



TRADE UNIONS AND SOCIAL DEMOCRACY IN THE 21ST CENTURY

Trade unions and social democracy in Spain*

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If the Spanish government is to deliver a stable socio-economic future, it will require trade unions to accept the inevitability of economic change and move from confrontation to collaboration. The recent 'social pact' between the socialist government and social partners marks a move in the right direction

The relationship between trade unions and the socialist government of prime minister Zapatero has twice changed dramatically since the beginning of the financial crisis in 2008. In the first phase of the crisis, the trade unions backed the government when it launched a stimulus package and reinforced the social safety nets of the Spanish welfare system. The government insisted that there was a progressive Keynesian response to the crisis, and the trade unions applauded these policies. This support was based on a previous electoral alliance that kept the Spanish Socialist Party (PSOE) very much in line with the views of trade unions (especially UGT); an alliance that was crucial for the victories of Zapatero in 2004 and 2008, and which guaranteed a long period of socio-political collaboration that lasted six years.

In May 2010, however, the eurozone sovereign debt crisis forced the Spanish government to accelerate its plans to cut the budget deficit. In addition, the government began a decisive move towards structural reforms in the labour market, including the pension system. The harsh reaction of the trade unions to this ended in direct confrontation with the government and a general strike in September 2010. Though the success of the strike was limited, it did not signal a decrease in the union's capacity for mobilization in Spain (although their affiliation remains at 9%, among the lowest in Europe, trade unions retain much socio-political influence). Instead, it seemed that there was popular support for decisive action in the face of the crisis, with the public not seeing trade union proposals as credible alternatives.

* This essay is part of a series on union-party relations across Europe. The aim is to identify the most successful formulas for maintaining close and mutually beneficial links between labour and social democratic parties.

It is worth noting that this is not the first time that Spanish trade unions have moved from collaboration to confrontation with the government. In fact, they did so with the socialist government of Felipe Gonzalez in 1988 and with the conservative government of José Mariá Aznar in 2002. In both cases, the unions started every political cycle with open collaboration, with a strategy of confrontation crystallising in a general strike when both the incumbent parties had been in government for six years. The explicit motivations for these policy shifts were always a series of labour market and welfare reforms that were considered extremely liberal in the eyes of the trade unions. However, behind these motivations, there was always a subtle attempt on the part of the trade unions to channel some of the social discomfort that governments tend to accumulate as their time in office progresses. When Gonzalez and Aznar tried to push for new reforms in a context of economic growth, such policies were regarded by parts of the population as unnecessary, and trade unions succeeded in their opposition. This time, the story seems to be different. Popular unrest with Zapatero's government has peaked, but the trade unions are unable to benefit from this discomfort because most citizens understand the urgency of drastic reforms, even if they dislike them.

At the time of writing this piece, the situation has changed once again. Only two weeks ago, it seemed very likely that trade unions could call for another general strike. The postponement of retirement age from 65 to 67 was a red line for trade unions. This possibility and the slow economic recovery may have easily translated into a significant loss of electoral support for the PSOE among traditional working-class voters and could have contributed to an important defeat in the municipal and general elections in 2011 and 2012. But it would have also meant a significant loss in trade unions' legitimacy from the perspectives of many workers and businesses that are suffering tremendously.

This was a worrying situation that didn't satisfy anyone (neither the socialist party nor the trade unions). And this is why both sides had a strong incentive to negotiate an agreement. After two weeks of intense negotiations both partners have agreed on a social pact (which also involves the business confederation). This broad pact covers pensions, active labour market policies, wage bargaining and industrial policy.

After this major agreement in Spain (almost unique in Europe during this crisis), we have a new perspective from which to answer the following questions: What is the future importance of organised labour? What constitutes a progressive vision of the future? What will progressive alliances look like?

The future importance of organised labour

Before this major shift, the future of organized labour in Spain looked bad. Trade unions suffer today from low affiliation, with insignificant levels among young workers. They also suffer from narrow coverage, being mainly present in the manufacturing industries and the public sector and barely present in the service industries and most small and medium enterprises. Last but not least, trade unions in Spain have consistently shown a conservative reaction to change, always defending past conquests and almost never advancing bold innovative reforms (take, for example, their defence of insiders with long-term indefinite contracts, sometimes at the expense of workers with temporary contracts). These three factors (low affiliation, a lack of coverage and narrow interests) have weakened their social legitimacy in the past decade.

The trends in Spain, as in any other advanced economy, point towards a more knowledge-based economy with more service sector activities, more self-employed workers, more entrepreneurship, more task-specialisation and outsourcing, and more individualisation in the production system. In this context, traditional trade unions will likely lose support unless they pursue a new consistent

strategy of modernization based on four pillars: renovate their economic vision (see below); target new groups (temporary workers, the self-employed, women and the young, SMEs and innovative entrepreneurs); modernize their campaigning capacities (using new media and social networks, and aiming at financial independence); and internationalize their discourse and their action (leading the debates and mobilisation for a progressive and inclusive globalisation). I think that major trade unions in Spain have finally understood these challenges and have changed their policy approach in the right direction.

What constitutes a progressive vision for the future?

In Spain, the progressive vision that the socialists have put forward is very much in line with the European Strategy 2020, aiming at more intelligent, more sustainable and more inclusive growth. The new Spanish Strategy of Sustainable Economy (which includes a new law and drives public investment programmes) has pointed towards sectors for the new economy (such as renewables, biotech, social services, cultural industries, ICT, sustainable tourism and green construction). The IDEAS Foundation has estimated that these new sectors can create 3 million additional jobs in the next decade. Spanish trade unions have supported this strategy but not all the reforms associated with the transition period.

These reforms can be grouped into four areas: rebuilding the corporate sector (focusing on creation, consolidation, innovation and internationalization of business activities); reshaping the labour force (improving mobility, security, quality and productivity); restructuring the public sector, including bureaucracy, justice and education reforms (in order to move towards a dynamic state more efficient in its internal functioning, better coordinated with regional governments and better equipped to act as an agent of change); and, finally, tackling the reorganisation of the financial sector (with a crucial focus on the digestion of the real-estate bubble and the transformation of the financial industry into one that makes money through financing creativity rather than speculation). If trade unions overhaul their policy positions (especially regarding the reforms of the labour market and the public sector) there should be some space to build a common vision with progressive parties, which could be a stronger alternative to the conservative proposals of dismantling existing structures.

What will future progressive alliances look like?

Until the 1970s the natural alliances for progressive parties relied on organised labour. Across Europe, trade union membership and party affiliation were linked in most cases. The trend was very similar in Spain – around 80% of PSOE's party members were also affiliated to UGT, the major socialist trade union. As the class cleavage weakened, however, progressive parties started to look elsewhere in order to broaden their electoral alliances. This trend of class demobilization and diversification of social categories is likely to accelerate in the future and, therefore, progressive parties and organisations (including trade unions) should make renewed effort to target and attract the non-organised sectors of society.

These future progressive alliances should be more broadly built around three new groupings of citizens: the innovators (from dynamic entrepreneurs to bloggers, artists and cosmopolitan elites); the underrepresented (a category which still includes women, plus immigrants aiming at full political participation); and the community activists (including ecologists, active neighbour associations, sport and leisure federations and cultural representatives). In Spain, every victory of the socialist party has been based on the simultaneous mobilisation of organised labour interests and the aspirations of change of those three social blocs. Even today, in the midst of the crisis, the socialist party has better connections with these new groups than trade unions do. But there is a lot

of room for future improvement on both sides.

In conclusion, the traditional relationships between the socialist party and organised labour in Spain reached a crucial point a month ago and the final deal offers a positive perspective for the future. The country needs a major socioeconomic transformation, similar to the one that took place in the 1980s. The socialist government was bold and fast in presenting an innovative vision for the future, but it was hesitant in advancing the necessary reforms. This was partially due to an attempt to incorporate the trade unions into this process and avoid social conflict. As a consequence, some reforms were delayed and watered down, while trade unions' immobility made confrontation unavoidable. The new pact that has just been signed changes the scenario completely. Now there is a real possibility of advancing in a progressive way out to the crisis, where reforms are fully applied at the same time that new opportunities and social cohesion are guaranteed.

In the medium term, the resurrection of a common project between progressive political forces and organised labour will heavily depend on their ability to build a compatible vision of the new economy and on their capacity to connect with new social groupings that can nurture stronger electoral alliances. The steps that are being taken these days go in the right direction, but further work needs to be done in the future.

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