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A knife-edge vote against precariousness

With a wafer-thin majority, Spain's progressive government has passed the most comprehensive reform of labour law in the history of Spanish democracy

Last year, Spain's social partners spent nine months wrangling over the revision of the country's labour law. After tough negotiations in tripartite dialogue – the usual format between employers, trade unions, and the government – they finally reached an agreement shortly before Christmas. On 3 February 2022, after a heated period of debate and tug-of-war, parliament passed this new version of labour law – by the razor-thin majority of only one vote.

For the progressive minority government led by the Socialist Pedro Sanchez, this reform project was a centrepiece of the government's agenda. It was about restoring the rights and influence of workers that were lost with the 2012 reform, strengthening collective bargaining, and adapting labour legislation as a whole to different economic conditions.

As the fourth largest economy in the eurozone, Spain has started to recover surprisingly well from the crisis in recent months. The employment rate is higher than ever before. Nevertheless, the Spanish economy still suffers from structural weaknesses. Unemployment stood at 14.1 per cent in November 2021, with youth unemployment at a staggering 29.5 per cent. The economy's dependence on crisis-prone sectors like tourism is still high.

Now, the progressive government envisages major changes in transitioning to a socio-ecological modern economy. In particular, Spain will make use of the Next Generation EU (NGEU) funds – €140bn, half subsidies and half loans –, which were set up in the wake of the Covid-19 pandemic for EU member states' economic recovery. The EU had set the reform of labour legislation as a condition for the disbursement of the next tranche of €12bn in NGEU funds.

What will change for workers?

According to Labour Minister Yolanda Diaz, precarious workers in particular – such as cleaning staff in hotels in the tourism sector – but also in the construction sector and in agriculture, will benefit from the reform. The income of the 'Kellys', as the union of cleaning staff in hotels calls itself, is set to increase by up to € 2,500 per year.

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Unjustified fixed-term contracts (in Spain about 25 per cent of contracts are fixed-term, especially in the education and health sectors) have been abolished. Permanent seasonal contracts are introduced for seasonal work. Short-time work is firmly established as an instrument of labour market policy in times of crisis. The information rights of trade unions and the audit possibilities of the state labour inspectorate were strengthened.

Protections against dismissal were not further strengthened – a result to bring employers on board. At the same time, vocational training in and with enterprises will be expanded. While sectoral collective agreements will from now on take precedence over company or regional agreements, collective bargaining in general is once again becoming the central instrument for negotiating wages and working conditions.

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The parliamentary showdown

In the days leading up to the vote on the labour reform, nobody expected it to become such a tight affair. Initially, the minority government of the social-democratic PSOE and the left-wing alliance Unidas Podemos – which together have 155 out of 350 seats – was worried that parties in the government coalition intended to vote against the reform, while opposition parties like the right-wing liberal Ciudadanos were for it.

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And this point was hotly debated. At the end, it was seen a 'transversal majority' and a step

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forward for Spain's polarised political culture, where such majorities have so far tended not to materialise. Nevertheless, there was disappointment that the so-called 'investiture majority' was not achieved because smaller left-wing regional parties, such as the Catalan ERC, did not want to support the reform. They said it was a 'farce' and did not go far enough. In the end, the law was passed in parliament because of a mistake by a member of parliament from the right-wing conservative Partido Popular (PP). He had accidentally voted 'yes' from home and thus gave the government the razor-thin majority of 175 to 174 votes.

Subsequently, the PP announced that it would take legal action against the result of the vote. Whether it will pay off to oppose a negotiated agreement of the social partners is questionable. In any case, the first Thursday in February 2022 will go down in history – probably not as a highlight of smooth parliamentary work. In times of growing populist forces, it may even be fertile ground for conspiracy theories of all kinds.

The minister who negotiated the agreement with the social partners, Labour Minister Yolanda Diaz from Unidas Podemos, clearly felt taken aback. In her speech in parliament, she lamented that this vote did not present a good example of the ability of Spain's political parties to unite and, in general, of the efficiency of the parliamentary system – despite the clear improvements for the majority of employed Spaniards.



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