

Minimum wage and industrial relations in Spain. Three case-study

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Abstract

In Spain, the minimum wage has always been considered a minor matter within the labour discussions. From the beginning it was seen more as part of social policy than an instrument that could affect the labour market. In the field of labour, the SMI has traditionally played for the social actors a marginal role. However, in 2004 there was a significant change as regards the SMI, in both quantitative and qualitative terms, and a new period has clearly opened up. The recently elected government had made the electoral promise of raising the SMI from 460,5 €/month to € 600 a month in 2008 (the promise meant a rise of 30% in 4 years) to recoup the loss of spending power in the SMI in previous years and with the final goal at medium term to get the SMI reached 60% of the average wage, following the recommendations of the European Social Act. In 2008, the government was re-elected and their electoral promise, continuing the previous goal, was to raise the SMI to €800 in 2012. This aim will clearly not be met, judging by the lower increases in the SMI over the last two years.

Although the direct impact of the SMI is low, both by its low level and the short number of beneficiaries, the important increase that has been taken place in recent years has updated the debate about its role in the labour market. All in all, the significant increase in the SMI has reopened the debate on its role in the labour market. The debate has always been approached in terms of its possible negative effects on job creation. However, from our point of view, the SMI is related with other aspects that in the Spanish case have not been addressed, much less from a comparative perspective with other countries. We refer to its role in the industrial relations model, its impact on the wage structure, the potential impact on reducing gender pay gap and its impact on low wage earners. Are all aspects that go beyond the discussion of whether or not SMI has an impact on employment creation.

In this paper we focus on one of these aspects little studied regarding the SMI. In particular, its role in the industrial relations model in Spain and, more specifically, its impact on collective bargaining, with special attention to sectors where wages are low. To do so, we shall first deal with the SMI policy over recent years. Secondly, we shall discuss its role in collective bargaining, and finally, explore more deeply the relevance in some low-wage sectors.