

The extensive use of temporary contracts has intensified the segmentation of the labour market, which is already pronounced in Spain due to legal and institutional barriers to labour mobility, such as restrictions on dismissals (see Andrés and García, 1992) (10). In the short term, the market power of permanent workers may have increased as a result of market segmentation. However, with employers stepping up the elimination of permanent jobs and replacing them with temporary contracts, this may have weakened the power of the insiders (see Draper, 1993). Consequently, unions have expressed their opposition to «precarious» jobs (11).

It seems reasonable to conclude, therefore, that the introduction of temporary contracts has partially solved the problem of labour market inflexibility resulting from high employment termination costs, but at the price of introducing a dual labour system, with highly paid workers with indefinite contracts and high dismissal costs, on the one hand, and young workers, frequently unskilled, low-paid and under temporary contract, on the other. Thus, it has not been the best solution to the unemployment problem, although it has illustrated one way of reducing unemployment. Moreover, it is interesting to note that when, in April 1992, in an effort to discourage the use of temporary contracts, the minimum duration of such contracts was raised from six to twelve months, employers and workers turned to other flexible types of contract, such as part-time contracts. Thus, while only about 10% of the contracts registered in April 1982 were part-time (with 4% permanent and the remainder temporary), part-time contracts had risen to 18% of the total registered in November 1993 (with 3% permanent).

### *Termination Costs*

The main policy alternative to the free use of temporary contracts is a reduction in termination costs. In Spain, however, the termination of indefinite contracts has usually been minutely regulated. The Workers' Statute Act of 1980 slightly reduced termination costs and speeded up the bureaucratic procedures inherited from the old regime –but Act 32/1984, while easing regulations on temporary contracts, actually raised termination costs for workers on indefinite contracts.

Individual dismissal is restricted to disciplinary or «objective» grounds (the incompetence of the worker, unsuitability for the job, unjustified absences, or loss of the job in plants with fewer than 50 workers). According to the Workers' Statute Act, the legal severance payment for a «fair» dismissal is 20 days' wages for every year with the company up to a maximum of 12 months; for an «unfair» dismissal the Act stipulates 45 days' wages per year of service up to a maximum of 42 months. Given that «objective» grounds are usually difficult to prove in court, employers generally resort to «unfair dismissal» and negotiate a generous severance payment with the employee concerned.

Collective layoffs are permitted only for technological or economic reasons (which labour courts have established as three successive years of losses). The employer must negotiate the layoff with the workers' representatives and must also obtain official authorization. The consent of the workers' representatives is frequently a prerequisite for securing a positive solution, but increases the economic cost of the layoff. The legal severance payment in such cases is the minimum referred to previously for individual «fair» dismissals, unless a higher payment has been agreed upon. These requirements are more restrictive than those stipulated in EC Directive 75/129/EEC, modified by Directive 92/56/EEC, which simply requires consultation with the workers' representatives and notification to the authorities. Only Greece and Holland also require prior government authorization. In fact, this requirement adds time and paperwork but does not prevent layoffs (the percentage of layoffs authorized –albeit after a delay– is high).

In any case, the individual or collective termination of indefinite contracts usually involves high severance payments and administrative and negotiation costs (about 85% of layoffs are negotiated beforehand). Sanromá (1993) estimates that the mean severance payment is equivalent to 8-10 months' salary, a cost which Emerson (1988) considers to be lower than that of Italy, Belgium, France and Germany but higher than that of Denmark, Holland and the United Kingdom (see also García-Perea and Gómez, 1993; Sáez, 1989). Nevertheless, the average severance payment in large companies (more than 200 employees) is considerable: in 1992 the payment was 43 months' salary in the case of voluntary redundancies, 39 months' salary in the case of collective layoffs, and 22 months' salary for early retirement –plus the costs of negotiating the dismissal and the bureaucratic paperwork.

## ***5. The Extension of the Welfare State***

### *Social Security and Unemployment Protection*

The system of Social Security was rearranged in the 1940s and 1950s as a «safety net» for workers and their families, including medical protection and a variety of pensions and benefits for sickness, industrial accidents, invalidity and retirement. Its financing through the contributions paid by employers and employees in a pay-as-you-go system was stable in the years of high growth of population and wages, so that benefits improved in the 1960s. Protection for the unemployed was intended to be based on the system of high severance payments described above; in any case, the unemployment problem was assumed to be mitigated by indefinite contracts.

In the 1970s, however, it was necessary to widen the social security net in response to the serious situation created by the recession. This, in turn, led to a marked increase in social expenditure (to cover unemployment benefits, early retirements at 60 to 64, and pre-retirements at 58 in sectors undergoing industrial restructuring). And when economic recovery came, it seemed reasonable to increase retirement pensions and to extend the benefits to new population groups that had hitherto not paid social security contributions. Thus, social transfers increased from 9.2% of GDP in 1975 to 16.4% in 1992 (see Figure 3).

As a result, Spain now possesses a system of social security comparable to that of other advanced countries. Its characteristics can be described as follows. 1) The central component is a contributory system in which the social security taxes paid by employers and employees cover medical care, benefits paid to sick workers (since 1992 the first 15 days have been the responsibility of the employer), unemployment insurance benefits, and

pensions to retired and handicapped workers, widows and orphans. 2) A second, non-contributory, component covers the health care and pensions of those who are not entitled to contributory benefits, as well as subsidies to the unemployed with family responsibilities that are out of the insurance scheme. The deficits of the contributory and non-contributory systems is covered by the state. 3) There is also a third level of private contributions to pension funds and private medical care, etc., developed in the 1980s as a response to the growing volume of public transfers and deficits, the unsatisfactory level and quality of public services, and doubts as to the financial viability of the social security system.

The Spanish unemployment protection system is one of the most generous in the Community in duration and ease of access (Martín and Martí, 1994). The maximum duration of benefits (24 months since 1984) was surpassed only by Denmark and France (30 months), the Netherlands (36 months) and Belgium (indefinite). The replacement rate (70% maximum) is equal to that of the Netherlands and only less than that of Denmark (90%). Furthermore, unemployment payments are not taxable. There is also the Rural Employment Plan (*Plan de Empleo Rural*), a generous subsidy for people in regions with high seasonal rural unemployment, such as Andalusia and Extremadura. As a consequence, public expenditures on unemployment protection have increased continuously since the Unemployment Protection Act of 1984.

Accompanying this generous policy, the number of unemployed who receive benefits grew at an annual rate of 7.3% from 1985 to 1993 (although the unemployment rate decreased until 1991) (Borrajo, 1993). As of 1993, 67.6% of the registered unemployed received benefits (83.1% excluding unemployed farm workers), as against 36.8% in September 1984. Moreover, unemployment benefits are paid on top of high severance payments, and the checks to prevent fraud are very lax.

Another weakness of the system is that the percentage of social security contributions paid by employers and employees is high compared with other Community countries. In 1991 social security contributions paid by Spanish employers accounted for 8.8% of GDP, a percentage second only to France (12.0%), Belgium (9.8%) and Italy (9.2%) (Confederación Española de Organizaciones Empresariales, 1993). Admittedly, the Spanish literature on the effects of social contributions on job creation or destruction is not conclusive (see Zabalza, 1987; Escobedo, 1991, 1992), but it seems logical that since payroll taxes are a direct tax on labour, they will impede job creation (12).

### *Vocational and Occupational Training*

The Spanish system of occupational training is partially linked to the welfare state, as employers and employees pay a contribution to finance the training programs (0.6% and 0.1% of the wage, respectively). The apprenticeship system disappeared in the 1970s, due to the opposition of the unions and the high costs that it imposed on employers. Specific contracts were established in 1984 for in-company training, but these seem to have been taken up more as an opportunity to secure cheap labour than as a means of effecting training. Expenditures of Spanish companies on training appear to be low –less than 1% of their turnover as compared with 7% in Germany, for example (Pedreño, 1993)– as also are public expenditures (Alba, 1993; García-Perea and Gómez, 1993).

Occupational training programmes for the unemployed are the responsibility of the National Institute of Employment (INEM). However, dedicated funds –around 6% of the INEM's expenses and 1.2% of the total expenses of the social security system– are controlled

by the unions and appear to be used in an inefficient way, without any perceptible impact on re-employment.

### ***6. Other institutional and regulatory issues***

Other institutional, legal and regulatory issues affecting the Spanish labour market are as follows:

1) Placement. The National Institute of Employment (INEM) has a monopoly on placing job seekers. This is clearly inefficient (INEM fills one in every eight vacancies).

2) Occupational mobility. The organization of labour within companies is subject to rigid job categories (still to be found in the Labour Ordinances inherited from the previous regime), which impede mobility from one job to another (but see Fina, 1991 for a dissenting view).

3) Geographical mobility. Government authorization is required for within company transfers of more than one year's duration. Moves of shorter duration are also complex and slow.

4) Working hours, vacations and overtime. The Workers' Statute Act of 1980, as amended by Act 4/1983 of June 29, limits the number of hours a person can work (40 in a week, with a maximum of 9 in a day), as well as overtime (80 hours a year, with exceptions) and rest time (12 hours a day, and one uninterrupted day and a half each week). For full-time workers, the average Spanish working week (40.7 hours) is in fact one of the lowest in the European Community; only Denmark and Italy are lower (Sanromá, 1993). Employers are required to report monthly to worker representatives, and to the authorities, on the overtime worked by every employee.

5) Changes in working conditions. The employer can modify the conditions of work (e.g. the working day, timetable, shift regime, and systems of remuneration and performance) only for proven reasons to do with productive, technical or organizational considerations. If the employer cannot reach an agreement on this subject with the worker representatives, the modifications have to be approved by the labour authorities.

6) Subcontracting. Temporary employment agencies that hire employees to other companies have not, at least until 1994 (see below), been legal in Spain.

## **IV. The 1994 Reform**

After the general elections of June 1993 the new government announced its intention to reform the labour market (13). From September to November it held a number of meetings with the trade unions (UGT and CCOO) and the employers' association (CEOE) in order to reach an agreement on three fronts: moderation of social transfers, wage restraint, and reform of the labour market. The agreement was blocked by the unions. However, in 1993 the government announced a unilateral reform of the labour market. This reform is contained in Acts 10 and 11/1994, and includes the following measures:

1) Placement (yet to be approved). Private placement agencies will be authorized. The National Institute of Employment (INEM) will be reformed.

2) Labour contracts. A new apprenticeship contract has been introduced for unskilled workers younger than 25. It has a duration of six months to three years; 15% of the working week is to be devoted to formal training; the wage is lower than the minimum wage; and there are to be low contributions to social security. Around 1,500 contracts have been signed daily in the first quarter of 1994 (ABC, 1994b). New contracts have also been established for young workers, with wages lower than those approved in collective bargaining for the two first years.

In addition, some of the restrictions on part-time contracts have been relaxed; in particular, the limit to 2/3 of the maximum hours of work in a day. Approximately 200,000 part-time contracts were signed in the first quarter of 1994 (ABC, 1994b). And it is intended that temporary contracts «for the promotion of employment» will disappear.

3) Termination costs and procedures. The objective of this reform is to bring Spanish law nearer to the EC Directive 75/129/EEC on collective dismissals. Administrative authorization for collective dismissals will be retained. However, the legally acceptable grounds for a collective dismissal –technological, economic and acts of God– will be expanded to include reasons of production and organization. This will reduce severance payments (but not necessarily legal costs).

Several types of «collective» dismissal will be turned into «individual» dismissal, especially in small and medium-sized companies - without administrative permission being required, and with lower severance payments. Specifically, the fair dismissal of 10 workers within three months in companies with less than 100 employees, 10% of the workforce in companies with between 100 and 300 workers, and 30 workers in companies with more than 300 employees, will no longer constitute a «collective» dismissal.

4) Subcontracting. Temporary employment agencies that hire out employees to other companies have been approved.

5) Working hours, vacations and overtime. A more flexible arrangement of working hours and vacations is now possible, reducing overtime and costs. The overtime bonus has been reduced, but the maximum of 80 overtime hours per year is retained. Night shift rates will be settled by collective agreement, not by law.

6) Functional mobility. The old Labour Ordinances will be abolished, and more flexible job categories will be implemented by collective bargaining.

7) Geographical mobility. The grounds for changing the place of work have been enlarged to include economic reasons. The need for administrative permission has been abolished.

(8) Changes in working conditions. The employer's scope for changing working conditions without the permission of the labour authority has been enlarged to include economic reasons.

9) Wages. Bonuses related to profits and productivity, inter alia, may now be increased.

10) Collective bargaining. The aim of the reform is to regulate industrial relations more through collective bargaining than by law. The automatic extension of collective agreements will be limited, so that company-level agreements can supplant industry or country-level agreements. Specifically, when the clauses of an industry-wide agreement may damage a company's economic situation, the employer may negotiate an opt-out with the workers' representatives.

11) Unemployment protection. The reform of unemployment protection has not been formally announced. It will probably include some restrictions on access to unemployment benefits in terms of income, re-training and active search for a job. Since January 1994 unemployment benefits have been liable to income tax and social security contributions.

12) Union elections. A new act will consolidate the strength of the current «most representative» unions against other new or minority unions.

These are important reforms. Nevertheless, they are insufficient, as the number of rigidities and inefficiencies is still high. Moreover, several points of the reform work against liberalization; the new act on union elections, and the rigidities of the new contracts are cases in point.

## **V. The European Social Charter: A Spanish Viewpoint**

### ***1. The Foreseeable Impact of the ESC***

As the content and desired economic effects of the ESC have been analysed earlier in this book, we confine ourselves here to giving a brief summary of the foreseeable impact of its clauses on the Spanish economy.

1) Freedom of movement. The ESC seeks to guarantee freedom of movement and a common measure of protection to workers in member states of the Community, while at the same time preventing «social dumping» (e.g. in public contracts). But the concept of «social dumping» may be an economic nonsense from the point of view of the theory of comparative advantage. In fact, it is a protectionist device for countries that are losing their competitiveness.

Spain would seem to be a net beneficiary of legislation on freedom of movement, in its capacity as a potential exporter of workers to other Community member states, but any input from this source must be limited because current emigration figures are very low and are not expected to increase in the future.

2) Employment and remuneration. This package of measures is aimed at achieving a «decent» standard of living for workers, and preventing «distortions in competition» and «social dumping» as a result of the «improper» use of temporary and part-time contracts («atypical» workers). In fact, Spain already complies with ESC policy on minimum remuneration. As noted above, minimum wages are an established fact of life in Spain, and are fixed at both national level and under legally enforceable collective bargaining.

On the other hand, as far as temporary and part-time contracts are concerned, these types of contract have been increasing in Spain. We have already pointed out that they have

made a very positive contribution to job creation. They have certain flaws, which need correcting, but not along the lines proposed in the ESC, particularly considering the nature of the industries that use these contracts most extensively, namely tourism, agriculture and construction.

3) Improvements in living and working conditions. The ESC seeks to harmonize living and working conditions at a high level. Spanish legislation (Act 4/1983, as well as the reform in progress, Act 11/1994) already matches the Community provisions on working hours, rest periods, holiday entitlements, and overtime working, inter alia. All working conditions are encompassed in these Acts or in collective agreements, often with greater restrictions than are required by Community law.

Moreover, the written contract of employment is the standard form in Spain. Act 2/1991, expressing an agreement reached between the government and the major unions, established that companies are obliged to send a copy of the contracts to the workers' representatives. This measure was heatedly contested by the employers, as they thought that this ceded to the unions de facto the right of controlling contracts.

Spanish legislation is now stricter than that of the Community with regard to layoffs for economic or technical reasons in that prior government approval is required, but the 1994 reform is intended to close the gap.

4) Social protection. The ESC includes workers' right to social protection in employment, unemployment and other circumstances. As we have already stated, Spanish legislation is already in line with the convergence of social security objectives and procedures. This has been achieved at no small cost (and overprotection of the unemployed). The application of the ESC will not, then, help the Spanish laws to become more flexible.

5) Freedom of association and collective bargaining. This refers to the right to union membership and collective bargaining (including the right to strike.) All of this is included in Spanish legislation - and we have already pointed out its weaknesses. The promotion of social dialogue is one of the Spanish government's objectives, although more at national than at European level.

6) Vocational training. The aim of this article of the ESC is to generalize across Europe the right to ongoing vocational training, without any discrimination on the grounds of nationality. (It has been in effect in Spain since January 1, 1992.) We have already observed that the effectiveness of vocational training is not one of the strengths of the Spanish labour market. From this perspective, the measures to promote and extend occupational training proposed by the ESC are useful, although one has to wonder why success has been so limited so far in Spain. The answer is probably that schooling is insufficient and disconnected from job requirements; that on-the-job training is very expensive for companies (and the same could be said of ongoing training); and that the retraining of unemployed people has been poorly focused and made subject to non-economic criteria. Viewed in this light, the new apprenticeship contracts with occupational training courses during working hours might well simply increase labour costs without offering significant benefits in terms of greater productivity.

7) Equal treatment for men and women. The aim of this article is to ensure equal opportunities and treatment for both sexes, abolishing discrimination against women and allowing both women and men to fulfil their family and work obligations. The measures provided for in these articles (leave to care for children, protection and safety of pregnant

women in the workplace, and so on) have already been introduced in Spain: maternity leave is 16 weeks (Act 3/1989), compared with the minimum of 14 weeks stipulated by the Community directive. However, our previous analysis has identified the economic reasons for the high level of unemployment among women and underscored the need to lower their employment costs (via temporary and part-time contracts, for example). A strict application of the ESC could worsen the employment situation of unemployed women.

8) Information, consultation and participation. The ESC aims to promote increased levels of worker information, consultation and participation in companies, as a means of improving the working atmosphere, increasing efficiency and reducing strife.

These rights are already mentioned in the Spanish Constitution, although they have not been significantly developed in legislation. The information given currently by companies is limited –it covers specific labour relations issues and general information on the company– although well within the Community standards. The trade unions have not made information provision one of their priority demands, nor will companies readily give ground on this point.

As regards worker participation, the key question is the role that the trade unions would play as partners in company management. The reality of Spanish trade unionism would lead one to conclude that their positive contribution would probably be limited, considering that they represent partial interests (only workers who are already employed), their lack of motivation to act in accordance with national interest criteria (job creation, maintaining competitiveness, etc.) and the political nature of their objectives. Since 1984, there has been an agreement between the government and the unions that the boards of directors of state-owned companies would include union representatives among their members. In addition, a tripartite Economic and Social Council (*Consejo Económico y Social*) was created (Act 21/1991) as a body of consultation and participation in social and economic decisions. The Council is made up of representatives of trade unions, employers' associations and other interests (agriculture, fishing, consumers, experts, etc.), plus the President.

9) Health, protection and safety at work. The ESC aims to harmonize the conditions for improving health, protection and safety at work. In Spain, legislation on such matters lags behind Community law on account of its lack of systematization. Though Spanish law is certainly coercive in some respects, overall it is not tightly enforced, owing to the transfer of responsibilities to regional governments. Spain has therefore higher accident and occupational disease rates than its Community partners. That said, one must also take into account the costs implied by the health and safety measures, in particular for small and medium-sized companies. Therefore, although a stricter application of the measures regulating health, protection and safety at work might be desirable, it would be wise to be imaginative in the design of the measures and flexible in their implementation, supplementing changes with supply side policies.

10) Protection of children and adolescents. The Community Directives on child and adolescent labour have already been embodied in Spanish legislation (Workers' Statute Act, art. 6.)

11) Elderly persons. The aim is that all workers, and indeed all citizens, should have sufficient means to maintain a suitable standard of living at the end of their working life. This objective is already adequately fulfilled in Spain through contributory pensions and the health care provided by Social Security, as well as by non-contributory pensions and medical



assistance (Act 26/1990, of 20 December). Although the level of pensions seems low in comparison with other advanced economies, one should take into account the lower income levels in Spain and the advisability of implementing these benefits gradually. One must also remember the disincentive effects that an excessive protection may have on employment and the heavy burden that such measures will place on the state budget.

12) Disabled people. The ESC encourages the professional and social integration of the disabled. This issue is already fully developed in Spanish legislation, though a lot remains to be done in the area of implementation.

## ***2. The Attitude of Government, Unions, Employers and the Commission***

Having analysed the general lines of application of the ESC to Spain, we shall now consider the attitude of the various social agents to the alignment of the Spanish legal and institutional framework with that of the Community. At the risk of oversimplifying, the following paragraphs summarise the positions of the parties.

1) The Spanish government has emphasised its commitment to bringing Spanish legislation into line with Community legislation. Given its orientation (a Socialist government has been in power since 1982), the administration has favoured Community social legislation. It seems to have accepted as inevitable that implementation of the ESC in Spain would increase production costs, relying on the modernization of the economy and the generosity of the European Structural Funds to provide the foundations for restoring the competitiveness of the Spanish economy. Moreover, the government pushed hard for the Cohesion Funds, approved as part of the Maastricht Treaty, and will obtain more than six trillion pesetas from these funds. The principle of subsidiarity is not one on which the government wishes to be adamant.

However, the Spanish government is now in a difficult political position due to the high rate of unemployment, and is committed to an important reform. Pragmatism, necessity and the example of other European countries might prove to be stronger than ideology, and bring about a change in direction.

2) The trade unions wish above all to keep their power and independence and retain the social gains already achieved, such as indefinite contracts, minimum wages, high severance payments, legal reduction of overtime. For them, the application of the ESC in Spain would allow maximum benefits, without entailing any loss of specific Spanish privileges. Consequently, they favour the European Social Dialogue, without implying reduced recourse to legislation.

The unions are not worried about the transfer of labour policy decision-making to the Community insofar as this enables the standard of living of Northern European workers to be imported (to those remaining in employment). Nor are they perturbed by the possible effects on Spanish competitiveness or unemployment. Since the general strike of 1988 they seem to act more as political institutions than as workers' representatives (Argandoña 1991, 1993). Unions are politically strong, and are opposed to all reforms announced by the government because "they commit an outrage against the emblematic conquests of the trade union movement" (La Vanguardia, 1993).

3) For employers, the EU legislation represents an opportunity. First, it offers the prospect of abolishing certain pro-union regulations – where Spanish standards are tougher than those of the Community. Second, the belligerent attitude of the Spanish trade unions may be moderated by exposure to Central European union «rationality». Thus, the employer side has stated that convergence with Europe «would bring a considerable degree of rationality to the acts of Spanish unions, as they would be obliged to act in coordination with the European trade union organizations” (Eyries, 1992). Likewise, they are also in favour of the European Social Dialogue, but not of supranational industry-wide collective agreements. It should be remembered that the small and medium-sized companies –the ones that may be expected to fare worst in the ESC– are under-represented in the governing bodies of the CEOE (see above).

4) The European Commission wants Spain to implement the ESC guidelines so that the government will not be induced to promote «social dumping» measures that could hurt other member states. Hence the Commission’s insistence that the recently mooted deregulation of the labour market should not be carried out unilaterally by Spain (Diario 16, 1993, p. 65.)

The Structural Funds (including the Cohesion Fund) seem to be the quid pro quo. In theory, the funds are intended to raise the income and opportunities of those countries and regions that have a below-average standard of living, or that have specific problems of unemployment and de-industrialization. In practice, they appear to be more a tool to mitigate these problems while minimally impacting the standard of living and the competitiveness of the rich countries.

Thus, all the actors are in agreement as regards the implementation of the ESC legislation. However, the reasons given are different in each case, which in turn raises the danger of future deadlocks.

## **VI. Conclusions**

Among the present problems of the Spanish economy, the most serious are probably those related to the labour market. In particular, we would point to the high rate of unemployment and its long duration, the inability of the economy to create jobs, and the progressive loss of international competitiveness.

In spite of the reforms attempted since the advent of democracy, the Spanish labour market is still mired in rigidities and inefficiencies. The causes of this situation are various. First, the labour market of the 1980s inherited many of the regulations of Franco’s regime. Second, the liberalization attempted in the late 1970s and early 1980s collided with vested interests. Thus, the trade unions attempted to retain all their earlier “labour conquests” while obtaining new ones. The regulatory attitude of the bureaucrats and politicians, and the interventionist interpretation of the judiciary, were also important, added to which we may cite the government’s preference for centralized wage-setting, supported by unions and the employers’ associations alike. Third, a number of non-competitive factors took root in the labour market during the 1980s, as a result of the political power of the unions: the segmentation of the market, the insufficient spread of wages among professions and sectors, and the de facto indexation of wages and salaries. And last but not least, the attempts to gain some flexibility by other means, most notably the development of the underground economy, worsened the situation.

But now, Spanish society and its government are aware of the need for an urgent and extensive reform of the labour market, the goals being the attainment of flexibility and lower labour costs. This reform is already in progress –but it conflicts with the construction of the European Social Charter.

In fact, the ESC comprises a series of measures which, while they may bring about an improvement in the standard of living of certain groups, will at the same time lead to reduced competition, less incentive to work, higher labour costs, increased unemployment, the creation (or extension) of a «dole culture» and a greater degree of underground economy (Addison and Siebert 1991; 1992; 1993a,b; 1994). These developments are precisely what the Spanish economy does not need.

The conclusions of this chapter are plain. General Franco's regime first put the Spanish labour market into the straitjacket of an interventionist and corporatist legal framework, which the economic, social and political changes of the 1980s did not improve. A large part of Spanish unemployment might thus be said to have an institutional origin, and structural reform is needed. The contents and scope of this reform have been the subject of an important debate in Spanish society, especially since the government announced a partial reform in 1993. However, the ESC may be an obstacle to a more flexible and free labour market. The regulations imposed by the Charter reinforce Spain's current structural rigidities and support the position of those that resist reform. □

- 
- (1) For an extended discussion, see Argandoña and García-Durán (1992), Chapter 1.
  - (2) For a summary, see Argandoña and García-Durán (1992, Chapter 10), Argandoña (1993), Bentolila and Toharia (1991), Dolado (1991), Pedreño (1993) and Viñals (1992). Andrés and García (1990, 1992) provide a more detailed discussion. The viewpoint expressed here draws on the notions of the wage gap (e.g. Malo de Molina, 1989; Viñals 1983, 1991) and technology bias (Segura and Jaumandreu, 1987); see also Dolado *et al.* (1986), and Andrés *et al.* (1990). For a different point of view, based on structural mismatch, see Fina and Toharia (1987).
  - (3) The amount of labour required to produce one unit of real output decreased at an annual rate of 3.5% from 1975 to 1980 (Segura and Jaumandreu, 1987). Because of the strong growth in output, this process of job destruction was not noticed before the first oil shock (Andrés and García, 1992).
  - (4) In 1993, unemployment rates were 34.2% in Andalusia and 30.5% in Extremadura, as compared with 14.0% in Navarre and 15.5% in La Rioja.
  - (5) These are the figures of the *Encuesta de Población Activa* (Active Population Survey, EPA) of the *Instituto Nacional de Estadística* (National Statistics Institute, INE). The rate of unemployment according to the *Instituto Nacional de Empleo* (National Institute of Employment, INEM) was 17.5% in December 1993. This means that 2,706,000 were unemployed in the INEM's register against 3,682,000 in the INE's survey. The EPA figures are more reliable than those of the INEM, but there is a growing accord that they are overstated (Lorente *et al.*, 1993).
  - (6) De Lamo and Dolado (1991) estimate that the non-accelerating inflation rate of unemployment (NAIRU) is around 15% in Spain. This rate has increased by about 5 points since the 1970s and is considerably higher than that reported for other Community member states (Layard, Nickell and Jackman, 1991).
  - (7) Instituto Nacional del Empleo (1992), Pedreño (1992), Sanromá (1992).
  - (8) Before the April 1992 reform, a person who worked for six months and received unemployment benefit for the next six months had a higher income than a permanent employee working throughout the year whose annual income was less than 1.5 million pesetas, or 2/3 of the average gross wage of a worker in 1992 (Sanromá, 1993).
  - (9) The Moncloa Agreements (1977); (2) the *Acuerdo Marco Interconfederal* (1980-82) between the employers' association CEOE (*Confederación Española de Organizaciones Empresariales*) and the Socialist trade union UGT; (3) the *Acuerdo Nacional sobre el Empleo* (1981), signed by the government, the employers and the two unions, CCOO and UGT; (4) the *Acuerdo Interconfederal* (1983) between the employers and the two unions, and (5) the *Acuerdo Económico y Social* (1984-86), signed by the government, the employers' association and the two unions.

- (10) The wages of permanent employees are about 10% higher (Jimeno and Toharia, 1992c; Sanromá, 1993). See also Dolado and Bentolila (1992). The probability of the temporary workers being given an indefinite contract ranges between 10% (Alba, 1991) and 15% (Segura et al., 1991).
- (11) The overall effect on the average duration of employment has been unclear (Bentolila and Saint-Paul, 1992).
- (12) In 1992 the employers paid 24.0% of wages as social security taxes, plus 6.2% as unemployment insurance, 0.6% for vocational training, 0.4% for wage insurance against the risk of insolvency and 1% for industrial accidents insurance. The employees paid 4.8% for social security, 1.1% as unemployment insurance (+0.55% in 1994) and 0.1% for vocational training (Sanromá 1993).
- (13) On the need and contents of the reform, see Confederación Española de Organizaciones Empresariales (1990, and in numerous publications since then), Andrés and García (1992), Viñals (1992), Ministerio de Economía y Finanzas (1992), Círculo de Empresarios (1992, 1993), Sanromá (1993), Segura (1993), Ministerio de Trabajo y Seguridad Social (1993), and Economistas (1993). Economists not favouring reform along these lines include Fina (1991) and Jimeno and Toharia (1992b).

## References

- ABC (1994a), «El Gobierno reconoce que hay más economía sumergida por la presión fiscal y el paro», February 13.
- ABC (1994b), «Los contratos a mayores de 45 años, exentos del pago a la Seguridad Social hasta tres años», March 22.
- Addison, John T. and W. Stanley Siebert (1991), «The Social Charter of the European Community: Evolution and Controversies», *Industrial Labour Relations Review*, 44: 597-625.
- Addison, John T. and W. Stanley Siebert (1992), «The Social Charter: Whatever Next?», *British Journal of Industrial Relations*, 30, December.
- Addison, John T. and W. Stanley Siebert (1993a), «The EC Social Charter: The Nature of the Beast», *National Westminster Bank Quarterly Review*, February.
- Addison, John T. and W. Stanley Siebert (1993b), *Social Engineering in the European Community: The Social Charter, Maastricht and Beyond*. London: Institute of Economic Affairs, Current Controversies No. 6.
- Addison, John T. and W. Stanley Siebert (1994), «The EC Social Charter: Recent Developments and the Maastricht Summit», *Industrial and Labour Relations Review* (forthcoming).
- Alba, Alfonso (1991), «Fixed-term Employment Contracts in Spain: Labour Market Flexibility or Segmentation», Universidad Carlos III de Madrid, Working Paper No. 91-29.
- Alba, Alfonso (1993), «Capital humano y competitividad en la economía española: Una perspectiva internacional», *Papeles de Economía Española*, 56: 131-143.
- Andrés, Javier, Juan J. Dolado, César Molinas, Miguel Sebastián and Antonio Zabalza (1990), «The influence of demand and capital constraints on Spanish unemployment», in Jacques Drèze and Charles Bean (eds.), *Europe's Unemployment Problem*. Boston: The MIT Press.
- Andrés, Javier and Jaume García (1990), «La persistencia del desempleo en España: un enfoque agregado», in Juan Velarde, José L. García-Delgado and Andrés Pedreño (eds.), *La industria española. Recuperación, estructura y mercado de trabajo*. Madrid: Economistas Libros.
- Andrés, Javier and Jaume García (1992), «Principales rasgos del mercado de trabajo español ante 1992», in José Viñals (ed.), *La economía española ante el Mercado Unico Europeo. Las claves del proceso de integración*. Madrid: Alianza.
- Andrés, Javier and Jaume García (1993), «Factores determinantes de los salarios: Evidencia para la industria española», in Juan J. Dolado, Carmela Martín and Luis Rodríguez-Romero (eds.), *La industria y el comportamiento de las empresas españolas: Ensayos en homenaje a Gonzalo Mato*. Madrid: Alianza.
- Argandoña, Antonio (1991), «El fracaso del modelo laboral español», in Círculo de Empresarios, *La política económica española en la Unión Económica y Monetaria Europea*. Madrid: Círculo de Empresarios.
- Argandoña, Antonio (1993), «El modelo laboral español», IESE, Technical Note ASEN-159, October.
- Argandoña, Antonio and José Antonio García-Durán (1992), *Macroeconomía española: Hechos e ideas*. Madrid: McGraw-Hill.
- Bentolila, Samuel and Juan J. Dolado (1993), «La contratación temporal y sus efectos sobre la productividad», Banco de España, Working paper No. 9319.
- Bentolila, Samuel and Gilles Saint-Paul (1992), «The Macroeconomic Impact of Flexible Labour Contracts, with an Application to Spain», *European Economic Review*, 36: 1013-1047.

- Bentolila, Samuel, Julio Segura and Luis Toharia (1992), «La contratación temporal en España», *Moneda y Crédito*, 193: 225-265.
- Bentolila, Samuel, and Luis Toharia (eds.) (1991), «Introducción de los compiladores», in Samuel Bentolila and Luis Toharia (eds.), *Estudios de Economía del Trabajo en España. III: El problema del paro*, Madrid: Ministerio de Trabajo y Seguridad Social.
- Borrajo, Efrén (1993), «Sistema de protección social», in Salustiano del Campo (ed.), *Tendencias sociales en España (1960-1990)*, Madrid: Fundación BBV, vol. 2.
- Bushell, Robert and Julia Salaverría (1992), «Proceso de formación de precios y salarios y limitaciones del mercado laboral», *Papeles de Economía Española*, 52/53: 108-125.
- Círculo de Empresarios (1992), *Boletín del Círculo de Empresarios*, 55 (monographic issue on «A new system of labour relations»).
- Círculo de Empresarios (1993), *La reforma del mercado de trabajo*, Madrid: Círculo de Empresarios.
- Commission of the European Communities (1989), *Community Charter of Fundamental Social Rights*. COM (89) 471 final. Brussels.
- Confederación Española de Organizaciones Empresariales (1990), *Concertación social y negociación colectiva*. Madrid: CEOE.
- Confederación Española de Organizaciones Empresariales (1993), «La competitividad de la economía española en el horizonte de la unión económica y monetaria: Propuestas del empresariado español», *Informes y Estudios*, 69, 2.
- De Esteban, Alfonso, «Tipos de comunidad y vivienda», in Salustiano del Campo (ed.), *Tendencias sociales en España (1960-1990)*, Madrid: Fundación BBV, vol. 1.
- De Lamo, Ana R. and Juan J. Dolado (1991), «Un modelo del mercado de trabajo y la restricción de oferta de la economía española», Banco de España, Working paper No. 9116.
- Diario 16* (1993), «La CE reclama a España una reforma laboral sin perjudicar a otros Estados», July 8.
- Dolado, Juan J. (1991), «Valoración crítica de las estimaciones econométricas disponibles de la relación entre los precios relativos y el empleo en la economía española», in Samuel Bentolila and Luis Toharia (eds.), *Estudios de Economía del Trabajo en España. III: El problema del paro*, Madrid: Ministerio de Trabajo y Seguridad Social.
- Dolado, Juan J., and Samuel Bentolila (1992), «Who Are the Insiders? Wage Setting in Spanish Manufacturing Firms», Banco de España, Working paper No. 9229.
- Dolado, Juan J., José L. Malo de Molina, and Antonio Zabalza (1986), «Spanish Unemployment: Some Explanatory Factors», in Charles Bean, Richard Layard, and Stephen Nickell, eds., *The Rise in Unemployment*, London: Basil Blackwell.
- Draper, María (1993), «Indiciación salarial y empleo: un análisis desagregado para el caso español», *Moneda y Crédito*, 197: 129-165.
- Economistas* (1993), No. 57 (monographic issue on the reform of the labour market.)
- Emerson, Michael (1988), «Regulation or Deregulation of the Labour Market: Policy Regimes for the Recruitment and Dismissal of Employees in the Industrialized Countries», *European Economic Review*, 32: 775-817.
- Emerson, Michael (1989), *What Model for Europe?*, Cambridge: The MIT Press.
- Escobedo, María I. (1991), «Incidencia de las cotizaciones sociales en el coste laboral real: Un análisis de traslación hacia precios y salarios», *Información Comercial Española*, 698: 187-200.
- Escobedo, María I. (1992), *La financiación de la seguridad social y sus efectos sobre el empleo. Evidencia empírica en España (1975-1983)*, Madrid: Ministerio de Trabajo y Seguridad Social.
- Eyries, Martín (1992), «Por un sistema de relaciones laborales para competir en los nuevos mercados post-Maastricht», *Boletín del Círculo de Empresarios*, 55: 155-160.
- Fina, Lluís (1991), *El problema del paro y la flexibilidad del empleo. Informes sobre un debate*, Madrid: Ministerio de Trabajo y Seguridad Social.
- Fina, Lluís, and Luis Toharia (1987), *Las causas del paro en España. Un punto de vista estructural*, Madrid: Fundación IESA.
- García-Perea, Pilar, and Ramón Gómez (1993), «Aspectos institucionales del mercado de trabajo español, en comparación con los países comunitarios», Banco de España, *Boletín Económico*, September: 29-47.
- Hernando, Ignacio, and Javier Vallés (1992), «Productividad, estructura de mercado y situación financiera», Banco de España, Working paper No. 9227.
- Instituto Nacional del Empleo (1992), *El problema del paro de larga duración en España*, Madrid: INEM.
- Jimeno, Juan F. (1992), «Las implicaciones macroeconómicas de la negociación colectiva: El caso español», *Moneda y Crédito*, 195: 223-281.
- Jimeno, Juan F., and Luis Toharia (1992a), «The Productivity Effects of Fixed Term Employment Contracts: Are Temporary Workers Less Productive than Permanent Workers?», FEDEA, Working paper No. 92-03.

- Jimeno, Juan F., and Luis Toharia (1992b), «El mercado de trabajo en el proceso de convergencia hacia la Unión Económica y Monetaria Europea», *Papeles de Economía Española*, 52/53: 78-107.
- Jimeno, Juan F., and Luis Toharia (1992c), «Productivity and Wage Effects of Fixed-term Employment: Evidence from Spain», FEDEA, Working paper No. 92-11.
- La Vanguardia* (1993), «El gobierno mantiene la reforma laboral pese a las movilizaciones sindicales», November 27.
- Layard, Richard, Stephen Nickell, and Richard Jackman (1991), *Unemployment*, London: Oxford University Press.
- Lorente, José Ramón, Federico Prades and José Folgado (1993), «Opiniones sobre el empleo y el paro», *Cuadernos de Información Económica*, Madrid, FIES, 80-81: 23-30.
- Malo de Molina, José L. (1983), «¿Rigidez o flexibilidad en el mercado de trabajo? La experiencia española durante la crisis», Banco de España, Estudios Económicos No. 34.
- Malo de Molina, José L. (1989), «Mercado de trabajo: Empleo y salarios», in José L. García-Delgado (ed.), *España: Economía*, 2nd. ed. Madrid: Espasa Calpe.
- Martín, María Jesús and Francisco Martí (1994), «Las prestaciones por desempleo en España», Banco de España, *Boletín Económico*, February: 31-43.
- Ministerio de Economía y Hacienda (1992), *Programa de Convergencia de la Economía Española: 1992-1996*, Madrid: Ministerio de Economía y Hacienda.
- Ministerio de Trabajo y Seguridad Social (1993), *La reforma del mercado de trabajo. Documento que el Gobierno dirige al Consejo Económico y Social en demanda de un dictamen*, Madrid: Ministerio de Trabajo y Seguridad Social.
- Muro, Juan, José L. Raymond, Luis Toharia, and Ezequiel Uriel (1986), *Condiciones de vida y trabajo en España*, Madrid: Ministerio de Economía y Hacienda, Secretaría General de Economía y Planificación and Centro de Investigaciones Sociológicas.
- Muro, Juan, José L. Raymond, Luis Toharia, and Ezequiel Uriel (1988), «La encuesta de población activa y la encuesta de condiciones de vida y trabajo», *Estadística Española*, 30: 379-405.
- Nickell, Stephen (1991), «Unemployment: A Survey», in Andrew J. Oswald (ed.), *Surveys in Economics*. Vol. 1. Oxford: Blackwell.
- Palomeque, Manuel C. (1992), «Concertación social y Plan de Convergencia con la Comunidad Europea: el agotamiento del segundo ciclo de diálogo social», *Boletín del Círculo de Empresarios*, 55: 47-68.
- Pardo, Rafael and Joaquín Fernández (1993), «Grupos de intereses», in Salustiano del Campo (ed.), *Tendencias sociales en España (1960-1990)*, Madrid: Fundación BBV, vol. 2.
- Pedreño, Andrés (1990), «Desempleo, fuerza de trabajo y mercado laboral», in José L. García-Delgado (ed.), *Economía española de la transición y de la democracia*, Madrid: CIS.
- Pedreño, Andrés (1992), «Desempleo y actitudes de los agentes económicos en el mercado de trabajo español», in José L. García-Delgado (ed.), *Economía Española, Cultura y Sociedad. Homenaje a Juan Velarde Fuertes*, Madrid: EUDEMA, vol. 2.
- Pedreño, Andrés (1993), «Desempleo y mercado de trabajo», in José L. García-Delgado (ed.), *Lecciones de economía española*, Madrid: CIS (forthcoming).
- Pérez-Díaz, Víctor (1987), *El retorno de la sociedad civil*, Madrid: Instituto de Estudios Económicos.
- Prieto, Carlos (1933), «Los sindicatos», in Salustiano del Campo (ed.), *Tendencias sociales en España (1960-1990)*, Madrid: Fundación BBV, vol. 2.
- Ruesga, Santos (1988), *Al otro lado de la economía*, Madrid: Pirámide.
- Sáez, Felipe (1989), «Empresa y creación de empleo: Respuesta a las medidas de promoción y flexibilización», *Papeles de Economía Española*, 39-40: 185-198.
- San Juan, Carlos (1991), «La emigración española al exterior», in Samuel Bentolila and Luis Toharia (eds.), *Estudios de Economía del Trabajo en España. III: El problema del paro*, Madrid: Ministerio de Trabajo y Seguridad Social.
- Sanromá, Esteve (1992), «El paro estructural en la economía española, 1977-1989», in José L. García-Delgado (ed.), *Economía Española, Cultura y Sociedad. Homenaje a Juan Velarde Fuertes*, Madrid: EUDEMA, vol. 2.
- Sanromá, Esteve (1993), *El marc laboral*, Barcelona: Generalitat de Catalunya, Quaderns de Competitivitat No. 15.
- Segura, Julio (1993), «Algunas reflexiones sobre la reforma del mercado de trabajo», *Cuadernos de Información Económica*, Madrid, FIES, 75: 38-48.
- Segura, Julio, Federico Durán, Luis Toharia, and Samuel Bentolila (1991), *Análisis de la contratación temporal en España*, Madrid: Ministerio de Trabajo y Seguridad Social.
- Segura, Julio and Jordi Jaumandreu (1987), «Algunos resultados recientes sobre la importancia del cambio técnico en la industria española», *Cuadernos Económicos de Información Comercial Española*, 37-38: 71-79.

- Viaña, Enrique (1993), «Economía informal», in Salustiano del Campo (ed.), *Tendencias sociales en España (1960-1990)*, Madrid: Fundación BBV, vol. 3.
- Viñals, José (1983), «El mercado de trabajo y sus implicaciones para la política macroeconómica de ajuste: el caso de España», *Papeles de Economía Española*, 15: 258-275.
- Viñals, José (1991), «La importancia de la evolución agregada del coste salarial real en el comportamiento del empleo en España», in Samuel Bentolila and Luis Toharia (eds.), *Estudios de Economía del Trabajo en España. III: El problema del paro*, Madrid: Ministerio de Trabajo y Seguridad Social.
- Viñals, José (1992), «La economía española ante el Mercado Unico: Las claves del proceso de integración en la Comunidad Europea», in José Viñals (ed.), *La economía española ante el Mercado Unico Europeo. Las claves del proceso de integración*, Madrid: Alianza.
- Zabalza, Antonio (1987), «Los efectos económicos de las cotizaciones a la seguridad social», Ministerio de Economía y Hacienda, Working paper DGPL-D-87006.

**IESE****DOCUMENTOS DE INVESTIGACION - RESEARCH PAPERS**

No.	TITULO	AUTOR
D/ 260	The impact of information technology on the Spanish transport sector. December 1993, 42 Pages	O'Callaghan R. Parra E.
D/ 261	A transaction-based approach to strategic information systems formulation. December 1993, 19 Pages	O'Callaghan R. Andreu R.
D/ 262	La enseñanza de la ética de la empresa. Febrero, 1994, 15 Págs.	Argandoña A.
D/ 263	Dignidad del trabajo y mercado de trabajo. Febrero 1994, 31 Págs.	Argandoña A.
D/ 264	Dividend policy models. February 1994, 121 Pages	Mech C.
D/ 265	Sector español de la alimentación y bebidas: Empresas familiares y no familiares (I) Abril 1994, 49 Págs.	Gallo M.A. Estapé M.J.
D/ 265 BIS	The family business in the Spanish food and beverage industry (I) April 1994, 47 Pages	Gallo M.A. Estapé M.J.
D/ 266	Asignación de inversiones en condiciones de responsabilidad limitada. Mayo 1994, 4 Págs.	Santomá J.
D/ 266 BIS	Investment allocation under limited liability rules. May 1994, 4 Pages	Santomá J.
D/ 267	Sector español de la alimentación y bebidas: Empresas familiares y no familiares (II) Mayo, 1994, 43 Págs.	Gallo M.A. Estapé M.J.



**IEESE**

## DOCUMENTOS DE INVESTIGACION - RESEARCH PAPERS

No.	TITULO	AUTOR
D/ 267 BIS	The family business in the Spanish food and beverage industry (II) April 1994, 43 Pages	Gallo M.A. Estapé M.J.
D/ 268	Alliance networks in European banking. June 1994, 26 Pages	García Pont C.
D/ 269	Las relaciones laborales en Alemania. Junio 1994, 61 Págs.	Gómez S. Pons M <sup>a</sup>
D/ 270	Las relaciones laborales en Francia. Junio 1994, 66 Págs.	Gómez S. Pons M <sup>a</sup>
D/ 271	La estructura interna de la empresa en la visión de Coase. Julio 1994, 19 Págs.	Argandoña A.
D/ 272	Teaching business ethics using the case method. July 1994, 17 Pages	Argandoña A.
D/ 273	Weak form market efficiency: A comparison between the Spanish and the U.S. stock markets. July 1994, 39 Pages	Martínez Abascal E. Pregel G.
D/ 274	Investing in Russia. July 1994, 36 Pages	Taylor G.
D/ 275	Aspectos éticos en la consultoría de búsqueda de directivos. Septiembre 1994, 16 Págs. Roig B.	Melé D.
D/ 276	Factores determinandes del ahorro. Sptember 1994, 88 Pages	Argandoña A.
D/ 277	Spain and the European social charter. September 1994, 33 Pages	Argandoña A.