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Collective Bargaining and Wages in the EU and Spain

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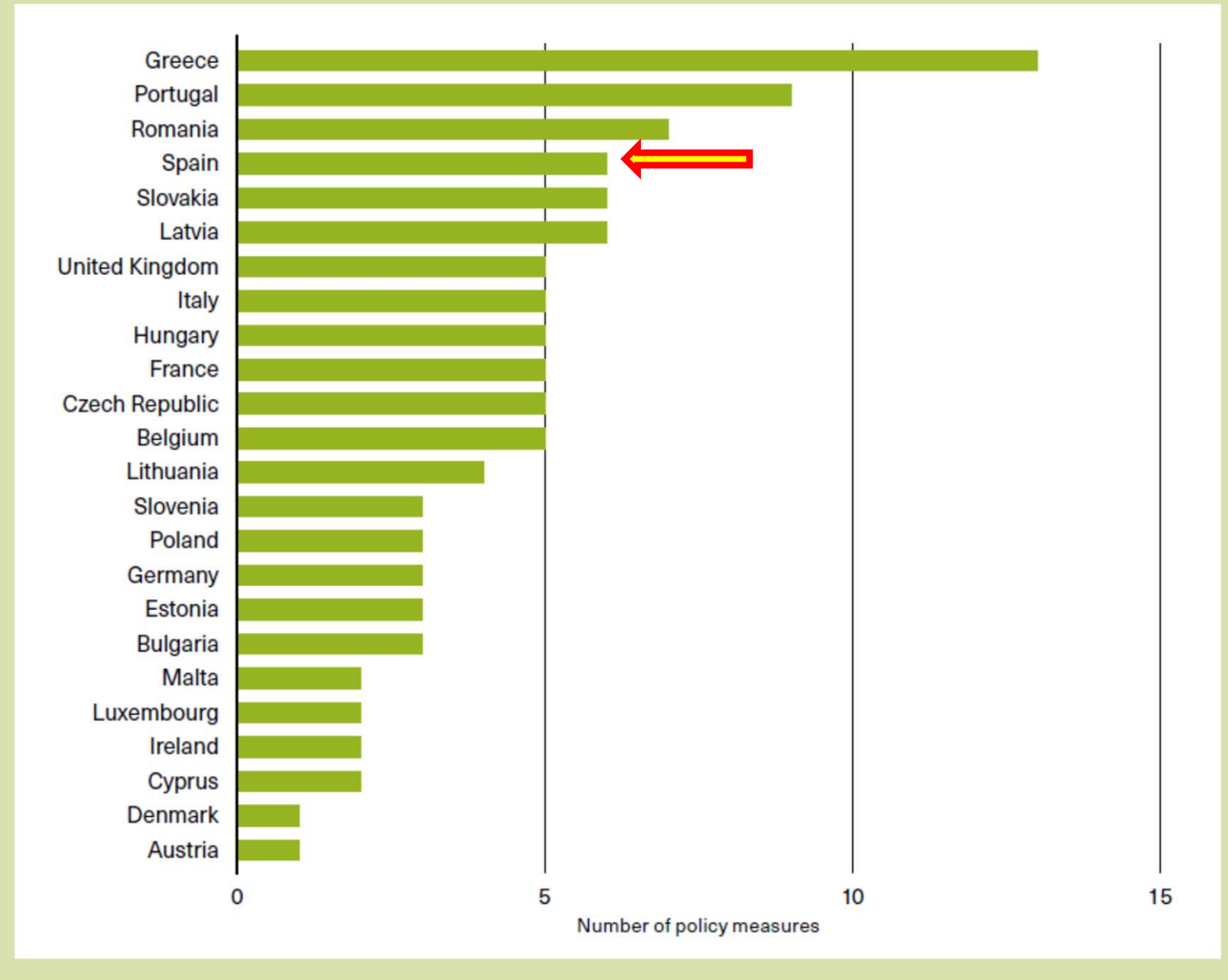
Inventory of labour market policy measures in the EU 2008-13: The crisis and beyond

EC-ILO, 9 December 2015 (Brussels)

1. Preliminaries

- Policies affecting wages in the GR:
 - Minimum wage.
 - **Collective bargaining** (private sector): Changes in legal regulations ('labour market reforms')
 - Changing directly wages in the public sector.

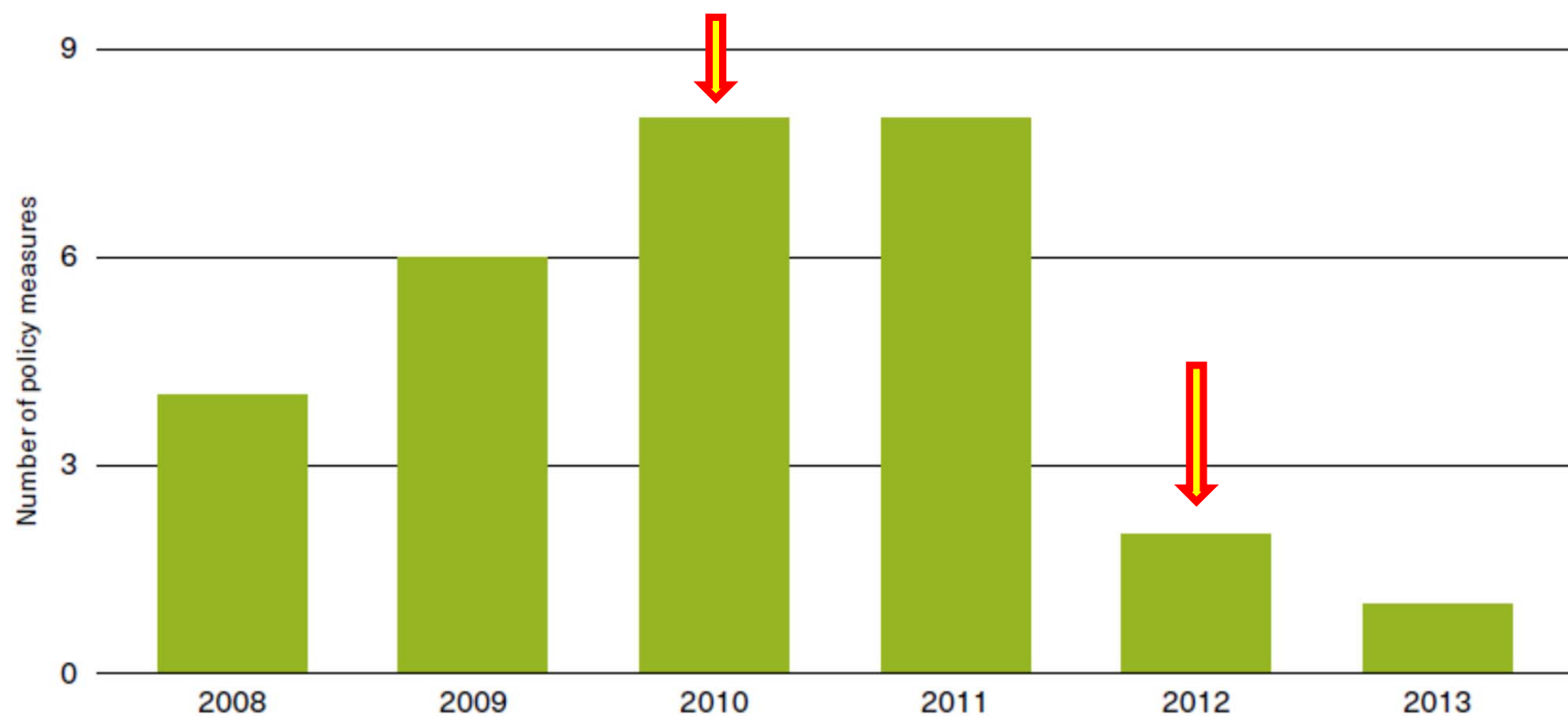
FIGURE 5.2 Policy measures targeting wages, by Member State (2008–13)



Source: ILO Inventory of Labour Market Policy Measures.

[From the synthesis report]

FIGURE 5.5 Policy measures targeting collective bargaining (2008–13)



Source: ILO Inventory of Labour Market Policy Measures.

[From the synthesis report]

1. Preliminaries

- Reforms for what?:
 - Increasing competitiveness (unit labour costs).
 - Improving firms' adjustment to negative shocks.
 - Indirectly: Changing hiring incentives (internal flexibility vs. external flexibility)
 - Promoting negotiations (end of ultra-actividad, 'after-effects').
 - Fiscal adjustment.

2. Changes in CB regulation

- Major reforms in SP (2010-2012):
 - Legal prevalence of firms' CBAs.
 - Derogation of “ultraactividad” (permanent after-effects of main clauses of not renewed CBAs). [*ST sentence: “ultraactividad” at individual contract level*]
 - More room for unilateral decisions of employers on working conditions.
- Reforms intended to move towards decentralized organization of the CB using:
 - New rules promoting agreements at firm level.
 - Limiting extensions or use of sectoral agreements.

1. Has there been a shift towards a more decentralized collective bargaining?

Table 1. Agreements and workers per year of economic impact and by scope of negotiation.

Year	TOTAL		COMPANY AGREEMENTS		% COMPANY / TOTAL		AGREEMENTS AT LEVELS HIGHER THAN COMPANY-LEVEL	
	Agreements	Workers (thousands)	Agreements	Workers (thousands)	Agreements	Workers	Agreements	Workers (thousands)
2000	5252	9230.4	3849	1083.3	73.3	11.7	1403	8147.1
2001	5421	9496.0	4021	1039.5	74.2	10.9	1400	8456.5
2002	5462	9696.5	4086	1025.9	74.8	10.6	1376	8670.6
2003	5522	9995.0	4147	1074.2	75.1	10.7	1375	8920.9
2004	5474	10193.5	4093	1014.7	74.8	10.0	1381	9178.9
2005	5776	10755.7	4353	1159.7	75.4	10.8	1423	9596.0
2006	5887	11119.3	4459	1224.4	75.7	11.0	1428	9894.9
2007	6016	11606.5	4598	1261.1	76.4	10.9	1418	10345.4
2008	5987	11968.1	4539	1215.3	75.8	10.2	1448	10752.9
2009	5689	11557.8	4323	1114.6	76.0	9.6	1366	10443.2
2010	5067	10794.3	3802	923.2	75.0	8.6	1265	9871.1
2011	4585	10662.8	3422	929.0	74.6	8.7	1163	9733.8
2012	4376	10099.0	3234	925.7	73.9	9.2	1142	9173.3
2013	4136	9097.9	3155	892.7	76.3	9.8	981	8205.2
2014	2709	6033.3	2085	534.7	77.0	8.9	624	5498.6

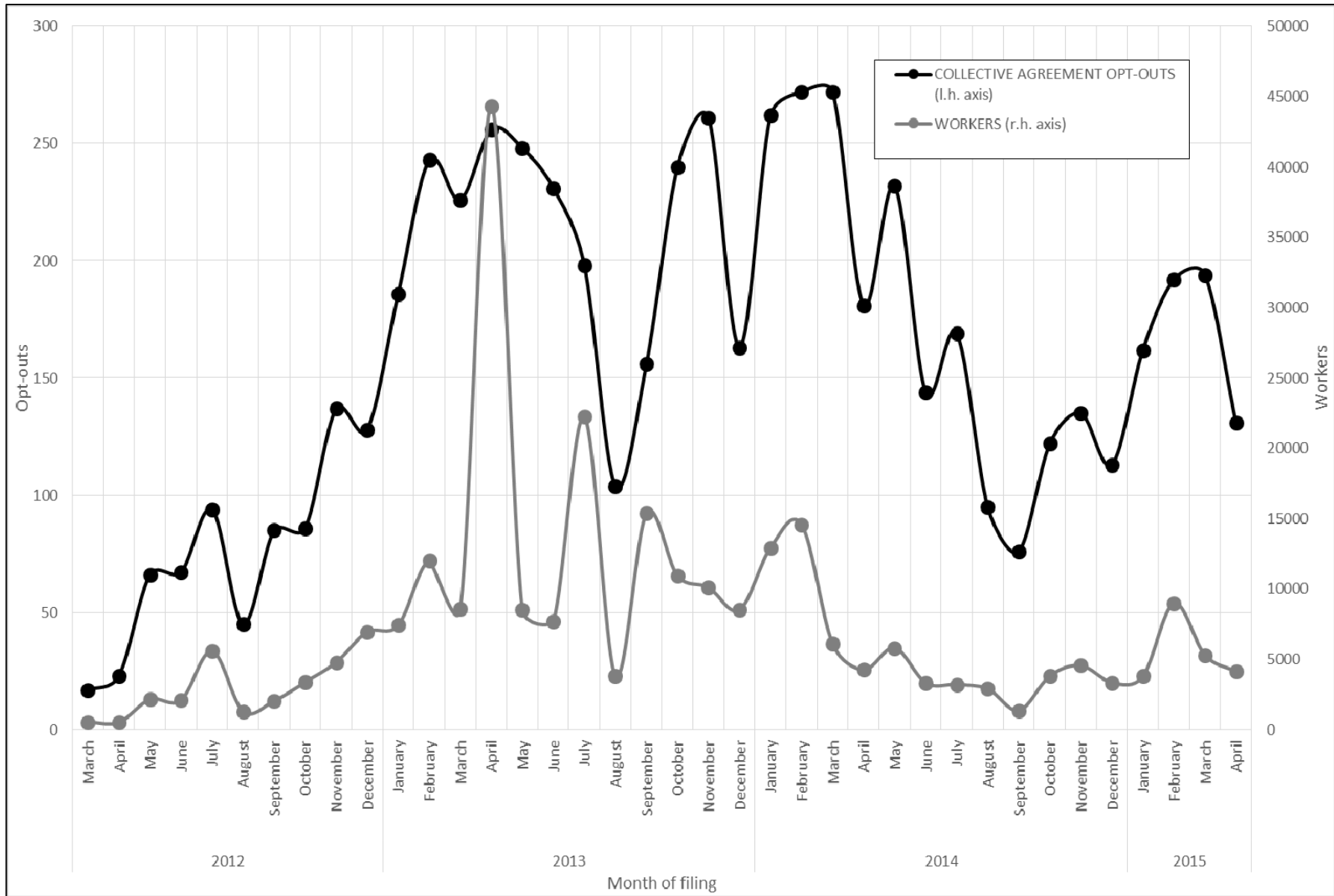
Source: Ministry of Employment and Social Security

1. Has there been a shift towards a more decentralized collective bargaining?

<i>2011</i>	<i>Agreements</i>	<i>Companies</i>	<i>Workers</i>	<i>% all workers</i>
TOTAL	4585	1170921	10662783	
Company level	3422	3422	928995	8.7
Higher level:	1163	1167499	9733788	91.3
- Group of companies	99	954	181667	1.7
- Sector:	1064	1166545	9552121	89.6
Province	895	777512	5455261	51.2
Regions (CC.AA.)	82	92222	817958	7.7
Inter-regional	1	400	9000	0.1
National	86	296411	3269902	30.7
<i>2014</i>	<i>Agreements</i>	<i>Companies</i>	<i>Workers</i>	<i>% all workers</i>
TOTAL	1728	723724	4755972	
Company level	1255	1255	335952	7.1
Higher level:	473	722469	4420020	92.9
- Group of companies	42	236	164923	3.5
- Sector:	431	722233	4255097	89.5
Province	279	270437	1425170	30.0
Regions (CC.AA.)	102	196660	886890	18.6
Inter-regional	1	320	2000	0.0
National	49	254816	1941037	40.8

Source: Register of Collective Agreements, Ministry of Employment

1. Has there been a shift towards a more decentralized collective bargaining?



Source: Register of Collective Agreements, Ministry of Employment

2. Wage flexibility in agreements or outside of them?

Annual change in wages (by agreement or pay review) (%)

	TOTAL		COMPANY AGREEMENTS		AGREEMENTS AT LEVELS HIGHER THAN COMPANY LEVEL	
	Agreement	Pay review	Agreement	Pay review	Agreement	Pay review
2000	3.09	3.72	2.64	3.49	3.15	3.76
2001	3.50	3.68	2.84	3.12	3.59	3.75
2002	3.14	3.85	2.69	3.62	3.19	3.88
2003	3.48	3.68	2.70	2.94	3.58	3.77
2004	3.01	3.60	2.61	3.14	3.06	3.65
2005	3.17	4.04	2.94	3.61	3.19	4.09
2006	3.29	3.59	2.92	3.15	3.34	3.65
2007	3.14	4.21	2.70	3.57	3.20	4.28
2008	3.60	3.60	3.09	3.09	3.65	3.65
2009	2.25	2.24	2.17	2.17	2.26	2.25
2010	1.48	2.16	1.26	1.99	1.50	2.18
2011	1.98	2.29	1.63	1.97	2.02	2.32
2012	1.00	1.16	1.17	1.48	0.98	1.13
2013	0.53	0.53	0.55	0.55	0.53	0.53
2014	0.59	0.59	0.43	0.43	0.60	0.61

Source: Register of Collective Agreements, Ministry of Employment

2. Wage flexibility in agreements or outside of them?

Gross average wages in the lowest wage decile (total and full-time employees) and national minimum wage (euros at constant 2006 prices).

	Total	Full time (FT)	Minimum wage (MW)	FT-MW
2006	474.2	575.1	540.9	34.2
2007	488.1	607.5	555.1	52.3
2008	468.6	612.4	560.9	51.5
2009	464.9	589.3	585.0	4.3
2010	444.3	579.7	583.2	-3.5
2011	414.5	545.1	572.4	-27.2
2012	370.7	511.8	558.7	-46.9
2013	356.0	484.0	554.3	-70.3

Source: INE (Labour Force Survey), Ministry of Employment and Social Security and author's calculations (López Moureló and Malo (2015)).

3. Summary

- In Spain, changes in CB have followed the general trend in the EU.
- Impacts:
 1. More wage flexibility thanks to more unilateral power for employers, not through more firm-level agreements.
 - ➔ Decrease in CB coverage.
 - ➔ Probably, the Spanish labour market is more monopsonistic (not more competitive).
 2. More wage flexibility in firms (Fernández Kranz, 2015). Have wage cuts encouraged by the last reform reached its limits?
 3. It is very soon to know whether the increasing facilities for wage adjustment will decrease external flexibility or not.
 - ➔ A problem with the timing of policies?



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Thank you very much!

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