SPANISH AND CATALAN LABOR MARKETS

1. Some figures about the recent evolution of the Spanish and Catalan labor markets
2. The main problems of the Spanish labor market and the Spanish labor market strategy
3. The labor market reforms since 1978
4. Some basic ideas about the evolution of the Spanish labor market since 1978 + and of the importance of temporary work in the Spanish and Catalan labor markets (readings)
1. Recent evolution of the Spanish and Catalan labor market

1. Introduction: some basic concepts
2. Impressive evolution of the Spanish Labor Market over the period 1997-2007
3. But extremely negative evolution during the last year
4. Some extra characteristics of the Spanish labor market
5. The Catalan labor market
1.1 Introduction: some basic concepts

**Employed**: those people who are working for money

**Unemployed**: those people who are not currently working but looking actively for a job

**Inactive**: those who are not either employed or unemployed

**Participation rate**: Percentage of people in working age (PWA) who are ready to work (the labor force, LF).

\[ PR_{it} = \frac{LF_{it}}{PWA_{it}} \times 100 \]

**Employment rate**: Percentage of people in working age (PWA) who are working (PW).

\[ ER_{it} = \frac{PW_{it}}{PWA_{it}} \times 100 \]

**Unemployment rate**: Percentage of people in the labor force (LF) who are unemployed (PU).

\[ UR_{it} = \frac{PU_{it}}{LF_{it}} \times 100 \]
1.1 Introduction: some basic concepts

**Active labor market policies:** set of measures aimed at helping the unemployed person to find a job. 3 categories:
- Public Employment Services
- Training
- Subsidized employment

According to the OECD 7 types of measures:
- PES
- Training
- Job rotation and sharing
- Employment incentives
- Supported employment and rehabilitation
- Direct job creation
- Start-up initiatives
1.1 Introduction: some basic concepts

**Passive labor market policies:** income support to unemployed persons or people leaving their jobs.

According to the OECD 2 types of measures:
- Out-of-work support
- Early retirement schemes
1.2 Evolution of the Spanish Labor Market over the period 1997-2007

Spain has been positively converging with Europe in all the above mentioned indicators

**Employment creation**
Ireland and Spain had lead employment creation in the EU during that period (table 1)

**Participation rate (graph 1):** negative gap reduced

**Unemployment rate (graph 2):** negative gap cut

**Employment rate (graph 3):** negative gap cut
1.2 Evolution of the Spanish Labor Market over the period 1997-2007

The EU has introduced some targets concerning employment rates: 70% for total; 60% for women; 50% for older workers (by 2010) (table 2).

Important part of the rise in employment has been covered with immigrants (table 3), mainly in low-skilled jobs.

Relevant presence in the shadow economy.
1.3 Extremely negative evolution during the last year

Rocketing unemployment rate (graph 4)

Plummeting employment rate (graph 5)

How can we explain the phenomenon?

1. Spain has been able to create employment partly because it has had low levels of productivity growth (table 4); it has focused growth on sectors with low levels of productivity growth (tables 5)

2. Special problems in 2 sectors (tourism and construction)

3. Severe economic crisis (recession) (graphs 6)
1.4 Some extra characteristics of the Spanish labor market

Very high levels of fixed-term (temporary) employment (graph 7)

Low levels of part-time jobs (graph 8)

LMP focused on support to the unemployed and on subsidized employment, low levels of training and PES (table 6)

Very remarkable regional differences (tables 7)
1.5 Catalonia

Catalonia shows better labor market indicators than Spain but extremely similar trends (graphs 9)

But lower temporality rate (tables 8)
2. The main problems of the Spanish labor market and the Spanish labor market strategy

1) The European Employment Strategy (EES)
2) The main problems of the Spanish labor market
3) The Spanish labor market policy
2.1 The EES

Spanish labor market policy is framed by the European Employment Strategy (EES).
EES was created in 1997 Treaty of Amsterdam and revised in 2005 in the Brussels Summit. Now the EES has merged with the macro and microeconomic policies of the EU.
The European Employment Strategy's has a three-year cycle based on several documents.
2.1 The EES

1. **Partnership for Growth and Jobs.** It gives the main orientations

2. **Integrated Guidelines.** Those main orientations are specified in 24 concrete guidelines. Two parts:
   1. Micro and macro policies (BEPGs)
   2. Employment policies

3. **2 documents: National Reform Programs:** every Member State draws up a program in which is described how these Guidelines are going to be implemented nationally. We are going to analyze the Spanish document. **Community Lisbon Program:** It is the “brother in law” at the EU level of the NRP. It includes all the measures at the EU level needed to fulfil the IG.

4. **EU annual progress report:** the Commission reviews progress made at both national and Community levels. The **Joint Employment Report** is its Employment chapter. It can include recommendations to member states, pointing at existing problems. We are going to analyze the Spanish part of this document.