

ORIGINAL ARTICLE

# Fighting “Internal Erosion” Through Social Pacts? Collective Bargaining in Spain From the Great Recession to the Covid-19 Crisis

Luis Cárdenas  | Javier Arribas 

Universidad Complutense de Madrid, Madrid, Spain

**Correspondence:** Luis Cárdenas ([luiscard@ucm.es](mailto:luiscard@ucm.es))

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## ABSTRACT

During the Covid-19 crisis, there was a process of renovation of social dialogue that led to social pacts in Europe and, especially, in Spain. Following the neo-corporatist literature, our argument is that these pacts have been based on the exceptional circumstances of social, political and economic factors that have led to concertation (as a process) rather than to a modification of the existing corporatist foundations. To understand the relevant features, we analyse the changes in the industrial relations system brought about by the labour reforms implemented during the Great Recession. Using data from the Collective Bargaining Agreement Statistics, we propose that the governance (coverage, dominance and control) of collective bargaining depended on a set of institutional practices that have been internally eroded. In conclusion, the effects of social dialogue are transitory, and further transformations would be necessary to achieve a permanent change that restores collective bargaining equilibrium.

## 1 | Introduction

During the Covid-19 crisis in Spain, social dialogue was revitalised, supported by the leading organisations of employers and trade unions. The Spanish case has traditionally been considered as an example of labour market and industrial relations liberalisation in advanced economies and specifically in Mediterranean countries. Although this renovation<sup>1</sup> occurred in other European countries (Eurofound 2021), it is particularly significant in Spain because, firstly, it was adopted before the main measures were implemented (Cárdenas and Villanueva 2023) and, secondly, since the Great Recession, social dialogue had lost importance (Molina 2014) due to labour market liberalisation (Fernandez and Martínez 2012). Our research is based on two branches of the literature: neo-corporatism of social pacts and governance of industrial relations.

Firstly, the literature on neo-corporatism argued that concertation depends on three factors (Goldthorpe 1984; Molina and Rhodes 2002; Baccaro and Howell 2017). The first is the institutional characteristics of the collective bargaining system and trade union organisations. The existence of large and few trade unions and confederations of employers makes them more prone to concertation in the absence of rival organisations. In addition, it allows them to gain an advantage in the eyes of their members and voters. The second factor is the nature of the government, especially its party composition and parliamentary support. Governments in a parliamentary minority and/or coalition are more likely to seek the support of social partners to generate consensus on their policies. The third factor is the economic environment in which concertation decisions must be taken. In times of economic crisis or serious economic problems (such as inflation or unemployment),

concerted measures are more likely to be sought to reduce social contestation.

Secondly, to consider the influence of the first factor, the existing conditions in the industrial relations system and specifically in collective bargaining, we follow the contributions made by the specialized literature in the case of Spain. In particular, studies on the implications that labour liberalisation reforms (López-Andreu 2018) and the wage devaluation policy (Fernandez et al. 2016) had on the degree of coordination of the wage-setting arrangements. This way, we can determine if they had a relevant effect and what the situation of the labour relations system was at the time of the Covid-19 crisis.

Our research question is whether new social pacts has led to a fundamental change in the collective bargaining system? To answer this question, the aim of this article is twofold.

Our first idea is that labour reforms during the Great Recession have led to the uncoordination of the wage-setting arrangements. Since one of the objectives was decentralisation, the result must have been a change in the relevance of collective bargaining (coverage), in the bargaining agents (dominance) and the enforcement of agreements (control). If this issue is confirmed, it would be a more fragmented model and that hinders the achievement of social agreements.

The second idea is that social pacts during the COVID-19 crisis are the result of concertation, understood as a policy-making process characterised by cooperation between social actors and the state, which shares its prerogatives over public policy. In turn, concertation is the result of the nature of government and the social and economic environment during the pandemic. This suggests that the change that has led to the rise of concertation is mainly due to contingent factors.

Both propositions are logically interconnected; to determine whether social changes have indeed influenced the relevance of collective bargaining, it is imperative to first gain a comprehensive understanding of the state of collective bargaining following the liberalisation reforms enacted after the Great Recession. Additionally, merely knowing the evolution of labour relations system before this is not sufficient, as there may have been other factors explaining the renovation of social pacts.

The main contribution is to add to the literature that has discussed the effects of labour institution reforms in Mediterranean countries and the participation of social actors in the social and economic contexts after the Great Recession. The case of Spain is of interest given the substantial change in labour policy and the reawakening of the social concertation process during the Covid-19 crisis.

The article has the following structure. The section that follows studies the effect of the reforms implemented during the Great Recession in two sections. The next section presents the typical characteristics of the Spanish industrial relations model, and the following presents the changes introduced and the relevant effects on the industrial relations system. Subsequently, we analyse the social pacts reached and their implications. Finally, the article ends with conclusions.

## 2 | Debates on the Spanish Model of Labour Relations

The neo-corporatist approach to the formation of social pacts has evolved from its original studies on the 1970s crisis (Goldthorpe 1984) to the examination of “competitive corporatism” in the context of globalisation during the 1980s, 90s and 2000s (Molina and Rhodes 2002). This analysis explores how actors in the labour relations system, namely employers and unions, play a role in shaping public policies and institutional change (Avdagic et al. 2011). Following the 2008 crisis, research focused on understanding why governments maintain concertation and seek tripartite corporate agreements (Guardiancich and Molina 2017).

Traditionally, literature extensively debated two definitions. The first views corporatism as a type of organized interests in society (a small number of hierarchical and representative organisations). The second defines concertation as a type of policy formulation process characterized by cooperation between organisations and the State. An ongoing debate revolves around whether these social pacts have lost relevance, as argued by Culpepper and Regan (2014) for peripheral European countries. Another perspective posits that governments still prefer social pacts during economic crises or to build social consensus leading to parliamentary majorities (Rathgeb 2018).

These debates have been reflected in research on the labour relations system in Spain, considering its diverse stages. In the initial phase, from the Political Transition in the 1970s until the mid-1990s (Martinez-Alier and Roca 1987; Rigby and Lawlor 1994; Miguélez 1995; Hamann 2001; Cárdenas and Villanueva 2023), Socialist Party governments actively engaged in tripartite wage negotiations with employers and trade unions (Table 1). The priority was inflation control, aligned with the Moncloa Pacts, and nominal wages had to be contained, especially post-EU integration, to prevent current account imbalances from wage differentials (Rocha 2018). This form of concertation is predominantly defensive; trade unions participate in social agreements to minimize real wage decline and promote welfare states (del Rio Loira and Fenger 2019), utilizing general strikes as a primary instrument (Barranco and Molina 2021).

In the second stage, during the expansionary period 1993–2008, the capacity of trade unions to influence economic policy decreased significantly, making bipartite agreements more predominant (Molina 2014). The labour reform in 2002 changed the priority of wage enforcement while keeping the sectoral priority (Martín and Alos 2003). After several years without collective bargaining framework agreements, the Interconfederal Agreement on Employment Stability was signed in 1997, followed by the Interconfederal Agreement on Collective Bargaining (ANC). The ANC, initiated in 2002 and successively extended or renewed until 2008, established as a central criterion the rule of agreeing on moderate wage growth. This included, as a reference, the expected inflation for that year, the productivity growth for that year and the wage revision clause that includes the difference between the variation of the CPI and the expected inflation, so as to avoid inflationary spirals. Despite this renovation of framework agreements, in reality,

TABLE 1 | Social concertation and agreed wages between 1978 and 2019.

Validity	Signatories	Agreement	Range (%)	Agreed increases (%)
1978	PARTIES	Moncloa Pacts	20–22	20.6
1979	CEOE-UGT	Interconfederal Basic Agreement (IBA)	11–14	14.1
1980	CEOE-UGT	Interconfederal Framework Agreement (IFA)	13–16	15.3
1981	CEOE-UGT	Interconfederal Framework Agreement (IFA)	11–15	12.6
1982	TRIPARTISM	National Employment Agreement (NEA)	9–11	11.5
1983	CEOE-UGT	Interconfederal Agreement (IA)	9.5–12.5	11.5
1984	Government	Government recommendation	6.5	8.0
1985	GOB-CEOE-UGT	Economic and Social Agreement (ESA)	5.5–7.5	7.3
1986	GOB-CEOE-UGT	Economic and Social Agreement (ESA)	7.2–8.6	8.0
1987	Government	Government recommendation	5	6.6
1997	CEOE-CEPYME/CC.OO./UGT	Collective Bargaining Agreement	Not specified	3.1
2002	CEOE-CEPYME/CC.OO./UGT	Collective Bargaining Agreement	Inflation	2.9
2003	CEOE-CEPYME/CC.OO./UGT	Collective Bargaining Agreement	Inflation	3.4
2004	CEOE-CEPYME/CC.OO./UGT	Collective Bargaining Agreement	Inflation	2.9
2005	CEOE-CEPYME/CC.OO./UGT	Collective Bargaining Agreement		2.9
2006	CEOE-CEPYME/CC.OO./UGT	Collective Bargaining Agreement		3.1
2007	CEOE-CEPYME/CC.OO./UGT	Collective Bargaining Agreement		2.9
2008	CEOE-CEPYME/CC.OO./UGT	Collective Bargaining Agreement		3.5
2009	No agreement	No agreement	—	2.6
2010	CEOE-CEPYME/CC.OO./UGT	I Agreement for Employment and Collective Bargaining	1	1.4
2011	CEOE-CEPYME/CC.OO./UGT	I Agreement for Employment and Collective Bargaining		2.7
2012	CEOE-CEPYME/CC.OO./UGT	I Agreement for Employment and Collective Bargaining	1.5–2.5	1.7
2013	CEOE-CEPYME/CC.OO./UGT	II Agreement for Employment and Collective Bargaining	0.6	0.6
2014	CEOE-CEPYME/CC.OO./UGT	II Agreement for Employment and Collective Bargaining	1	0.6
2015	CEOE-CEPYME/CC.OO./UGT	II Agreement for Employment and Collective Bargaining	1	0.7
2016	CEOE-CEPYME/CC.OO./UGT	III Agreement for Employment and Collective Bargaining	1.5	1.1
2017	No agreement	No agreement	—	1.3
2018	CEOE-CEPYME/CC.OO./UGT	IV Agreement for Employment and Collective Bargaining		1.6
2019	CEOE-CEPYME/CC.OO./UGT	IV Agreement for Employment and Collective Bargaining		2.0

Source: Own elaboration based on the Spanish Economic and Social Council and the Collective Bargaining Observatory (CCNCC).

this period was characterised by a greater autonomy on the part of employers and unions to reach agreements, thus reinforcing a bilateral bargaining dynamic as opposed to the tripartism of the 1980s and early 1990s (Molina and Rhodes 2011).

As mentioned above, this is the reason why we use the term ‘renovation’ instead of ‘revitalisation’ of social pacts. Social dialogue in Spain has continuously adapted to changing economic and political conditions, playing a key role in coordinating collective bargaining, regulating the labour market, and governing socio-economic policy-making (Molina 2021). This dynamic evolution, rather than a mere revival of a declining institution, underscores the ongoing and adaptive nature of the Spanish industrial relations system, making renovation a more fitting term to describe its transformation over time.

Historically, collective bargaining system has been shaped by the need for state intervention, which has ensured that certain minimum standards are upheld, but it has also contributed to the subordination of bargaining to social dialogue. This contrasts with systems where collective bargaining is the central mechanism of industrial relations. As a consequence, state intervention plays a significant role in the industrial relations system, contributing to institutional stability.

Collective bargaining is legally recognised and regulated under the Workers’ Statute, ensuring the binding nature of agreements and the automatic extension of their terms across companies and workers within the scope of the agreement. This practice operates within a broader framework of social dialogue, where the state, employers, and unions engage in ongoing negotiation and policy development. The role of social dialogue, thus, is a central element in the governance of the socio-economic model.

However, this extensive regulation of collective bargaining processes also limits the autonomy of social partners and can hinder the introduction of innovative approaches within negotiations. Moreover, the high degree of regulation encourages the use of judicial mechanisms for conflict resolution, which in turn restricts the development of out-of-court mechanisms and can lead to higher levels of industrial conflict. These dynamics suggest that while state intervention strengthens institutional stability, it can also act as an obstacle to the adaptation of industrial relations system to new challenges (Molina 2021).

A fundamental characteristic since the 1970s is that the limited organisational power resources in the workplace have led to broad-based claims aimed at acquiring institutional resources (Pulignano et al. 2016). This observation links the literature on social pacts with that of the governability of the industrial relations system (Traxler et al. 2001), which pertains to the effectiveness of horizontal coordination procedures (between bargaining units in the same sector) and vertical coordination (between different levels). Governability ensures that lower levels comply with agreements from higher levels, thus controlling the complementarity between different bargaining levels in key aspects of the wage-setting arrangements.

Governability comprises three elements (Traxler et al. 2001). Firstly, coverage involves the extent of collective bargaining

agreements and the representativeness of trade unions and organisations of employers engaged in collective bargaining. Secondly, dominance refers to the degree of organisation of social partners, primarily depending on the number of confederations involved in bargaining and the level of concentration and authority to achieve internal consensus. Thirdly, control is the degree of compliance with the collective agreement at the workplace and relies on the presence of the involved organisations at the company or sector level.

According to Nonell et al. (2006), the Spanish industrial relations system is traditionally governable because some factors concur in the three elements of governability. First, for coverage, sectoral collective bargaining predominates with automatic extensions of the agreement (*erga omnes* principle). Thus, what is agreed in a sectoral agreement is automatically extended to all workers and companies in the sector or branch of activity, regardless of whether they belong to the trade unions or employers’ organisations that sign this agreement. Another characteristic feature that guarantees coverage is that when the duration of the agreement has expired, during the new negotiation process, the collective agreement remains in force indefinitely until it is renewed. This has resulted in high collective bargaining coverage, which is typically 70% of employees (an in-depth analysis of union membership can be found in Alós et al. 2009; Köhler and Calleja Jiménez 2012).

Second, the dominance is due to two main factors. On the one hand, the existence of a few organisations with a high degree of representativeness at the national level, CCOO and UGT on the workers’ side and CEOE-CEPYME on the employers’ side. On the other hand, the law regulates the figure of the most representative trade union as the one authorised to sign on behalf of all the workers in a sector, which favours the degree of organisation of the social partners. This is reflected in the fact that the CCOO and UGT have approximately 80%–85% of the workers’ representatives in the composition of the negotiating tables of the agreements. As there are multiple bargaining levels, there is an orientation from the top to the lower levels of sector, province and company, which is reinforced by the unity of action of the two major trade union confederations. This orientation is based on the consent and custom of each bargaining level. This allows for the coordination of wage demands across sectors of activity and bargaining units. The agreements apply to all workers, despite the high degree of the labour market segmentation (Cárdenas and Villanueva 2021), being thus inclusive, as international evidence points out (Dorigatti 2016).

Third, regarding control, there is a low rate of union membership as union representatives mainly base their legitimacy on elections to works councils, where all workers are represented, leading to a model of “voters” (Martínez-Lucio 2017). The number of delegates depends on the size of the company according to the number of workers. Existing studies suggest that the percentage of delegates belonging to CCOO or UGT averages 70% (Jódar et al. 2018). In addition, union members are represented by the union section of their workplace. Consequently, there is a dual form of worker representation in the company. In addition, the mediation and arbitration system or court proceedings are often used to enforce agreements (Rigby and Garcia Calavia 2013).

In short, these characteristics meant that until 2008 the Spanish industrial relations system had a relatively high degree of governability, even if traditionally regarded as a Mediterranean model of industrial relations. The state plays a central role since, due to low membership caused by poor employment conditions (Vidal et al. 2013), most of the bargaining process is carried out according to legally instituted procedures. Its central features are the automatic extension of collective agreements (*erga omnes*), the statutory extension rule of expired collective agreements (*ultra-activity*), the priority of sectoral bargaining, the consideration of the most representative unions at the state level and the representation in the company by electoral and proportional means.

Labour reforms during the Great Recession aimed at achieving a decentralised collective bargaining process with greater internal (organisation of production), external (hiring and firing) and wage flexibility, in line with deregulatory reforms implemented in Europe (Howell 2021). In particular, the absolute majority government of the Popular Party considered collective bargaining to have been an obstacle during the economic and financial crisis and passed a far-reaching reform in 2012 (Meardi 2012). Consequently, reforms during the Great Recession introduced three major legal amendments to promote a significant decentralisation of collective bargaining (Rocha 2018) to adapt it to individual company conditions: opt-out clauses, priority to the application of company agreements and limits on the automatic extensions of collective agreements.

There is an extensive body of literature that has analyzed the effects of these reforms on the Spanish labour market and its system of labour relations (Molina 2014; Rodríguez et al. 2016; López-Andreu 2018; Cárdenas 2023). The majority of findings indicate that the collective bargaining instruments have weakened following the reform. Building on these prior reflections, we pose the following questions:

Have the labour reforms introduced during the Great Recession led to an “internal erosion” of coordination in the wage-setting arrangements? In this case, would the fragmentation of collective bargaining affect the capacity of trade unions to strengthen their coordination power?

In connection with neo-corporatist debates and in light of the situation prompted by the COVID-19 pandemic, we inquire whether the social agreements reached during the crisis result from a shift in power resources within the organized interests in society (corporatism) or from cooperation between organisations and the State due to circumstantial factors (concertation). Additionally, we reflect on whether these changes herald a new stage in the model of labour relations.

### 3 | Data and Methodology

We analyze the main socio-institutional aspects of the industrial relations system and the wage bargaining procedures: the coverage of collective bargaining by type of agreement, the clauses and conditions included in the agreements and the effects on wage dynamics through the evolution of wage drift. Subsequently, we analyze the social pacts and legislative changes that

have occurred due to the Covid-19 crisis based on neo-corporatism literature. We examine their nature, whether it is a negotiation process driven by social agents in response to a specific situation or a change in the corporatist foundations that has led to a new modification of the institutional framework.

The data used come from the Survey of Collective Bargaining Agreements (ECC), prepared by the National Consultative Commission on Collective Bargaining Agreements (CCNCC). We have utilized the annual reports published by the Ministry of Labour to construct the series presented in the article. The period studied with these data ends in 2019 as it is the last year for which definitive data are available as well as the year before the onset of the Covid-19 crisis, during which the process of negotiation and registration of agreements was profoundly altered.

We identified the current agreements and the affected workers based on the same definitions, according to homogeneous criteria. In fact, there has been only one significant change in the series. Starting in 2012, data from Autonomous Communities with a single province were reclassified under agreements covering a larger scope than the region. To maintain coherence with the old series, we have retained the same definition, as it is more logical given that the object of analysis is the region.

The justification for using this secondary source lies in its unique ability to provide a comprehensive overview of the collective bargaining situation, allowing us to determine if it has a connection with social agreements negotiated at the summit. We believe that this research approach is the most suitable and appropriate to answer our research question, particularly due to its originality. To our knowledge, this is the first systematic presentation of the evolution of collective bargaining during the period, complementing the evidence presented in previous studies on Spain.

The coverage of collective bargaining by type of agreement includes all private sector wage earners, excluding public employees, as long as the agreements have quantifiable content in the form of wage changes. To quantify the average agreed-upon wage change, effective in a specific year, we include agreements signed in that year plus agreements with economic effects in the analyzed year, as long as they were signed in previous years and have a validity period of 2 years or more. The agreed-upon wage change is not affected by any composition effect, as it is calculated as a weighted average.

The agreed-upon salary increase in real terms is the difference between the growth of the agreed-upon nominal salary increase and the inflation rate. Inflation is measured as the average year-on-year growth rate of the Consumer Price Index (CPI) compiled by the National Institute of Statistics (INE). The use of the year-on-year growth rate for the month of December of each year yields similar results, so it is omitted in this presentation.

Wage drift is calculated as the difference between the negotiated nominal wage in collective bargaining and the increase in wage remuneration. The first variable comes from the same source as mentioned earlier. The effective variation in nominal

wages has been calculated as the link between the series of “total payments per person in all sectors” from the Wage Survey until the year 2000 and the series of “total labour cost per worker and month” from the Quarterly Labour Cost Survey starting from the year 2000, prepared by the INE.

#### 4 | The “Internal Erosion” of the Industrial Relations System

This section analyses three aspects linked to the governability of the industrial relations system: coverage, dominance and control. First, the evolution of collective bargaining coverage; second, changes in the content of collective agreements; and third, the evolution of agreed wages and wage drift (wage-drift).

The use of the term ‘internal erosion’ requires clarification. Originally, Hassel (1999) associates “erosion” with a decline in coverage and an increase in decentralisation, particularly in systems where collective bargaining was a foundational element, as seen in Germany. In contrast, we have chosen the term “internal erosion” to capture the weakening of the negotiation process and the implementation of collective agreements, while formal frameworks remain largely intact. This distinction is important as it reflects the unique characteristics of Spain’s industrial relations system.

##### 4.1 | Changes in the Coverage of Collective Bargaining

The number of employees covered by collective agreements has fallen by approximately 1.75 million, which is associated with job destruction during the recession years, but has not recovered significantly during the expansion. This implies that the coverage rate has decreased by several percentage points compared to 2008 but with fluctuations in the region of 70%. This percentage is indicative as there are a number of corrections that are necessary to measure coverage correctly. The reduction in the number of people covered by collective agreements implies a profound change in the coverage of collective bargaining, with a significant drop in provincial sectoral agreements (traditionally the most common level of bargaining). Thus, despite the *erga omnes* clause guaranteeing the automatic extension of agreements, flexibility measures seem to have reduced the scope of collective bargaining.

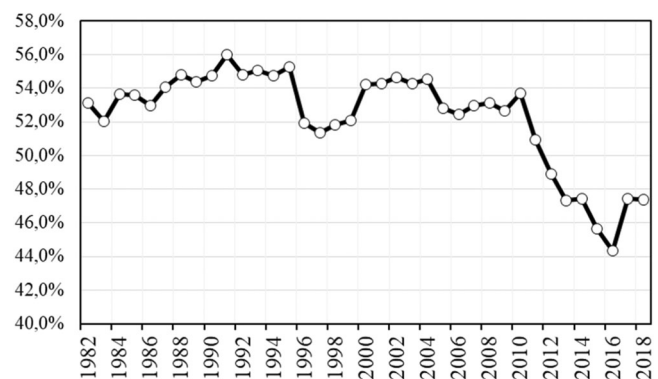
The change in the composition of this coverage is interesting because of the following four aspects. First, the number of employees covered by company agreements has fallen significantly. If we compare the period after the labour reform (2012–2019) with the immediately preceding period (2002–2011), the number of workers covered by company agreements fell from 10.0% (1,105,241 persons) to 8.2% (872,339 persons), a reduction of –1.8 percentage points (–232,902 persons). Moreover, these agreements had a lower agreed wage variation than those at a higher level and increased the average working day. Thus, the average agreed working hours in annual terms were 1710.4 h/year during the period 2012–19, whereas the number was 1696.9 h/year on average in the 8 years before 2012.

This fall was partially offset by the increase in the coverage of company group agreements: they rose by 1.3 percentage points to 2.5% of the total (representing 131,586 people). Thus, although the weight of company-level agreements has fallen in the overall coverage, the increase in company group agreements has meant that the weight of the sum of both has remained unchanged (around 11%).

Second, it is the sectoral agreements at the provincial level that have lost the most coverage. On the one hand, the total number of employees covered in this area has fallen drastically, although this has also been partly offset by the increase in interprovincial agreements since 2012; the fall in both (provincial and interprovincial) is close to 1.5 million employees, i.e. 90% of the total reduction. On the other hand, the weight of these agreements in the total number of agreements has also decreased significantly. Figure 1 shows that the sectoral agreement share has reduced from 53.7% to approximately 44.4%, about 9 percentage points, and has not surpassed 47% thereafter, stabilizing at that level. This indicates that the change in the negotiation arrangements is not a transient effect but rather a substantial one. The total values are even more revealing; in 2008, there were 6.362 million workers covered by provincial agreements, while in 2015, it had already diminished to 4.670 million. This implies a reduction of 1.691 million, indicating a decrease in the number of workers by –26.6%.

Third, national sectoral agreements have slightly increased their coverage. The weight in coverage of these agreements has risen significantly, gaining all the proportion that provincial/interprovincial agreements have lost. This is reflected in the ratio of workers per agreement: while in 2012 the ratio in company agreements was 286.3 workers/agreement, in 2019 it fell to 210.2 workers/agreement. By contrast, the ratio in company-level agreements was 8032.6 workers/agreement in 2012 and 9070.4 in 2019. As a result, company-level agreements are becoming more and more specific (covering fewer workers) while higher-level agreements are becoming more and more general (the same agreement covers more people).

Fourth, the new collective agreements negotiated after the 2012 reform have included the possibility of the current agreement taking effect until the entry into force of a new one. This circumvents the 1-year limit of ultra-activity established in the



**FIGURE 1** | Workers covered by regional collective agreements (as % of total). *Source:* Own elaboration based on the Survey of Collective Bargaining Agreements, CCNCC (2022).

Workers' Statute. Thus, the percentage of workers covered by an ultra-activity clause without a time limit increased from 44.5% in 2014 to 68.8% in 2019 of the total number of workers covered by new agreements (Figure 2). As a result, approximately one-half to one-third of the new agreements signed have, in practice, limited the maximum extension to 1 year.

In addition, the percentage of workers covered by new collective agreements with an automatic termination clause, which entails terminating the agreement's term 1 year after the expiry date, averaged 20.7% over the period 2014–2019. Given that the number of agreements including such a clause stood at 32.5% in the same period, it is the agreements covering fewer workers (company agreements) that include automatic termination to a greater extent.

In short, the effect of the fact that if there is no new agreement, the agreement disappears and the higher-level agreement is applied was that the coverage of provincial sectoral agreements was drastically reduced in favour of higher-level agreements. Subsequently, new agreements have progressively reintroduced the clause of ultra-activity until a new agreement. However, the effect on the composition of coverage has been permanent.

## 4.2 | Changes in the Content of Collective Agreements

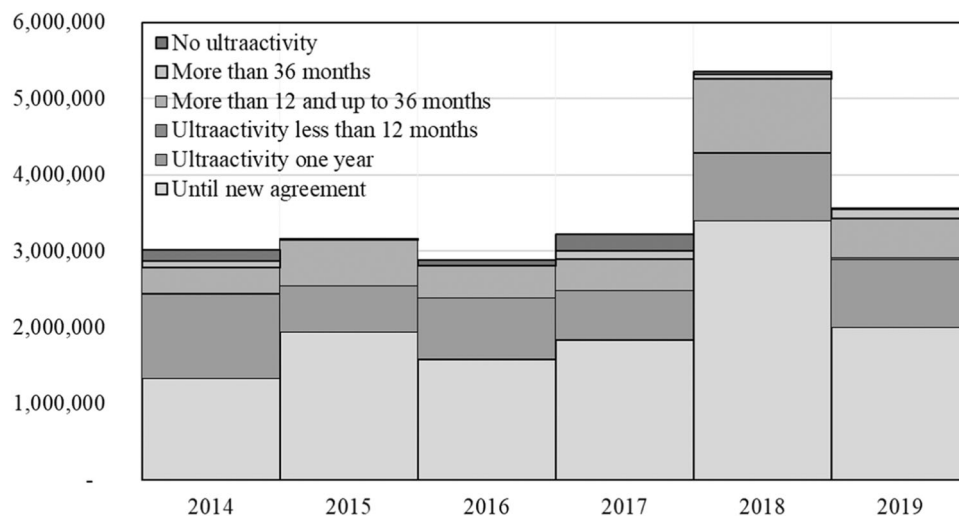
The second aspect is the content of agreements from the point of view of the clauses included in collective bargaining. As Muñoz de Bustillo and Pinto (2018) point out, there has been a decline in the content of agreements which, to some extent, has resulted in a process of “emptying” of collective bargaining. Thus, their influence on the regulation of working conditions has been reduced using fewer clauses, resulting, once again, in more scope for unilateral decisions by the employer. This fact is also reflected in the fact that the disappearance of various counterweights in collective bargaining seems to result in increased fragmentation and a rise in litigation (Fernandez et al. 2016). A broader review of the deregulation process can be found in Baccaro and Howell (2017).

This internal erosion can undoubtedly be seen in the decline in the number of agreements that include a wage guarantee clause, which consists of an updating formula that modifies the tables applied in 1 year and may, in certain circumstances, have retroactive effects. In any case, the tables modified by the wage guarantee clause serve as a basis for the negotiation and/or application of the agreed wage variation for the following year. Given that negotiation is based on forecast inflation, these clauses prevent the loss of purchasing power of the agreed wages if actual inflation is higher than forecasted.

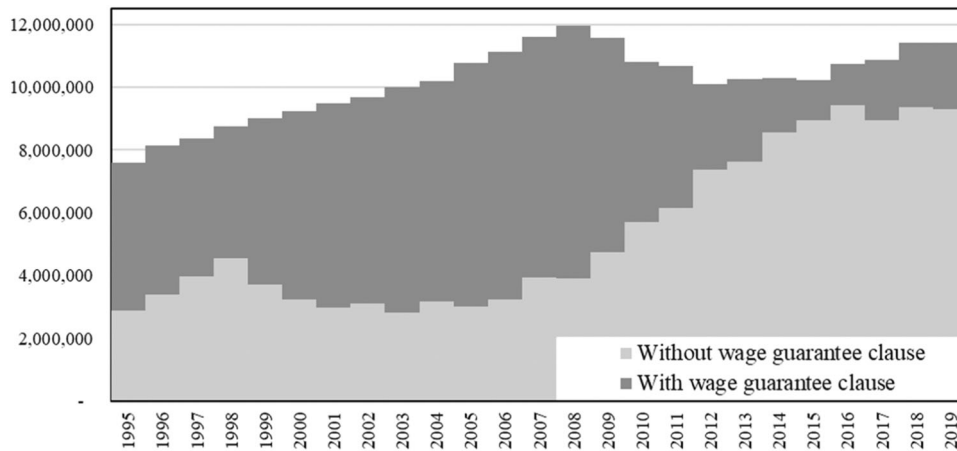
Wage guarantee clauses can be of two types. Those that fix the wage update based on a single reference, such as the CPI. Among the most common are the general CPI, underlying CPI, CPI of the geographical scope of the agreement or the harmonised CPI of the Eurozone. The other modality is that which includes two or more references and in which the guarantee is conditional on other variables. For example, the increase in the company's profits and the variation of the CPI. This means that the clause does not apply in the absence of these other particular circumstances. According to the CCNCC, approximately 14% were of this type.

Figure 3 shows that the number of agreements without a wage guarantee clause has increased significantly since 2010; during the period 1995–2009, almost 2 out of every 3 workers covered by collective bargaining had a wage guarantee. Since 2010, the majority of agreements have no longer included this purchasing power protection against inflation, which means that if inflation exceeds the initially forecast level, real wages will be lower than agreed.

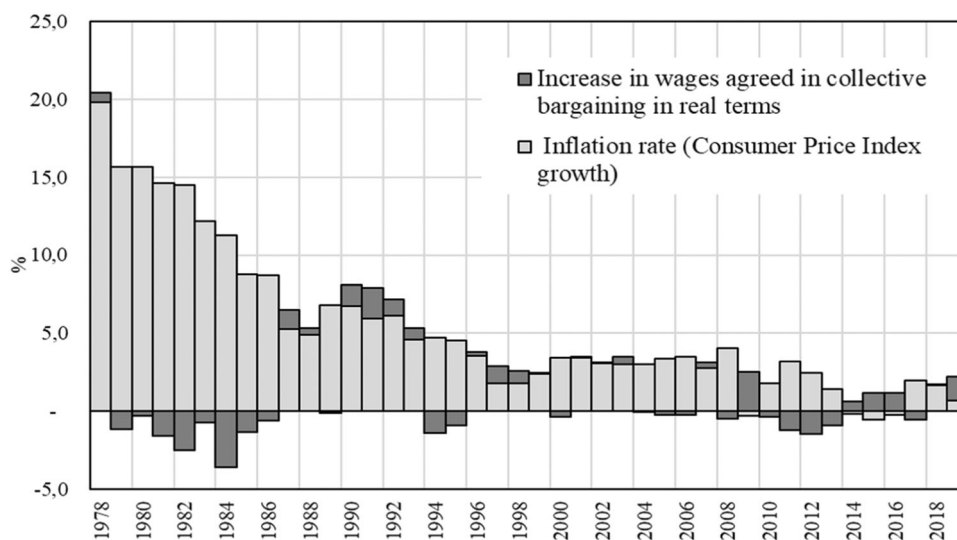
If inflation is persistently higher than expected, there is a significant fall in the agreed wage in real terms. Figure 4 shows that despite a situation of low price growth, the wage restraint driven by the labour reforms altered the relationship of the agreed wage to inflation. The absence of wage guarantee clauses meant that during the years 2010–2013 and in 2017 the variation in the real agreed wage was a negative one. This situation had not occurred for decades and is part of the same process of wage devaluation that Mediterranean countries have undergone (Meardi 2012).



**FIGURE 2** | Workers covered in new agreements by type of ultra-activity clause. *Source:* Own elaboration based on the Collective Bargaining Observatory (CCNCC 2022).



**FIGURE 3** | Workers covered by wage guarantee clauses in collective bargaining agreements (1995–2019). *Source:* Prepared by the authors based on the Survey of Collective Bargaining Agreements, CCNCC (2022).



**FIGURE 4** | Nominal and real agreed wage developments (1978–2019). *Source:* Own elaboration based on Survey of Collective Bargaining Agreements and the National Institute of Statistics for the linked CPI from 1978 to 2019.

In addition, this fall in wage guarantee clauses has been accompanied by four other forms of internal erosion (Figure 5). First, the proportion of agreements authorising the use of temporary agency services has increased. Second, the percentage of agreements specifying the jobs that can be filled through labour or service contracts has fallen. Third, clauses on employee participation in work organisations have decreased. Fourth, there has been an increase in the functional versatility of the persons employed in the job. These four elements point to the increased power of employers to circumvent the restrictions imposed by agreements to a greater extent. All these characteristics point to corporate labour policies of fragmentation of production and individualisation of labour relations that are responded to in terms of union power resources (Pérez de Guzmán et al. 2021).

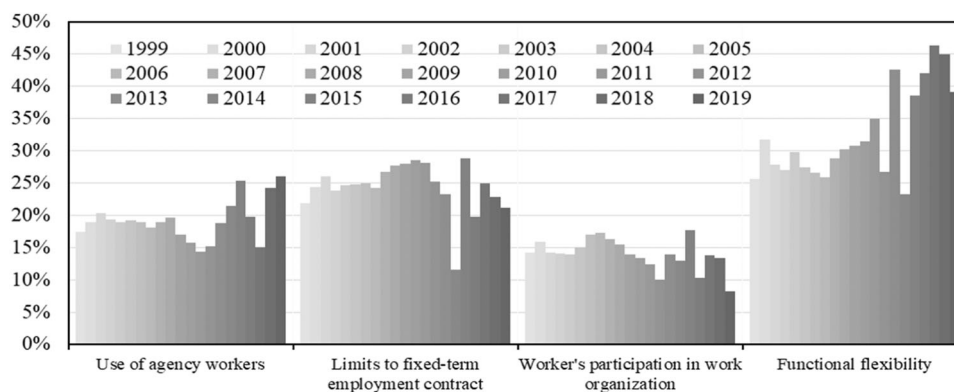
As a result, agreements now restrict the use of atypical clauses to a lesser extent. The fall in employment protection clauses is associated with the decline in the percentage of provincial agreements, indicating that either the agreements that are gaining weight (interprovincial and national) do not include

them or the new agreements do not include them either. Thus, the resilience of the coverage rate in collective bargaining is accompanied by internal erosion due to the change in the content of agreements signed after the Great Recession reforms and by the change in the composition of collective agreements.

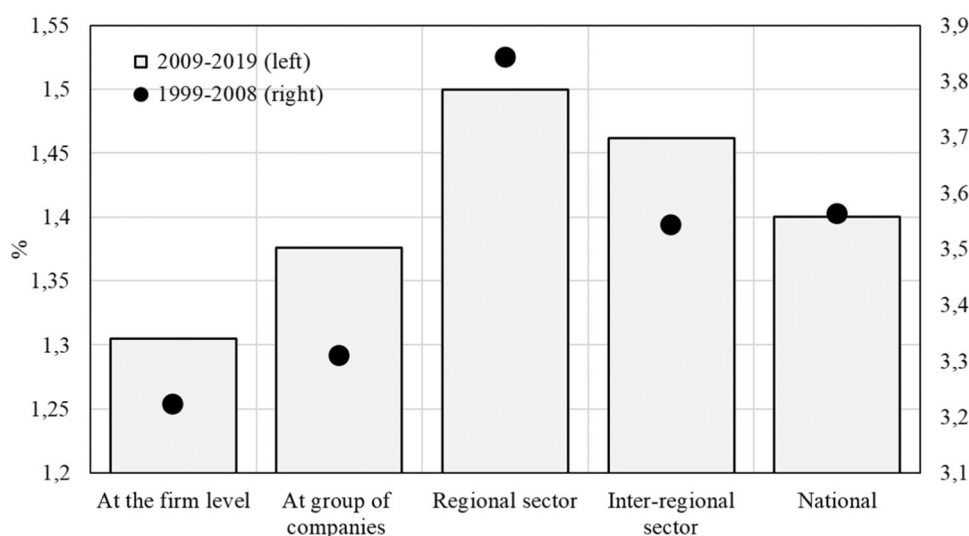
This implies that liberalisation in the labour relations system involves circumventing standard employment, such as fixed full-time contracts, through non-typical or non-standard forms of employment. This means that, although nominally these workers are covered by collective bargaining, they actually have fewer labour guarantees than before due to the change in the content of the agreement.

### 4.3 | Changes in Agreed Wages

The third aspect is wage development. Figure 6 shows that it is where collective bargaining is localised that there has been the greatest wage containment, with an inverted U-shaped relationship. Thus, it is at the intermediate sectoral level (regional



**FIGURE 5** | Workers covered by clauses in collective agreements (1999–2019). *Note:* The data show the clauses of the agreements in force each year up to 2012; due to a methodological change, the statistics for the period 2012–19 show the clauses of the agreements approved that year. This means that the volatility of the percentages is much higher from 2012 onwards. *Source:* Own elaboration based on the Survey of Collective Bargaining Agreements.



**FIGURE 6** | Average wage variation agreed in collective bargaining (2009–19). *Source:* Ibidem.

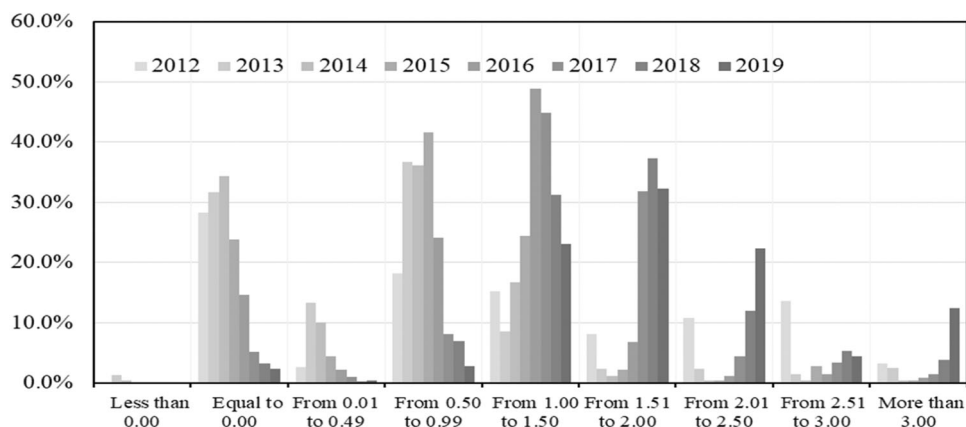
and inter-regional) that the agreed wage variation is greatest. Conversely, it is at the lower level (company agreements) and the higher level (national sectoral agreements) that there is greater wage containment. This fact signifies that wage variations negotiated at the company or even national levels are systematically lower than those at the regional level, indicating a diminished bargaining capacity.

Thus, while the wage increase in company and sectoral agreements at the national level is lower than the average for the whole, the wage variation agreed in the provincial sectoral agreements is higher. While in the 1999–2008 period, 56% of wage variation came from provincial agreements, this percentage decreased to 50% in the 2009–2019. This decline is absorbed by national agreements, which increased from 24.8% to 30%. This shift toward higher-level bargaining is the simultaneous result of lower negotiated wage variations and a higher number of workers covered by sectoral agreements at the national level. This implies that the change in sectoral composition has affected the average wage agreed. The higher level has both a lower agreed wage increase and fewer restrictions on atypical employment. In this sense, there is an internal erosion of

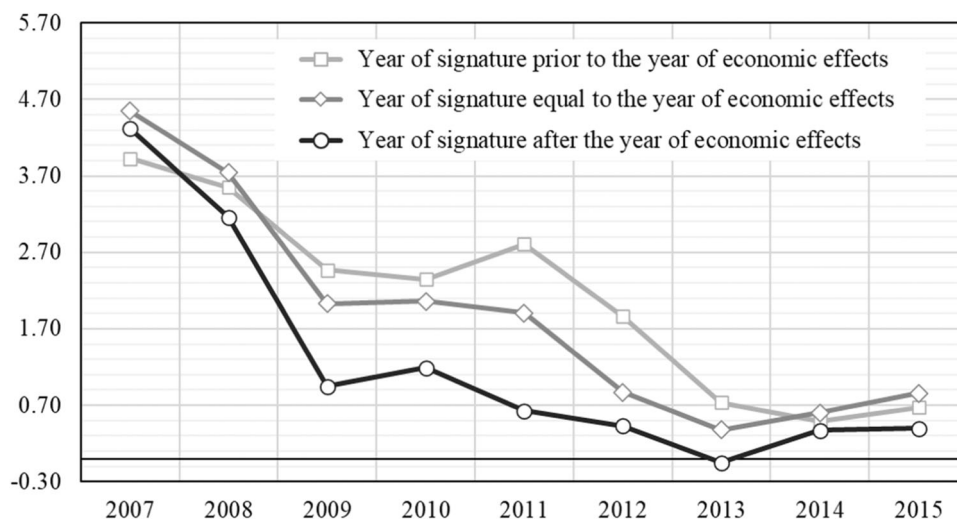
collective bargaining, as the sector where higher wages are negotiated loses weight.

In addition, it is necessary to consider how this change in the composition of agreements is reflected in the distribution by wage ranges. Figure 7 shows the high number of workers covered by an agreement that established a wage variation in nominal terms of less than 1%, which means that in 2011, 14.8% of the total number of people covered by collective bargaining lay within this threshold; in 2012, it rose to 49.2%; and in 2013, it reached a maximum of 82.9% of the total number of workers. From that year onwards, the percentage within the range beneath 1% began to fall progressively, and by 2017 the coverage of agreements with a wage increase of less than 1% had fallen to 14.2%, while that of the 1%–2% range had risen to 76.7%.

This severe wage restraint is linked to the fact that the average wage variation agreed in the years following the year of economic effects is systematically lower (Figure 8). In 2012, during which collective bargaining slowed down considerably as a result of social partners adapting to the new labour regulations, up to 26.7% of the workers covered by collective bargaining



**FIGURE 7** | Workers covered by the range of wage variations (2012–19). *Source: Ibidem.*



**FIGURE 8** | Revised average wage change by year of signature compared to the year of economic effects. *Source: Ibidem.*

were covered by a collective agreement signed in 2013 or the first 6 months of 2014. This had a significant impact on the agreed wage variation, as in practice more than a quarter of the workers were not covered during that year.

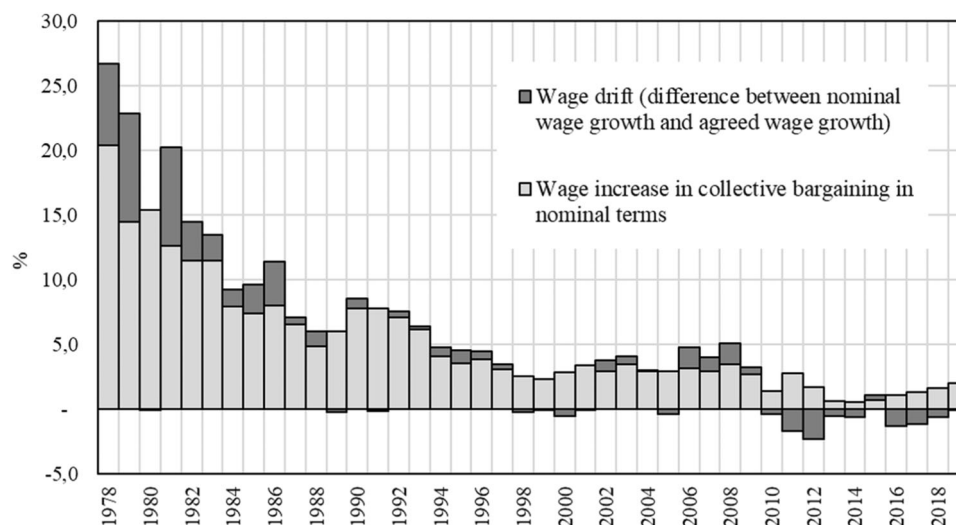
In addition, the increasing wage reduction driven by labour reforms altered the relationship between the agreed wage and the actual change in nominal wages. These effects can be seen in the evolution of wage drift, measured as the ratio of average wages to actual wages. This indicator shows the consequences of the possibility for collective bargaining agreements to be unchecked, as well as the ability of employers to change wages without collective bargaining (wage flexibility) and, possibly also, a lower degree of compliance with higher-level sectoral agreements in small firms without a works council.

Figure 9 shows that the relationship between actual and agreed wage growth turns negative from the 2009–2013 period onwards, although it had traditionally been positive in all previous years. As a result, the wages agreed in the agreements no longer act as a floor from which the effective wage increase is negotiated, but rather as a mere reference around which negotiators make decisions. Cruces et al. (2015) provide a

comparison of Mediterranean countries that is useful for placing this evolution in an international context.

As a result, collective bargaining has undergone a major qualitative change. For the first time since data have been available, the wages agreed in collective agreements have no longer acted as a guaranteed minimum and the effective wage variation has been systematically lowered. This seems to be associated with the change in the coverage of the possibilities of temporary non-application of agreements and the disappearance of employment protection clauses. All this implies that it is easier for companies to reduce wage increases and that the drift is negative even in years of economic growth.

Consequently, not only has there been a slowdown in the growth of agreed wages, but the transfer from the agreed wage to the actual wage is lower. This indicates that the reforms seem to have had the economic effects demanded by their promoters, with the new institutional design serving to transform the bargaining positions of employers and workers. Wage devaluation can be observed in the reduction of all wage variables, nominal agreed and effective wages in nominal and real terms (López-Andreu 2018). If the evolution of labour productivity is taken into account, it can only be concluded that the



**FIGURE 9** | Evolution of wage drift (1964–2019). *Note:* Wage drift is calculated as the difference between the wage agreed in collective bargaining in nominal terms and the increase in wage compensation. *Source:* Own elaboration based on the Survey of Collective Bargaining Agreements and the Wage Survey for the period 1978–2000 and the Quarterly Labour Cost Survey from 2000 onwards, both produced by the Spanish National Institute of Statistics (INE).

position of labour income in the income distribution has suffered a sharp decline as unit wages have grown year by year below the already slow growth of productivity.

In conclusion, the labour reforms were very effective in achieving their main objective: wage devaluation (Cárdenas and Villanueva 2021). Moreover, the new institutional framework enables employers to reduce wage costs during crises but does not help workers to obtain higher wages when economic growth resumes. In short, the successive changes have led to a weakening of the bargaining process within the multi-level system that had traditionally characterised the Spanish model (Nonell et al. 2006). The signing of centralised and inter-confederal agreements between trade unions and employers' organisations has not been an obstacle for a growing number of firms to apply discretionary criteria on wages and working conditions using the laxity of legal regulations (del Rio Loira and Fenger 2019). As a result, the regulatory capacity of collective bargaining has less impact on labour market developments.

In short, the labour reforms of the Great Recession transformed the orientation of bargaining and collective agreements began to be exclusively functional for business performance. This was essentially due to the temporary derogation of collective agreements, the priority of application of the company agreement and the limits to the ultra-activity of agreements. The result was a shift in the coverage of collective bargaining towards agreements at a higher level.

## 5 | Social Pacts in the Face of the Socio-Economic Crisis in Covid-19

As we can see in the previous section, since the 2008 crisis, collective bargaining coverage has decreased, particularly affecting provincial sectoral agreements, which have diminished in weight, leading to a rise in national sectoral

agreements. This shift is attributed to limitations on the duration of agreements, extinguishing provincial ones upon expiry. Despite prioritizing company-level agreements, there has not been a significant increase in the number of covered workers; instead, it has decreased, compensated by a rise in group of company agreements, maintaining a relatively constant percentage.

The impact of Great Recession reforms is observed more in agreement contexts than a shift towards company-level agreements, with wage containment most pronounced in company-level and national sectoral agreements. There is an internal erosion in collective bargaining, where aggregate coverage rates remain stable, but conditions worsen, evidenced by persistent negative wage drift during economic expansion, linked to increased atypical employment and declining job quality clauses. The disappearance of wage guarantee clauses exacerbates real wage reductions during inflation spikes. Finally, nominal wage growth restraint, influenced by economic cycles and unemployment evolution, has led to significant reductions in real wages, with labour market reforms sustaining agreed wage restraint even during economic recovery.

Simultaneously, the fragility of the model of social pacts became evident with the financial and economic crisis of 2008. After the failure of the 2009 negotiations, a new round of interconfederal agreements began in 2010 (González and Luque 2014), known as the Agreement on Employment and Collective Bargaining (AENC), with triennial coverage and establishing a significant reduction in nominal wage growth, since in the four signed AENCs (covering all years except 2017) no nominal wage growth of more than 2%–3% was agreed upon. During the existence of these agreements, the percentage of people covered by collective bargaining who were in the target range was, on average, around half (Table 2).

Thus, in the I AENC, a wage variation of 1% (2010), between 1%–2% (2011) and 1.5%–2.5% (2012) was agreed, but subject to

**TABLE 2** | Evolution of interconfederal agreements (2010–2019).

Year	Agreement	Target range (%)	Workers in the target range (%)	Average increase agreed (%)	Inflation (%)	Real average increase (%)
2010	I AENC	1	32.7	2.16	1.80	0.36
2011	I AENC	1–2	47.9	2.29	3.20	−0.91
2012	I AENC	1.5–2.5	47.6	1.16	2.45	−1.29
2013	II AENC	0.5	50.0	0.53	1.41	−0.88
2014	II AENC	0.6	46.3	0.50	−0.15	0.65
2015	III AENC	1	66.1	0.71	−0.50	1.21
2016	III AENC	1.5	55.7	1.01	−0.20	1.21
2017	No agreement	—	—	1.46	1.96	−0.50
2018	IV AENC	2–3	54.6	1.73	1.68	0.05
2019	IV AENC	2–3	59.1	2.24	0.70	1.54

Note: The percentage of workers in the guidance range has been calculated as the number of persons covered by the wage range agreed in the AENC with an upper and lower margin of 0.5 pp. For example, if the guidance is 1%, the number of people in the range 0.5%–1.5% has been considered.

Source: The authors prepared this report based on the AENC, Collective Bargaining Agreements statistics, and CPI (INE).

the conditions of the evolution of the economy and/or the sectoral and business situation. Similarly, maximum increases after the review clause of 0.5% (2013) and 0.6% (2014) were agreed upon in the 2nd AENC. For 2015, it was agreed to link wage growth again to the evolution of GDP, between 0.6% and 1.5%. In the 3rd CNAE, this agreement was revised and wage increases of 1% in 2015 and 1.5% in 2016 were agreed. After 2017, in which there was no agreement on the conditions for establishing a wage increase guideline, the IV AENC was finally agreed upon for the years 2018–2020. This established as a novelty a minimum wage of 14,000 euros per year and a recommended wage variation of 2% plus a variable part of 1%.

In real terms, the 1st AENC meant a significant loss of purchasing power of the wage increases agreed in the AENC, as the agreed wage variation was 1.9% compared to the 2.5% growth in inflation. In the 2nd CNAE, and once the economic recession was over, inflation was once again higher than the agreed wage increase (0.6% compared to 0.5%). Subsequently, due to the deflationary process that has been experienced during its period of validity, the III AENC showed real increases in the agreed wage (0.9% compared to −0.3% of inflation). Finally, in 2017 (in the absence of an agreement), the increase agreed in the agreements was 1.5%, while inflation stood at 2% (a fall of −0.5% in real terms). Likewise, during the 4th CNAE, in 2018 the agreed wage and inflation were equalised and in 2019 the agreed real wage was positive (1.5%). All in all these pacts favored the interests of the CEOE as an organisation and were not at odds with the objectives of the companies that dominate the CEOE's membership.

During the COVID-19 crisis that began in March 2020, unlike the 2012 reform, the government was in a two-party coalition (PSOE and Unidas Podemos) but in a parliamentary minority. Therefore, the Government promoted the strengthening of social pacts during 2020 and 2021, which has led to the approval of the “Social Agreement in Defence of Employment” (ASDE), and the creation of a tripartite Labour Monitoring Commission, which is responsible for its review and updating. Representatives of the Ministry of Labour and Social Economy

(from Unidas Podemos), the Ministry of Inclusion, Social Security and Migration (from the Socialist Party) and the social partners constitute the tripartite commission. In this sense, the main employment policy enjoys a broad consensus, reached by ministries of different political persuasions and by the majority of the social partners.

The involvement of the social partners was not guaranteed ex ante. On the contrary, the literature has pointed out that in the last economic crisis there was no social pact in the main labour market reform measures (Molina 2014). This is in line with the neo-corporatist literature that has pointed to the tendency of governments to bypass social pacts, especially in southern Europe. Moreover, given the urgency in the context of an intense crisis in a few weeks, there was no reason to expect lengthy and successive negotiations on the implementation of the most appropriate measures. In this respect, Eurofound (2021) states that in most countries a significant number of policy measures were adopted without meaningful consultation with the social partners. There are only four countries (Belgium, Finland, Italy and Spain) where joint initiatives were taken by employers and trade unions in response to the social and economic emergency and supported by governments.

Consequently, Spain is among the main countries where there was a resurgence of social dialogue during the pandemic and this was supported by the main employers' organisations and trade unions. It is particularly noteworthy that, unlike the reforms during the Great Recession, the reforms since 2020 have been the result of a long process of social dialogue between the government and the social partners, which are represented by the major trade unions (CCOO and UGT) and the employers' association CEOE-CEPYME. The role of the self-employed workers' associations should also be considered, although they are linked to a greater or lesser extent to the major employers and trade union confederations.

So, what factors explain this renovation of social dialogue under adverse conditions? As noted above, the literature on neo-corporatism typically considers three groups of factors: the

institutional characteristics of the social partners, the nature of government and the economic environment in which concertation decisions must be taken.

Firstly, there has been no significant change in either the composition or the organisational relevance of the actors involved in the social dialogue process. The actors have been the same as those who emerged from the Transition in the 1970s and their organisational capacity is the same as before the Covid-19 crisis. In this sense, employers have sought to ensure the reduction of labour costs and guarantee flexibility in the labour market, while trade unions have sought to preserve jobs and guarantee incomes. Likewise, the self-employed have tried to reduce or avoid all the costs to their activity as a result of the pandemic and have asked the state to protect their income.

The result has been the establishment of two main lines of action in the field of employment. The first affected salaried workers, who received the following protection: (1) benefit for occupational illness due to viral infection; (2) suspension or reduction of working hours under very favourable conditions (elimination of the qualifying period, the period of unemployment was not counted and the procedures for collecting the benefit were speeded up); (3) extension of unemployment insurance to different groups (temporary contracts, domestic workers, probationary period, farm workers), dismissal for objective reasons during the health emergency has been limited; (4) preferential nature of remote work and re-organisation of the working day together with a paid leave of absence that can be recuperated during 8 working days. The second affected the self-employed, who have received an extraordinary severance benefit under the same conditions as employees and the State assumes the social security contributions for the duration of the benefit; in addition, moratoriums and deferrals have been established for the self-employed and their employees. Finally, companies have been granted exemption from the employer's contribution if they have taken part in an ERTE due to force majeure, together with moratoriums for those who continue to work.

These policies respond to the different influences of the social blocs in Spain. On 12 March, the main employers' organisations and trade unions jointly requested the government to use the ERTes for force majeure, making this instrument the central axis of labour policy in this period. This tool is estimated to have covered up to 3.6 million workers on the day of maximum incidence. Likewise, the self-employed organisations demanded from the government the introduction of cessation of activity and moratoriums or exemptions in Social Security contributions. Finally, unemployment protection has been demanded by unions; however, subsidies have been introduced with greater delay and time spent has continued to be deducted from unemployment benefits.

Secondly, the very composition of the coalition government and the lack of a parliamentary majority has favoured the choice of social concertation. The existence of a minority government makes it easier for social agents to influence politics and, specifically, the legislative sphere, since the support of extra-parliamentary social actors becomes key to building a social consensus that channels its policies at the government level (as a coalition with several parties) and generates majorities in the parliamentary sphere (as a minority government). In contrast, single-party majority governments tend to implement their policy agenda regardless of the consensus of the social partners, as was the case with the reforms of the Great Recession.

The need for the various ASDEs (up to 6 in 2 years) and the major legislative changes, the agreement on the labour rights of people engaged in digital delivery and the labour reform of December 2021, to be negotiated and supported by the social partners, has meant that the government's labour policy has been largely supported by employers and trade unions (Table 3), albeit with two exceptions, the agreement on the autonomous settlement of disputes, in which the government did not participate, and the agreement on the second increase in the minimum wage, in which the employers did not participate. This has allowed the government to coordinate internally between ministries of different parties, especially between the Ministry of Labour and Social Economy (of Unidas Podemos)

**TABLE 3** | Evolution of social agreements during the Covid-19 crisis (2020–2021).

<b>Date</b>	<b>Signatories</b>	<b>Type of agreement</b>
30/01/2020	Tripartite	Agreement on the Minimum wage
12/03/2020	Unions-Employers	Joint proposals
08/05/2020	Tripartite	Social Agreement in Defence of Employment I
25/06/2020	Tripartite	Social Agreement in Defence of Employment II
29/09/2020	Tripartite	Social Agreement in Defence of Employment III
26/11/2020	Unions-Employers	Agreement on Autonomous Dispute Settlement VI
19/01/2021	Tripartite	Social Agreement in Defence of Employment IV
11/03/2021	Tripartite	Agreement on Digital Platforms
29/05/2021	Tripartite	Social Agreement in Defence of Employment V
28/09/2021	Tripartite	Social Agreement in Defence of Employment VI
28/09/2021	Unions-Government	Agreement on the Minimum wage
20/12/2021	Tripartite	Labour Reform

Source: Own elaboration.

and the Ministry of Inclusion, Social Security and Migration (of the Socialist Party). It has also allowed the government to count on the support of other parties to achieve parliamentary majorities.

Thirdly, the emergency has strengthened the arbitration capacity of the centre-left government, which has allowed it to sponsor the pact between workers and employers that have reoriented labour policy towards coordinated internal flexibility. The urgency of the need to take measures has so far facilitated the government's arbitration work, reinforcing its capacity for the initiative through royal decrees and allowing a coordinated way out of the current crisis, compared to previous ones.

In this regard, it is worth highlighting the latest labour reform of December 2021, which establishes that the company agreement no longer has priority of application concerning the amount of the basic salary and salary supplements. This means that it will be left to the agreement in force at a higher level (state, regional or provincial) to regulate these matters. This measure intends to avoid encouraging competition for lower wages, especially through the use of subcontractors with company agreements. The reform also restores the ultra-activity of collective agreements. As mentioned in the previous point, both aspects implied a substantial modification of the collective bargaining system.

This reform has altered a fundamental aspect of the labour market extensively explored in the literature, namely the regulation of hiring. The evidence regarding its effects on reducing temporality is clear. However, we still lack a solid foundation to assert that the internal erosion in collective bargaining has been successfully reversed. A prominent example is the absence of recovery in the applicative priority of the sectoral agreement in all clauses. While we do not rule out the possibility of this occurring, the most prudent assumption is that we could revert to conditions prevailing before COVID-19 if there are no further changes in the institutional characteristics of the collective bargaining system.

In short, the factors that have driven the rise of social pacts seem to be more linked to political and economic issues than to a change in the qualitative characteristics of bargaining power of the different actors. We can, therefore, conclude that it is a process of social concertation linked to the political and economic needs of the moment.

## 6 | Conclusions

The aim of this paper was to analyze the nature of the social pacts reached in Spain during the COVID-19 crisis and their relationship with the relevance of the industrial relations system. To this end, we have analyzed two aspects. The first one was determining the impact of labour reforms during the Great Recession in Spain (2008–2013) on the industrial relations system. The second one has addressed the manner in which social actors have responded to the COVID-19 crisis and the relationship it has had with previous relevant changes in the industrial relations system. Our results have the following additional implications.

The international literature has extensively debated the nature of social pacts, whether corporatism or concertation and the determinants that lead to their achievement. These debates have been reflected in Spain, where the majority of studies focused on social pacts argue that the model has evolved over the years due to the competitive reorientation of national corporatism models in Southern Europe. These models were further burdened by significant wear and tear following the 2008 crisis.

Our argument has revolved around analyzing whether there was indeed a renovation of social pacts during the COVID-19 pandemic and the type of process that underpinned it. In conclusion, the social pacts during the COVID-19 crisis were the result of concertation, understood as a policy-making process characterised by cooperation between social actors and the state. We have argued that concertation is the result of the nature of the government and the social and economic environment during the pandemic. This suggests that the rise of concertation is mainly due to contingent factors. Thus, concertation occurs in specific historical circumstances in which more factors than those derived from the relevance of the industrial relations system itself come together.

We justify this argument based on the fact that among the main determinants of the social pacts are the organisational power of social agents and the institutional characteristics of the collective bargaining system and trade union organisations. Our analysis builds on previous studies that have argued in favor of an internal erosion of collective bargaining since the onset of the 2008 crisis. After a quantitative analysis of the evolution of signed agreements, we conclude that there has been a decrease in the coverage of collective bargaining, resulting in a shift from regional sectoral collective agreements to national ones. Despite prioritizing company-level agreements, there has not been a substantial increase in the number of covered workers. Alongside this change in the negotiation arrangements, there has also been a process of internal erosion in collective bargaining, where aggregate coverage rates remain relatively stable but conditions worsen. Thus, job quality clauses decrease, wage guarantees disappear, and the variation in negotiated wages remains stagnant even during periods of economic growth. We believe that this internal erosion reflects the loss of capacity to successfully achieve trade union objectives in collective bargaining. In a nutshell, the changes introduced during the neoliberal reforms of the Great Recession were mainly profound in nature, and collective bargaining has been severely and internally eroded since then.

The implication is that while contingent factors have been able to recover public policy-making through social pacts, this recovery is conjunctural, and further transformations are required to give them a truly permanent character. The last major agreement reached in 2021 was precisely a new labour reform. Inevitably, its effects on the labour market in the following years are intertwined with the economic situation resulting from the post-COVID situation and the international geopolitical situation. In any case, the latest reform includes measures that partially reverse the reforms implemented since 2008. While we must wait to see how collective bargaining evolves in the coming years, the renovation of social pacts has served at least to modify the existing institutional framework.

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## Endnotes

<sup>1</sup>In this paper, the term “renovation” will be used instead of “revitalisation” when referring to the changes and adaptations undergone by social pacts. The concept of revitalization (Ibsen and Tapia 2017) is deeply embedded in the labour relations literature, having originated in the United States before spreading to other contexts. However, this framework is based on assumptions and conditions that differ significantly from those found in Mediterranean countries Regalia (2012, 404).

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