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TRADE UNION STRENGTH, ORGANISATION AND IMPACT IN SPAIN

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ABSTRACT

Spanish trade unions enjoy an uncomfortable mix of high coverage and very low membership base. This state of affairs has arisen primarily because of state support for the collective representation system. Union organisation in terms of the core and its branches and union finances are also heavily influenced by the structure of representation. The limited facts on union membership, organisation and finance are fleshed out in this paper. The impact of unions on three economic outcomes is assessed: pay/employment flexibility; pay dispersion; and productivity growth. Although the data are quite limited, there is some suggestion that whereas unions are able to resist the pressure for widening pay dispersion, they are associated with somewhat poorer productivity performance. However, this research throws up as many unanswered puzzles about unions in Spain, as it does answer the previously unanswered. There is clearly a need for a representative survey of firms or workplaces to investigate both this and other aspects of Spanish industrial relations.

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1. Introduction

Trade unions in Spain are something of a curious phenomenon. Having survived Franco as covert organisations, they enjoyed a huge surge in membership in the late 1970s with the advent of democratic government. Their membership fall in the 1980s, however, was equally precipitous despite the presence of a socialist government in power and new rights to representation and to strike afforded to employees. Therefore on the basis of membership changes alone, they seem to be forlorn organisations. On the other hand, over 80% of Spanish employees have their terms and conditions of employment determined through collective negotiations.[1] Worker representatives involved in the latter are predominantly associated with a trade union. Therefore on the basis of collective bargaining coverage, Spain's unions are significant players in the industrial relations field. This low membership, high coverage nexus is not unique to Spain, France has a similar combination, but there is rather a lot to be explained here if we are to understand the role Spanish unions play in industrial relations institutions, processes and outcomes.

This paper has three main aims: to describe the main features of Spanish unionism in terms of strength, organisation, interactions and finances; to investigate explanations for certain important features - in particular to examine the role of the state, especially through its labour legislation - and; to analyse the impact of unions on performance outcomes - ie to answer the question "what do unions do"? Perhaps unsurprisingly, whilst in some areas there is a glut of information on union activities (notably on the worker representation system) in others there are some important gaps in knowledge (union membership numbers and composition are sketchy and fairly unreliable). Therefore some analytical points are built on rather unstable foundations which need underpinning through more representative, validated sources.

Part I fulfils the first two of our aims in four sections analysing respectively: alternative measures of union strength and explanations for their current and previous states;
internal union organisation; union finances; and inter-union relations. In Part II the impact of unions on pay/employment flexibility, trends in pay dispersion and productivity growth are evaluated using industry level data.

Part I

2. A Brief History of Trade Unionism in Spain

Unionism developed in Spain during the last decades of the nineteenth century and the first of the twentieth. One of the current main unions, *Unión General de Trabajadores (UGT)*, was founded in 1888 and was closely linked to the socialist party *Partido Socialista Obrero Español* (PSOE). As with the rest of Europe socialist politics were gaining support amongst workers around this time - especially those concentrated in the urban manufacturing centres. There was also significant support in Spain for a more revolutionary ideology, represented by the anarchist union *Confederación Nacional del Trabajo (CNT)*. The latter union still exists today, but unlike other unions it has never recovered the glories of its pre-Franco heyday. The separate union for the Basque Country - *Sindicato de Trabajadores Vascos (ELA-STV)* - also originated before the Civil War.

As in many other aspects of political and economic life, the Civil War (1936-1939) and the Francoist period marked a deep break in Spanish union history. Trade unions were outlawed, their assets seized by the state, and a new system of industrial relations was established. Employers and workers were obliged to join a single official union, which supposedly represented their interests, but in fact was strongly controlled by the state. Only after changes to the system during the 1960s were workers allowed to choose representatives directly who formed works councils at workplace level (*Jurados de Empresa*). Although the system was highly regulated, Spain's other main union, *Comisiones Obreras (CCOO)*, owes its origins to the Franco industrial relations environment because of association and cooperation between those elected worker representatives. Another union which has its roots in this period is *Unión Sindical Obrera (USO)*, with christian social democrat origins, which enjoyed a degree of support in the first years of transition to democracy in the late 1970s.

After the death of Franco, the first democratic governments laid the foundations for the current industrial relations system. Through their political affiliations, the three main unions influenced the structure and content of labour reform. UGT was the union arm of PSOE, CCOO was linked to the communist party *Partido Comunista Español* (PCE), and USO was considered to be close to the centre-right party in power, *Union del Centro Democrático* (UCD). The principal industrial relations concern of the new government was over which system of worker representation to adopt. The decisions made at this time have had long run implications for how unions are structured, how they organise and their relationships with their officials and members.

3. Measuring and Analysing Union Strength in Spain

a. Membership

i. introduction: Traditionally, union strength is measured simply by union density - typically, the proportion of employees in employment who are union members (occasionally as the proportion of the labour force who are union members). The rises and falls in this indicator are used as the barometer of the strength of labour movements around the world, and is the most common comparator (eg Blanchflower and Freeman, 1992; OECD, 1994). Data inadequacies regarding union membership are common, and in this Spain is no exception. In fact, there is no recognised, authoritative source of data on union membership in Spain. Therefore, we draw together the disparate data on trends in overall membership and compositional differences in terms of industry, gender, occupation, employment contract and the different unions. In general, these data suggest a movement in the crisis with perilously low membership, often concentrated in industries in decline and therefore apparently of little importance in the economic schema.

ii. union density: Almost every study on Spanish unions (see Lawlor and Rigby 1986, for a good English language description on the topic) comments on the difficulties of trying to obtain reliable data on membership. The density estimates are derived from unions' own publications, or from small-scale surveys, hence some caution is warranted when analysing them. However, there is a general agreement that union membership rates are very low by European standards, at the moment only between 10 and 15% of workers are union members. Table 1 summarises the available data on aggregate density back to 1978 and also provides some comparative evidence from other OECD countries.

It is impossible to determine the level of genuine union membership in the pre-democracy period because unions were officially banned. However, there was clearly an enormous increase in membership in the transition to democracy period reaching a peak of over 35% in 1979, and over 50% in manufacturing. Membership started to fall at a precipitous rate - probably faster than it had risen - in the late 1970s, plummeting to under 15% by the mid-1980s. Since then membership has remained relatively low but apparently stable.

iii. differing fortunes of the major unions: The data difficulties are most apparent when attempting to estimate the relative density rates of the main unions. Table 2 shows the estimates of union membership and density rates from individual level surveys for the two main unions, CCOO and UGT, since 1979. The final two columns contain UGT's own estimate of membership and density for the same years (CCOO has not been able to supply similar data). The discrepancies can be summarised as: in the early 1980s UGT estimates are significantly below individual survey estimates but more recently are slightly above. Although we cannot be certain, the explanation for the large discrepancy in the early 1980s may well lie in different definitions of membership and the consequences of rapidly falling membership. UGT's own figures are members paying subscriptions, whereas the survey definitions are probably rather looser. In a period of rapidly falling membership - ie the late 1970s, early 1980s - a large proportion of employees may well still report themselves as members even though they no longer pay subscriptions. This may be particularly so if they joined the union in a state of democratic euphoria, which was presumably the case for rather a lot of Spanish workers. Therefore the UGT figures are probably more accurate for the early 1980s. The small remaining discrepancy in the figures is typical of the difference between union and individual reported figures on union membership found elsewhere (in the UK the discrepancy is around 2-3 percentage points for the early 1990s).

Bearing in mind the caveats about the data, we are forced to use the survey data to compare the fortunes of different unions since we do not have union reported figures from all the unions. The two main unions, CCOO and UGT, together comprise more than 70% of all union membership. The changes in their respective fortunes are detailed in Table 2. In the late 1970s, CCOO had the edge over UGT with around 17% of all employees, rising to nearly one third in manufacturing, compared to less than 14% in UGT, with roughly the same in manufacturing. More than four-in-five union members were in either of the two large unions at their peak. Currently, each union has only around 5% of employees in employment as members according to the survey data, though UGT's own numbers report around 7%. Therefore, in relative terms CCOO membership has collapsed slightly more than UGT's, dropping more than 10 percentage points since 1978, compared to less than 8 for UGT.

The remaining unions have very low levels of membership, and we have little in the way of time series data. ELA-STV is reported to have had around 85,000 members in 1993, or about 13% of employees in the Basque Country.[2] Therefore within its restricted sphere of operation, the union appears to be doing rather better than the two main unions - though membership may be higher in the Basque Country whatever the union because of the industrial mix there. As for the other unions, USO reported a membership of only 72,000 in 1992 and the public sector union, *Confederación Sindical Independiente de Funcionarios* (CSIF), reported membership of 110,000 in 1991 rising to 141,000 in 1993. Unfortunately, there appears to be no readily available data on the membership of the exclusively Galician union, *Converxencia Intersindical Galega (CIG).*

iv. union composition: Even in the UK, where there is a century-long time series on aggregate union density, it is only comparatively recently that it has been possible to accurately gauge the extent of union membership among different gender, occupation, age, educational achievement groups or in different industrial sectors and regions. Therefore, given the paucity of aggregate information in Spain, it is unsurprising that union composition data are relatively few and far between and are subject to source-based bias.

Table 3 summarises UGT data on its density rates by sector in 1981 and 1992. The higher density levels in manufacturing are typical but what is rather surprising is the large increase in density in services over the period - up around 6 percentage points according to UGT's own data. Table 3 also shows the composition of union membership by sector (the proportion of union members in each sector) for the two main unions in 1981 and 1990. Both unions have undergone some changes in membership structure, presumably mirroring similar changes in the structure of employment, with shifts from manufacturing towards services being the most important development. These data may also give some indication as to why the relative fall in UGT membership was less than that for CCOO - because UGT has been more successful at stemming the losses from manufacturing decline by recruiting in the service sector.

A survey of employees in 1988 revealed that the majority of union members are skilled middle-aged males, with manufacturing jobs and hired through permanent contracts in large or medium size firms (Instituto IDES 1989). In small unions there is a higher proportion of women, white-collar and administrative workers than in UGT and CCOO, and their political beliefs are more conservative than those of members of the main unions. The main reasons expressed by non-members for not joining a union in a UGT survey were: no sympathy for any union (18.2%), "politicization" of unions (12.4%), lack of credibility or honesty (10.9%) and lack of real representativity (8.7%).

Information from the public sector shows that the membership rate is higher in this sector at around 27% (UGT, 1992). There is a higher presence of women members (comprising 40% of all members) which probably reflects the fact that there are relatively more women in the public than in the private sector. Membership rates are higher in the lower categories of workers, and rates decrease when the level of education is higher. Those workers with a university degree show the lowest inclination to join unions.

v. why such low membership?: In the UK and US, the level of union membership is largely determined by the interplay of two relationships, that between employer and union(s) - whether or not unions are recognised for collective bargaining - and that between employee and union - whether or not an individual chooses to belong to a union, usually one recognised for bargaining their terms and conditions of employment. This statement is justified on the grounds that holding all else equal union density is significantly higher in workplaces or firms or industries where unions are recognised for collective bargaining. Therefore increases and declines in union membership can be analysed in terms of two stages, changes in the tendency of employers to recognise unions and changes in the disposition of individual employees to join recognised unions. In general, five factors are said to influence these interactions: the composition of jobs, workers and firms; macroeconomic variables; state policies; employer actions; and union activities.

In Spain's case the question of what determines the incidence of union recognition is moribund, since recognition is effectively mandatory should the workers demand it (of course, we could still be interested in what determines workers' proclivity towards demanding worker representative elections). Therefore the analysis of why union membership is so low in Spain, and why it declined so rapidly at the end of the 1970s/early 1980s, must focus on individual's preferences vis a vis union membership. We can still consider the five potential determinants listed above, but concentrate on their impact on individual preferences.

Given the UGT data on the typical union member - male, skilled, middle aged, permanent contract, manufacturing job, working in a medium-sized or large firm - the changing composition of employment story seems, *a priori*, a highly plausible explanation for low membership. All the compositional changes in the Spanish labour force since the early 1980s have been away from these areas with increasing proportions of women, younger, fixed-term contract employees and jobs in the service sector and in small firms (Segura *et al* 1991). Given that these groups appear to have a lower propensity to unionize, the composition story reads rather well. However, as with composition stories elsewhere in the world, there are some significant problems. These can be summarised as timing and lack of analytical depth. Some of the labour force changes, most notably the enormous increase in the incidence of fixed-term contracts, occurred well after (ie from the mid-1980s) the dramatic fall in membership indicating a timing problem. On the analytical level, this explanation accepts at face value that some groups have lower unionisation rates than others, without offering an adequate assessment of why such groups have lower propensities to unionise. Finally, the history of union movements worldwide show enormous variation in the tendencies of different labour force groups to unionise over time - propensities to unionise are not set in stone.

The business cycle explanation focuses on the role of unemployment, real wages and inflation changes which collectively influence individuals' predilection towards union membership. Although there have been variations in such a model, the general prediction is that high and rising unemployment leads to falling membership, relatively high real wage growth is associated with lower steady-state membership and high relative inflation leads to higher membership. The mechanisms linking these variables to membership are multi-layered. Rising unemployment has both a direct effect as newly unemployed union members leave unions, and indirect effects, such as employees anxious to avoid future unemployment leave unions in order to appease management or firms derecognise unions regarding their activities as a threat to jobs. Relative real wage growth effects can be summarised as a `threat' effect. When real wage growth is relatively high and unthreatened, employees perceive no need for unions. On the other hand, when growth is threatened employees join unions in the anticipation of unions' ability to protect real wages. The circularity of this mechanism is rather worrying, however, in that the level of union membership is also said to influence real wage growth, such that detecting causality is always likely to be difficult. There is a similar problem when analysing the impact of changes in inflation on union membership in terms of this `threat effect'. It seems sensible to imagine that workers join unions when inflation is rising to protect themselves, but it may just be that inflation rises because of cost-push factors due to rising union membership! The difficulties of defining sensible, non-endogenous, mechanisms linking these determinants to union membership shifts, has lead the main proponents of these explanations in Britain to concentrate solely on data analysis rather than solving the mechanism conundrum (Carruth and Disney, 1988; Disney, 1990).

A proper assessment of this explanation in Spain's case would require more detailed union membership data. Therefore these comments are somewhat tentative. The unemployment story seems reasonably credible for Spain, but only until the late 1980s/early 1990s when, despite large falls in unemployment, membership remained stubbornly low. It would still be interesting to investigate whether or not the recent large increases in unemployment to reach a quarter of the active labour force has resulted in further falls in membership. The real wages explanation hits difficulties rather earlier than the unemployment story, in that real wage growth actually fell in the late 1970s and remained relatively low until the late 1980s (Bentolila and Dolado, 1994) which sits uneasily with the union density data. The correlation between falling inflation and falling membership from the peak of both around the late 1970s is consistent with the business cycle explanation apart from the fact that Spanish inflation continued to decline from the mid-1980s whilst union density apparently reached a floor at this time. Therefore the correlation broke down.

State policies regarding unions have been cited by most commentators as an important explanation for low union membership in Spain. Unlike Britain, however, where anti-union policies have been associated with falling density (Freeman and Pelletier, 1990) in Spain's case the suggestion is that the state has "killed by kindness". By providing a legal right to representation for all workers who want it, the state has obviated the need for employees to join unions and seek recognition from employers by weight of numbers to protect their interests. It seems perfectly rational for an individual to save the cost of union subscription, if being a union member makes no difference to whether or not a union bargains over the individual's terms and conditions. This argument seems fairly convincing, and is probably appropriate for France as well where employee representation enjoys similar legal protection. However, the story is not completely straightforward. Non-union respondents to the UGT survey, discussed above, did not include "No need to join because covered anyway" as a reason for non-membership - though perhaps people are reluctant to be revealed in a callous, individualist light, especially to interviewers acting for a trade union.

Although rarely mentioned by other authors, it is important to consider the impact of legislation other than that concerning the worker representation system.

Rights of association (the right to join a trade union) are protected under the constitution for all workers except members of the armed forces and the police. However, rights to dissociation are also protected (the right not to belong to a trade union) so the closed shop - compulsory union membership - is illegal. Although it is impossible to quantify the exact effect of the closed shop on union membership, most commentators would argue that it was an important determinant of rising membership in Britain in the 1970s and its demise contributed to union membership decline in the 1980s. Therefore the illegality of the closed shop may partly explain low membership in Spain.

Two other aspects of the legislative framework may impact upon membership - one positively and the other negatively. On the plus side for aggregate union membership was the extension of the worker representation system to most parts of the public sector from 1987 (discussed below) which must have stimulated membership in that workers' unions would now be recognised for collective bargaining on their behalf. On the negative side, may be the rights afforded to works councils to perform functions which in other countries could only be fulfilled by a trade union. The most obvious example of this is the calling and organisation of strikes, the right to do so which is restricted in many countries to trade unions (Milner, 1995).

The actions and policies of employers seem the least plausible explanation for the decline and low level of Spanish union density. Apart from the significant black economy, the size of which might in part be explained by pro-union legislation (but is more likely to be explained by the desire to avoid other state instruments such as employment taxes and safety rules), there is little evidence of Spanish employers pursuing anti-union or union-busting strategies. In large part this must be due to the illegality of such policies - workers cannot vote away their right to collective representation. There is also little authoritative evidence to suggest that employers have encouraged workers to commit themselves to the firm rather than a union, through human resource management policies of employee involvement, performance related pay or single status.

The final explanation concerns the role of unions' own activities - usually concentrating on the resources expended on recruitment as opposed to collective bargaining. Although there is no evidence to definitively confirm this, it does seem likely that Spanish unions are not spending significant resources on local recruitment campaigns. This is due to a number of factors: general paucity of resources, especially in terms of personnel at local level; conditioning by the collective bargaining system to focus resources on fighting worker representative elections and negotiating at industry level; and concentration of resources on servicing existing members because of worries about retention. It may also be that unions are rationally choosing not to spend money on recruitment because they are correctly assessing the cost-benefit ratio as unfavourable. If relative union strength in an industry is assessed on the basis of votes in worker representative elections, rather than the respective levels of union membership, a rational, resource-constrained union would devote those resources to election campaigns not membership drives.

The decline in union membership in Britain has been the subject of intense debate among various commentators. Some have sought to pin their colours to one particular mast, whilst others have been content to argue that a multi determinant explanation is more plausible and that it is very difficult to delineate exactly the contribution of each factor. A modified version of the latter approach seems to be an appropriate conclusion to draw on Spain. Statistical analysis of the decline in density is unlikely to be fruitful because of the difficulties in measuring the dependent variable at aggregate, let alone industry or regional, level. We have to be content to argue that all five of the determinants detailed above may play some role, but the most important explanation is probably the legislative framework which obviates the need for Spanish workers to join unions to seek protection of living standards and/or from arbitrary employer action.

vi. conclusions: Spain's unions are among the weakest in the OECD, when measured by union density, even bearing in mind the less than authoritative data sources. The domination of the two main unions, CCOO and UGT, remains unchallenged despite huge falls in membership in the last fifteen years. Explaining these falls and the low level of membership involves deliberating between a number of plausible determinants, none of which can be totally rejected or upheld. It seems more likely that a combination of these factors explains Spain's low membership, but the weight attached to each determinant cannot be determined without more representative data on union density across different groups and over time. Finally, this picture of weak unionism is undoubtedly overstated, since in fact unions in Spain actually enjoy huge influence despite their low membership base. An alternative measure of union strength, union coverage, provides an almost diametrically opposite picture of union fortunes since the late 1970s.

b. Union coverage

i. a more appropriate measure of union strength: Measuring union strength by weight of membership numbers rests on the assumption that membership density translates into procedural and substantive power. Examples of procedural power include membership of tripartite institutions, negotiating with employers at different levels within an industry and being involved with other public institutions such as training boards and adult education institutes. Substantive power implies that unions have some impact on the processes of and outcomes from work - manning levels, production process, productivity, wages etc. In fact, Spanish unions exercise power to an extent wholly disproportionate to their membership levels - because of their virtual monopoly of the pervasive worker representation system. An associated paper provides evidence on the significant increase in the coverage of the worker representative system from the late 1970s, and the continuing high level sustained into the 1990s (Milner and Metcalf, 1994). The disparity compared union density changes and the striking difference between Spain and other OECD countries, apart from France, is shown in Figure 1.

The degree of union involvement in this system is best calculated as a union coverage measure - the proportion of workers covered by union negotiated collective agreements. This is certainly a good measure of procedural strength. Whether or not this also signifies high levels of substantive strength depends on the extent to which unions are able to affect the terms and conditions of covered workers. This can only be gleaned by examining data on the impact of unions on economic outcomes - which is attempted in Part II below.

In an associated paper, the legislative framework determining the system of worker representation is outlined (Metcalf, 1994). The central institution of the modern Spanish workers' representation system are the workers' representative elections, or improperly but usually called union elections. These elections are held each four years, during a three to six month period with dates varying across firms. The elections play a dual role: selecting representatives at workplace level to sit on works councils; and secondly, to determine the relative presence of different unions in sector level bargaining (in each region). The proportion of representatives under the auspices of each union determines that union's status nationally, regionally and within individual industries. This status affords certain significant rights to the particular union. Therefore worker representative election results are probably a more appropriate measure of overall and relative union strength, than union density.

The number of representatives elected at each firm depends on the size of the firm. In firms with between 6 and 49 workers, representatives are called staff delegates whereas in firms of 50 or more workers, representatives form a works council. Table 4 summarises the rules regarding number of representatives per firm, and illustrates the implications for number of representatives per thousand workers (which we term worker representative presence). In general, smaller firms are likely to have higher relative worker representative presence than medium and large ones. This creates a certain distortion in the representation system, because observed differences in worker representation can be caused by different firm size structures. Beneyto (1991) also points out that this distortion affects the status of the "most representative union", since that is calculated on the number of delegates obtained, not on the actual number of votes. Therefore, workers in small firms have a relatively higher weight attached to their vote when choosing the most representative union at other levels.

The most representative unions nationally are those which obtain a minimum of 10% of all elected delegates in the country or 15% at regional level. Only CCOO and UGT have representative status at national level, giving them the right to sit on all negotiating bodies throughout the country. In addition, there are two regions where local unions enjoy significant support and therefore are recognized as representative unions in these areas - ELA-STV, which obtained 37.8% of delegates in the Basque Country in 1990; and CIG, with 23.4% of Galician delegates in 1990.

The status of "most representative" gives unions certain representation rights: they can participate in boards of public institutions on environmental, health and education; they have rights to participate in collective bargaining at national and sector level; their union sections at firm level have special rights on information and participation in works councils; and they qualify for subsidies from the state. What is more important about the status of most representative union is that this moniker applies not only to the main organization but also to every single union affiliated to the organization. This implies that if union X is considered representative at national level, its federation in a particular sector enjoys the rights of a most representative union regardless of the actual support from workers in that sector. Paradoxically, it could be the case that although a sector-based union dominates an industry, the collective agreement would be negotiated by a representative union at national level. However, the law also allows for the presence of sector-representative unions (those with 10% or more of the delegates in that sector) at the sector-level negotiation table.

Public administration workers also have similar rights to be represented (apart from members of the armed forces, the police and judges) and they also vote for their representatives in elections. These rights are not regulated by the Workers Statute but by a different law hence elections were first held in the public sector in 1987. Although there are slight differences in the number of representatives by workplace size, and works councils operate under a different name compared to the private sector (*Juntas de Personal*), the representation system is basically the same as that for private sector workers.

ii. overall and relative union strength: Table 5 summarises aggregate data on worker representative elections held periodically in Spain since 1978. The key measure of union procedural strength is surely the proportion of such representatives who are associated with a union, which has increased in every election. In 1978, 70% of representatives were union backed, with the rest unaffiliated. By 1982 the ratio had moved substantially in favour of unions - 88 to 12 - and by 1990 to almost complete union control - 96.5 to 3.5. Non-union representatives are few and far between. Whilst there are a number of possible reasons for the demise of the non-union representative (with the concentration of union resources on elections probably of most significance), it is rather curiously negatively correlated with the rise of non-unionism among employees. In fact the decline in non-union representation has been even steeper and more prolonged than the decline in unionisation which reached a floor around the mid-1980s.

The election data in Table 5 also describe the relative strength of each union. The dominance of the two main unions is striking, and increasing throughout, such that by the time of the 1990 election almost four-in-five representatives were affiliated to either CCOO or UGT, up from just over half in 1979. UGT has fared much better than its rival over the elections, increasing its share of the vote every year and surpassing CCOO for the first time in 1982. Currently the gap is 5 percentage points.

Regarding the remaining unions, apart from the already mentioned regional unions ELA-STV and CIG based in the Basque Country and Galicia respectively, no other union achieves the category of "most representative" union within any jurisdiction. The social-democrat union USO, which was influential in the late 1970s, has suffered from several divisions and some of its members joined the main unions. At the moment, the number of representatives linked to USO is around 3% of the total. Remaining unions are small, most of them specialized in particular sectors, or even firms (Escobar, 1993) without a national level structure.

There are some differences in the public sector, where a civil servants union - *CSIF,* obtained the highest number of representatives (25%) in the first public sector elections held in 1987. However, CCOO and UGT were also highly represented in this sector, with 24.2% and 23.1% of representatives respectively. The CSIF was established partly because a majority of civil servants have centre-right political affiliations which are not in conflict with the leftist ideologies of the CCOO and UGT. Moreover the UGT was closely linked to the party in power (PSOE) and public sector employees may be indisposed to vote for their employer's union. However, the main unions succeeded in gaining more ground in the 1990 elections which changed the composition somewhat. CCOO obtained the highest share of representatives (28.4%), while UGT obtained 26.9%. In contrast CSIF lost ground obtaining a share of only 19.4%.

Table 6 contains data on union representatives for each sector from the 1990 election. Alongside data in Table 5 these show that the picture of union presence in Spain is dominated by the UGT and CCOO in every sector. There is a high number of small unions, sector or firm based, which may be playing some role in their particular area, but they do not reach the representativity levels required by law to participate in collective agreements at national levels, or in other institutions.

iii. why do unions operate within the worker representation system?: Although we have touched on this crucial question at various points above, it is worthwhile considering just why it is that Spanish unions seem content to operate within the boundaries of the worker representation system rather than try to build membership through local organisation. There are a number of explanatory factors here. Firstly, as already mentioned most union movements world-wide are constrained by legal environments. It would be very difficult legally for Spanish unions to change the industrial relations system by unilateral action since workers have a right to representation only through their elected representatives. However, it would be misleading to give the impression that the unions operate in this system because of legal coercion alone. Although the UGT makes noises about preferring a more direct channel of communication with management through shop stewards at workplace level - presumably elected just by UGT members - the CCOO is an open advocate of the worker representative electoral system as it now stands. Therefore another reason why unions work within the system is because this is their policy decision.

Three other explanations for the status quo are: the conditioning by custom and practice clouds union leaders' perceptions of the cost and benefits of alternatives; and a pragmatic recognition that abandoning the system might well bring about the decimation of the union movement - since it would have to rely on the efforts of the very small membership to maintain an alternative system; and the long-suspected preference of union leaders for procedural rather than necessarily substantive power. The impact of custom conditioning also helps to explain the previous distrust by reluctance of works councils by British unions, which has disappeared over the last few years in many unions to be replaced by conscious campaigns in favour of the EU imposing compulsory works councils on British firms. Therefore whilst some Spanish unions may rue the day the worker representation system was inaugurated because of its apparent impact on membership levels, British unions want to see such a system introduced here in the belief that it might actually shore up membership.

iv. the CCOO/UGT duopoly: The existence of this union duopoly and its effects on the Spanish labour market outcomes has been extensively debated, especially by the unions themselves. There appear to be two main reasons for the duopoly - one a result of the election system, and one a result of union objectives.

Any electoral system, political or otherwise, which sets a threshold of representation status is likely to promote the existence of a small number of large electoral organisations. In addition, the provisions regarding the status of "most representative" union for every organization organised into national confederations (providing the proportion of representatives is surpassed) encourages the amalgamation of small unions into larger ones.

Secondly, both the major unions were formed as class-based general unions from the very beginning - ie they have no specific industry or regional roots. Therefore it does not require a great change in objectives or character to absorb other smaller unions or recruit previously unrecruited electors. Moreover, their relatively loose structures - with little attempt or ability to control the actions of local representatives or branches (discussed below) - makes it relatively easy to keep the disparate groups within the same umbrella organisation.

Finally we should also consider why the duopoly has not become a monopoly. Given the existence of union elections every four years, unions have to compete among themselves to try to gain votes, since a higher number of votes imply more representative share and more benefits. That leads unions to differentiate their campaigning programmes and does not favour either cooperation between them or integration into a single organization. Election periods are especially notable for inter-union conflict. In the last elections (1990) disputes over the timing of elections reached court.[3] Both unions are said to be dissatisfied with this state of affairs, since they believe that the image of confrontation may have negative effects in terms of membership and support. However, there are also grounds for arguing that electoral confrontation is likely to engender more worker interest rather than less.

v. workplace representation outside of the works council system: There is scope within the worker representation system for a second channel of worker representation at firm level - union shop stewards *(delegados sindicales).* Although the worker representation system is mainly based in the existence of works councils, unions are also allowed shop stewards at firms. The most representative unions have rights to participate in collective agreements (ie to substitute for works councils) to provide information to workers and they can have an office at firms with more than 250 workers. The minimum number of shop stewards stipulated by law is determined by the size of the firm and ranges from 1 to 4 - with a minimum threshold of 250 workers and a minimum of 4 shop stewards is guaranteed for firms with more than 5,000 workers. It is not clear the extent to which these minima are exceeded in practice.

When shop stewards are not members of the works council they have the same guarantees as those legally established for members of works councils and also have access to the same information and documentation which an employer is obliged to provide for works council members. The shop stewards also have the right to attend meetings of councils and other company committees including those on health and safety. They must be heard by the company prior to the adoption of collective measures affecting workers or their members, particularly with respect to discipline and dismissals. The combined committee of shop stewards may also act as the negotiating party for single-employer collective agreements.

It is a difficult task to measure the importance of these shop stewards in the industrial relations system, given that there are no publicly available data on the number of sections or shop stewards. It is likely that shop stewards only play a significant role in a small number of large firms. Data from a survey of registered collective agreements by García *et al* (1994) reveal that shop stewards negotiated in place of works councils in only around 10% of firm-level agreements in both 1986 and 1992-3. Given that firm-level agreements covered less than 15% of workers during this period, shop steward bargaining is obviously a rare exception to the general rule of works council negotiations.

vi. how strong are unions in Spain?: The evidence presented on worker representative elections suggests that unions in Spain are disproportionately powerful compared to their low levels of membership. However, this rather presupposes that the unions exercise some degree of control over their affiliated representatives. A UGT survey of its 1986 batch of representatives found that 40% of them were not union members when elected. Three years later less than half these delegates had joined the union, with 23.8% of all representatives still not members of the union. A majority of these expressed no reason for not joining, and only some of them answered that they wished to be independent or that they had some disagreement with the union.

This phenomenon may not apply to CCOO as well, but either way this does raise an important question about the degree of control which the two large unions have over their representatives, and also highlights possible inaccuracies in the data on union/non-union representatives. If a quarter of UGT representatives are not actually members of the union, this rather changes the perspective of the data reported in Table 5. The implications of these non-union union representatives on works councils must be worth further investigation through workplace or firm level surveys.

c. Conclusions

Table 7 and Figure 2 summarise the available data on union strength detailing the proportion of workers who are union members, the worker representative electorate (proportion of workers in firms holding elections), the proportion of workers actually voting in elections and the percentage of workers covered by collective bargaining. The most striking aspect of Figure 2 is the mirror image of union density decline and collective bargaining coverage increase from the late 1970s. Union potential strength should surely be measured as the proportion of workers covered by bargaining involving union representatives, rather than by union membership. Although the latter provides a distorted picture of apparent union weakness, the former may also overstate the importance of unions if those unions exert little control over the actions of many of their delegates.

4. Union Organisation

Having assessed the changing strength of Spain's unions, another piece of the picture concerns the internal organisation of the main unions. The degree of control exercised by the centre is likely to be strongly influenced by the structure of the union and the communication mechanisms within the organisation. Local branches operating in a loose, federal organisation are more likely to enjoy autonomy than in a centrally directed union. We are also concerned with explaining why unions are structured in certain ways and to what extent they are influenced by external factors. In the UK, successive governments have attempted to interfere with internal union affairs with the avowed intention of making unions more democratic. There is partial evidence that this has forced some unions to make significant changes to their methods of operation. However, given the lack of similar legislation in Spain - interfering in the internal organisation of unions would smack of Francoism, such that even if justified on an economic policy level, this would be politically unfeasible

The most striking aspect of union organisation in Spain is that the internal structures of UGT and CCOO are almost identical. Both unions are organised along confederal lines. They comprise a number of regional and sector based federations, within each of which there are separate branches. Most branches are members of both a regional and an industry federation. UGT currently has 12 industry federations while CCOO reports 20. Both unions are aiming to simplify the industry structure by mergers of similar activities, and give more power and resources to these federations. There are also some special federations within both unions: white-collar and professional workers; retired workers; and departments for women and youths.

The territorial structure follows the political-administrative structure of Spain. Both unions have federations in each of the 17 autonomous communities, comprising smaller territorial units (provinces and local federations). The practice of maintaining a double structure is justified by both unions as a way of giving unity to their policies, considering not only the particular interests of workers in a sector, but their collective interests as a class. Apparently, this territorial structure plays a complementary role in the unions' structure, since the most relevant internal tasks (collecting members' fees, electoral strategies, etc) are attributed generally to the productive structure. However, some collective agreements are signed at regional level, hence they are negotiated by the territorial federations.

Each federation appears to have a high degree of autonomy over its activities and operations. The main stipulation is that they must have statutes which are not in contradiction with the statutes of the union confederation. Each federation must comply with confederal agreements and general lines of policy designed by the organization, but otherwise they are free to manage their own resources and to implement their own policies. The principal threat which the confederation can use to keep a federation in check concerns their assets. If a federation decides to secede from the main union, its assets must be returned to the central organization.

In terms of confederal level institutions, both unions have surprisingly similar structures. The central decision-making body of UGT and CCOO is the Confederal Congress, held every four years.[4] The tasks of the Congress are to determine the general tenor of union policies and to elect members of the confederation boards. Delegates elected at sector and territorial level participate in the Congress, in proportion to the importance of each group. For example the UGT Congress consists of 60% delegates from industry federations and 40% from regional federations, while in the CCOO Congress the split is fifty-fifty.

When the Congress is not in session, the governing bodies of unions are their Executive Commissions, formed by a General Secretary and a small number of members, and another larger representative institution which meets regularly during the periods between Congresses to supervise the actions of the Executive Commission. This body is called the Confederal Committee in UGT, with meetings held twice a year, and the Confederal Council in CCOO meeting five times a year. There are also other committees in both unions, to supervise the finances and to solve internal conflicts (Commissions of Control of Finances, and Commissions of Guarantees).

The similarity in organisation between the two main unions, and the fact that the much smaller USO is organised along similar lines, suggests that these structures may be heavily influenced by the industrial relations environment in which the unions operate. Their dual structure must be in large part because of the mix of collective agreements at sector and regional level which are the prime focus of union activities. The increasing concentration on activities at sector level must be connected with the breakdown of tripartite agreements at national level after 1986-7. Clearly union structures are self-determined, with no state interference.

5. Union Finances

The health of union finances may play a large part in explaining their influence, structure and policies. Willman *et al* (1993) have recently conducted the most comprehensive research project undertaken on British unions' finances, constructing an "acid test" of union financial health in the process. They define health as assets minus liabilities divided by annual expenditure. This measures how long a union could survive without any income. It has fallen from an average of over 4 to around 1.5 years in the postwar period. Unfortunately, data on Spanish union finances are rather inadequate for conducting this acid test.

The main sources of revenue for unions are: members' fees, which comprise the largest single source; rents from assets and securities, which have increased enormously since the advent of democracy as the state has gradually returned assets (principally office buildings) seized under Franco; sale of publications and services (the main unions offer members a range of services: finance and fiscal advice, advantageous insurance policies, house building cooperatives, and even travel agencies); state subsidies (directly from a budget provision, split according with the number of representatives obtained at elections); and indirectly, as payments for the training courses organized by unions for INEM (National Employment Office).

Although there are no reliable data on total revenue, some estimates using the number of members and the average subscription fee have been calculated. Using these data, the journal *Economía y Finanzas* reported an annual income in 1994 of 6,000m pesetas for UGT and 6,500m pesetas for CCOO. Escobar (1993) reports an income for UGT of 5,202m pesetas for the period January 1986 to January 1989, of which 2,127m pesetas (41%) is attributed to state subsidies. These estimates differ widely, especially taking the different time periods into account, but without data on actual union accounts, it is not possible to assess the validity of either.

The impression from unions' own literature is that their finances are quite precarious bearing in mind the tasks they undertake - although they do receive subsidies from the state in recognition that they represent all workers covered by bargaining, even those who are not union members. Nevertheless, unions claim that there is no stable mechanism of union funding by the state - ie the funding is open to political interference. The law provides a mechanism of union funding from levies on workers wages to alleviate the problem of free riders, by making non-unionists pay a voluntary fee (*canon sindical*) to the agents who bargain agreements for them. It seems, however, that this mechanism has never worked in practice, so the subsidies from the state are probably still justified.

With respect to the internal organisation of finances, federations are required to furnish the confederation with annual accounts. In the case of UGT, industry branches are responsible for the collection of fees, with the stipulation that they must transfer 35% of this income to the confederation. The regional federations receive 80% of this subscription income and the rest is used to finance the central institutions. There is an internal Solidarity Fund, to which federations pay 9.3% of their income, aimed to redistribute resources internally to help federations reduce their debts.

The different federations of UGT determine the amount of union members' fees, while the confederation only sets a minimum fee to cover the amount that federations must transfer to them. Federations are free to impose reductions or additional charges on that minimum fee. The objective is that members pay 1% of their annual wage to the union.

In the case of CCOO, it is less specified in their documents who is responsible for the fees' collection and how their resources are spent. CCOO seems to have more problems of information and control over finances than UGT. One of the objectives of their last Congress in 1991 was to have a budget for the whole Confederation by 1993. Their division of resources from fees is the following: branches - 60%; territorial federations - 30%; confederal institutions, 10%. The resources obtained by other means than fees (subsidies, etc) are used in common by the confederation - ie they are not managed directly by the federation which receives the funds, but by confederal institutions.

Although there are some estimates of unions' financial health, and information about how fees are collected and the proceeds distributed, in general we know very little about union finances in Spain. Given that their apparent paucity of resources must be a major constraint on their ability to function effectively, it is perhaps surprising that their finances have not been investigated more thoroughly in the past. However, it must also be acknowledged that if they are relatively badly off financially, it is unlikely that they will be willing to allow researchers open access to their financial records - let alone allowing the state to investigate their financial health.

6. Inter-Union Relations

Unlike the UK, Spain has two peak organisations representing the interests of labour, whereas the TUC fulfils this role here. One of its main *raisons d'etre* is to help settle inter-union disputes, principally over members, which has been traditionally conducted through the so-called "Bridlington rules", after the seaside town where they were drawn up. There is no institution with specific remit to settle inter-union disputes in Spain and therefore it is not possible to come up with a measure of the extent of inter-union conflict. Instead we have to rely on anecdotal information.

The two main unions have important ideological differences which certainly led to conflict about dealings with government in the early 1980s. When the PSOE came to power in 1982, the strategies of the two were diametrically opposed. While UGT chose to cooperate with the government (after all they had common roots) CCOO adopted a more critical position in refusing to be a party to any tripartite agreement involving the government. However, as the PSOE government's labour market policies increasingly turned towards the promotion of flexibility and as unemployment continued to rise, UGT became more critical of the government until the two organisations broke their historic links in 1988. The milestone was probably the general strike in December of that year organised jointly by UGT and CCOO.

The weakening of the UGT's political links, plus the electoral frailty of the communist party, PCE, has led to something of a rapprochement between the two union confederations. Cooperation seems to be the main strategy of the last few years, though this is unlikely to ever lead to merger. As well as the national level, there seems to be little evidence of significant conflict at industry, regional or firm level either. For example, although the law does allow for multiple bargaining units at industry level if the different groups of worker representatives feel unable to speak with one voice, apparently single table bargaining is the overwhelming norm.

Therefore the duopoly of the UGT and CCOO seems unlikely to be an important extra element in determining the impact of unions in Spain.

Part II

7. What do Unions do in Spain?

a. Introduction

Having provided a picture of union presence, structures and strength and having analysed the environmental factors contributing to these arrangements, the crucial question of the impact of unions remains unanswered. Freeman and Medoff (1984) encapsulated this question as "What do unions do?" Providing theoretical justification and/or empirical evidence for either detrimental or beneficial effects on performance, has dominated labour economists' debates on unions for at least a decade. A range of outcome variables have come under the microscope - wage differentials, wage dispersion, job creation and job destruction, the pay/jobs trade off, productivity, profits and both human and physical capital investment. Of all these outcomes, wages, employment and productivity have dominated the voluminous literature. Assessing the impact of unions on economic performance is an essential element in understanding the influence of industrial relations institutions in general in Spain, because only a relatively small proportion of employees work in non-union environments.

Analysts of union effects have made use of a number of different indicators of union presence and activity - including recognition, density, multiple unionism, collective bargaining coverage and levels, number of shop stewards and incidence of their committees - and have investigated associations using industry, firm and workplace level data. Without a doubt the most authoritative work in the UK has been done at workplace level, principally using one or more of the three Workplace Industrial Relations Surveys (WIRS). In the absence of publicly available data at either firm or plant level in Spain which would be adequate to conduct proper empirical tests of the impact of unions, a second best option (by rather a long way) is to analyse industry level data.

In proceeding sections three measures of economic performance - employment/pay flexibility, trends in wage dispersion and productivity growth - are examined alongside three relatively crude union indicators - bargaining coverage, bargaining levels and a worker representative presence measure. The results reported on the impact of unions on economic performance are rather tentative and are subject to a series of caveats including the relatively small number of "matched industries", the lack of control variables, the aggregated basis of the data and concerns about endogeneity. However, despite the caveats, the results provide a basis for more thoroughgoing analyses of union effects using less aggregated industry data and as an ultimate aim, establishment or enterprise level data.

b. Measures of union presence and activity

In the absence of both reliable and disaggregated union density data, three alternative indicators are used:

i. the coverage of collective bargaining: Defined as the proportion of employees in employment reported to be affected by collective agreements at either single or multi-employer level. These data are reported every year by the Ministry of Labour, but are somewhat unreliable in that in certain industries coverage appears to be greater than 100% (on occasion three or four times in excess of this figure). Such discrepancies are not unusual with employer association or union reported figures of collective bargaining coverage. In the UK, official data on the number of workers affected by national agreements (published 1893-1978) regularly exceeded the number employed in certain industries (Milner, 1994). For the purposes of our empirical analysis of unions in Spain, it is assumed in such circumstances that these industries have complete bargaining coverage in the relevant years.

A further problem with using bargaining coverage data as a measure of union presence is that although most worker representatives involved in the negotiation of collective agreements at different levels do represent unions, a small minority are not affiliated to any union (and as reported in Part I, some union representatives are actually not even union members). Secondly, although this measure does indicate the degree to which unions play at least some role in determining the pay and conditions of workers within an industry, they reveal nothing about the **depth** of union activity in the industry - ie to what extent unions function at workplace or firm level. Because of the aggregated nature of the data, they also tell us very little about variation in union presence within the industry - some firms are likely to have higher worker election turnouts than others - perhaps indicating greater local activity by unions - yet the workers may still be covered by the same agreement.

Nevertheless, collective bargaining coverage data are used relatively frequently in industry-level analyses of union effects (eg Denny and Nickell, 1992) and despite the relatively blunt nature of this indicator it is still a sensible starting point for the analysis of union effects on economic performance. Note that we have conducted some tests of pay/employment flexibility in Spain using bargaining coverage as a control variable in an associated paper (Milner and Metcalf, 1994).

ii. bargaining levels: Given the extent of collective bargaining coverage generally in Spain, it is important to analyse variations in the impact of unions within this high coverage environment by analysing the effects of different levels of collective bargaining. If Spain had its own version of WIRS, it would be possible to examine the impact of unions on workplace performance in situations where single employer bargaining dominates, compared to where multi-employer bargaining holds sway. With Spanish industry data, however, we can merely indicate whether or not inter-industry performance can be differentiated on the axiom of the degree of bargaining decentralisation. The variable used is the proportion of all employees in employment in the industry (ie not just those covered by collective bargaining) who are covered by a single employer agreement. In theory, a relatively high degree of decentralised bargaining might lead to unions acting in a more sectional way - accentuating tendencies towards insiderism.

The bargaining levels indicator suffers from similar drawbacks as the coverage measure (except that recorded single employer coverage is very rarely higher than the number of reported employees in employment in the industry), plus some more exclusive problems. The official data do not record the extent of double-coverage, ie the number of workers covered by both single and multi-employer agreements or the relative importance of different levels within the double coverage sector. The questions required to root out data on such issues can only be applied in a workplace or firm-level survey, and even then they are very difficult to both word properly and analyse in a straightforward way. One should also be aware of potential problems of interpretation of empirical results because of the endogenous nature of the extent of decentralised bargaining. The decision to adopt single-employer bargaining may well be conditioned by the economic performance of the firm or industry rather than vice versa. However, given that bargaining structures have shown a degree of stability and have so for around a decade, endogeneity problems are likely to be relatively minor.

iii. worker representative presence: Both the above indicators of union presence and activity are relatively widely used in studies on unions or collective bargaining in both single country and comparative studies, but are open to the obvious criticism that they are as much a measure of the impact of management as they are of unions since collective bargaining involves at least two parties. A complementary indicator, which is not commonly used, is the extent of worker representative presence which is available for Spain in the form of worker election results by industry (unfortunately only 1990 data are available). The measure is defined as the number of elected worker representatives per 1000 covered workers. Ostensibly one might imagine that there is little variation in such a measure since the state lays down certain rules about the number of worker representatives which are mandatory for plants or firms of a certain size (see Part I). However, the 1990 election data reveal that in fact there is huge variation in this measure from a low of 25.5 in construction to an enormous 274.2 in the production and primary transformation of metals industry. The latter number is absurdly high and is probably due to a large underestimate of the number of workers covered by collective bargaining. This reinforces the need to collect micro level, validated data on the activity of unions.

The most important criticism of this indicator is that the variation in it may be less explained by the extent of union organisation or activity, and much more so by the composition of the industry in terms of plant and firm size. Consider two imaginary industries each with 10,000 workers. In the unlikely event of one being composed solely of plants with 50 employees and the other of plants with 1,000 employees, the respective indices of worker representative presence would be 100 and 21 respectively (if the second industry had only one plant, the index would fall to a mere 3.9). However, in the absence of data on plant size composition within industries, it is difficult to directly measure the extent to which worker representative presence is pre-determined irrespective of what unions may do in that industry. As such, this indicator is used with a healthy degree of scepticism about how good a measure of local union activity and organisation it is and with a strong appreciation of the need for less ambiguous measures.

c. Unions and pay/employment flexibility

i. overall results: As discussed in an associated paper (Milner and Metcalf, 1994) a key issue concerning flexibility in the industrial wage structure is whether or not the correlations between wage and employment changes indicate that there is competitive flexibility in the labour market. The flexibility debate turns on the question of what factors determine changes in labour allocation across industries. In a competitive flexibility environment, sector-specific shifts in labour demand will translate into relative wage changes as well as employment changes in the short run with expanding sectors increasing their wages to attract workers from other industries. However, in the medium to long run such positive correlations will disappear as the labour supply curve to the firm is more elastic in the long run than the short run. An alternative point of view is that employers signal increased demand through job vacancies rather than higher relative wages, such that there should be no strong association between relative changes in wages and employment either in the short or long run. The OECD has pitched its tent firmly in the latter camp, as empirical investigation reveals that in most countries very few sectors exhibited signs that sector-specific excess demand influenced real wage movements (OECD 1985a, 1985b).

Considering the whole sample of twenty Spanish industries first and to recap our earlier findings, reported again in Table 8, there is no evidence of competitive flexibility in the Spanish industrial wage structure over the period 1980-88 for which we have adequate disaggregated data on wages, since none of the one year correlations between changes in hourly wages and employment is statistically significant and the majority are negatively signed. In fact the only significant coefficients are for the four and eight year periods, which have negative signs. We interpret these data as suggestive of an identification problem - ie rather than changes in relative employment leading to changes in relative wages, instead changes in wages caused by shifts in the labour supply curve to certain industries of a greater magnitude and speed than shifts in the labour demand curve, may contribute to differences in relative wage movements. In other words positive employment changes are large where positive pay changes are lower with causation running from pay to jobs. This interpretation is supported by the incidence of two important changes in labour supply particularly from the mid-1980s - a rise in the labour force participation rate of women (Milner *et al*, 1995: Figure 3) and the massively increased use of fixed-term employment contracts. Both women workers and those on fixed-term contracts are likely to be associated with relatively lower wages.

ii. high and low collective bargaining coverage: Disaggregating the 20 matched industries into those with high and those with low bargaining coverage provides a relatively primitive way of determining the influence of unions on the relative pay/employment relationship. Analysis of such data conducted for an earlier paper (not reported here) reveals that sectors with high coverage exhibited a more significant negative association between employment and pay changes than those with lower coverage, both over the 1984-1988 period and the longer 1980-88 period. This rather suggests that unions act in a beneficial way where coverage is high, by holding down wage growth in order to promote greater relative employment growth.

A priori this result seems rather against expectations that unionised firms and industries are associated with higher pay increases and greater (smaller) employment decline (growth) than non-union environments. However, the comparison being made here is not one of union versus non-union, but between different unionised states of high coverage versus less high coverage. An alternative interpretation of the results in terms of what they mean for unions, is that encompassing unions (ie those covering a relatively large proportion of employees in an industry) are likely to place relatively more weight on employment rather than wages as an objective compared to their less encompassing counterparts in other industries. Low relative coverage (which can still mean coverage of 40% or more) may lead to greater insiderism in wage setting - a lower probability of employment enhancing wage setting behaviour.

iii. bargaining decentralisation: A standard interpretation of the impact of bargaining decentralisation is that a lower centre of gravity of bargaining leads to better productivity performance but a worse pay/jobs trade off. Industry or national level agreements may prevent employers using productivity related settlements which would be more feasible in a decentralised environment. Again when relating this to the "what do unions do?" debate, this is really a consideration of what do unions do in different bargaining environments rather than a pure union effect question.

Correlation coefficients on changes in hourly pay and employment over 1 year, 4 year and 8 year periods are reported in Table 8, both for all 20 matched industries and separately for sectors with high and low levels of bargaining decentralisation. Ten industries have less than 20% of employees covered by employer bargaining only, while the remainder have a higher proportion covered by such arrangements. There is only one significant positive association between employment changes and pay changes in the two series (for the high bargaining decentralisation sector) suggesting little evidence of the competitive allocation of labour process in either of the two sectors. However, it is only in the low decentralisation sector that the negative association between employment and pay changes in all sectors is replicated, albeit with less significant coefficients. This evidence is consistent with the hypothesis that sectors with higher levels of bargaining are more likely to exhibit employment enhancing wage setting behaviour compared to those with a greater degree of single employer bargaining.

iv. worker representative presence: Potentially the best measure of union activity is the worker representative presence (WRP) index - despite the various caveats about what determines variations in presence - since it provides an indication of the degree of union organisation at firm level within a sector. A high level of WRP might suggest a greater likelihood of wage drift from sector level agreements because there are relatively more agents at local level to bargain with employers, who by weight of numbers may be difficult to control or direct from the centre by union leaders. A higher degree of representative presence might be associated with poorer performance on the pay/employment front.

It turns out that the correlation coefficient results on pay and employment changes disaggregated by high and low WRP sectors, are very consistent with the expected result (Table 9). Sectors with less than 40 representatives per 1000 covered employees exhibit a strong and significant negative coefficient for both the 4 year periods (1980-84 and 1984-1988) and for the full eight year period examined. By contrast the sectors with relatively high levels of WRP provide a less consistent picture in the medium and long run. The one significant association is positive for the period 1984-1988 - higher employment growth associated with relatively higher growth in wages - whilst the coefficients for 1980-84 and 1980-88 are not significant. Although only correlations, these data are at least suggestive of a relationship between the extent of union activity at workplace level and poorer economic performance. Obviously a more persuasive analysis would require workplace or plant based samples with better measures of union organisation and activity.

d. Unions and trends in pay dispersion

i. overall results: Over the whole period 1980-1988 the Spanish hourly wage structure became more egalitarian as the sectors with the highest initial pay, had relatively the lowest subsequent increases, therefore the pay structure was compressed. In our earlier paper, it was pointed out that, by contrast with the UK and US experience, the degree of pay compression was smaller in the first half of the 1980s - when incomes policies were in force - compared to the second half, when income policies were initially relaxed and finally abandoned. This degree of pay compression appeared to have beneficial knock-on effects on employment growth - hardly unexpected given the negative association between wages and employment growth over the medium and long run. Sectors with relatively high initial wages experienced the highest growth in employment apparently because of relatively slower growth in wages compared to those with lower starting wages. Unions are generally associated with a narrower wage distribution than would result in a non-unionised labour market - both external and internal. This is partly because of empirical evidence suggesting such an association but also because of unions' tendency to organise relatively low paid workers (and by increasing their wages, compress the overall wages structure) and espoused union policies such as "rate for the job" and anti-performance- related pay.

ii. collective bargaining coverage: Analysis of wage compression behaviour among sectors with high or low coverage conducted in our previous paper showed that whilst pay compression occurred in both high and low coverage sectors (all coefficients are negative), the correlation coefficients were more impressive for the high coverage sector. This seems to be quite good evidence of the positive association between unions and pay dispersion, assuming less dispersion is a desirable outcome. However, given the high coverage of unions overall in Spain, we should also be interested in investigating variations in the impact of unions in different environments - in this case in either decentralised or centralised bargaining and in either high local activity and low local activity sectors.

Before discussing the results it should be noted that neither theoretical nor empirical work in this area has investigated variation in union effects on wage dispersion either in terms of union or collective bargaining structures. Given other factors associated with decentralised collective bargaining, we might well expect unions to have greater wage dispersion reducing effects in centralised bargaining environments - since the rate for job rather than performance related pay is more likely to be associated with such an environment. It is rather more difficult to make predictions about any relationship between levels of WRP - our local union activity measure - and changes in pay dispersion. A high relative number of shop stewards may indicate greater factionalism which could lead to greater dispersion as the worker representatives act as representatives of relatively smaller constituencies. On the other hand, high WRP might indicate a greater ability of unions to impose a rate for the job policy on employers and therefore reduce wage dispersion. What is obviously needed is an analysis of the explanation for different levels of WRP in each industry or organisation. Does a high WRP indicate more extensive union activity in general or a higher degree of factionalism between work groups associated with control difficulties for central union leaders? Such an analysis is beyond the scope of this study, requiring more micro based data and case studies, but it may well be essential to understanding variations in the impact of unions in Spain.

iii. bargaining decentralisation: The correlations on pay changes compared to initial pay levels disaggregated by high and low decentralisation sectors provide some striking results (Table 10). In the ten sectors with low levels of decentralisation, for the second half of the 1980s and the period as a whole there are strongly significant, negative coefficients. This indicates a clear tendency towards wage compression - paradoxically even more so after the weakening of incomes policies (the coefficient on 1980-84 is negative but non-significant). In stark contrast, the correlations for the high decentralisation sector are all non-significant and one is slightly positive. This is as predicted - centralised bargaining is associated world-wide and over time with a narrower pay distribution compared to decentralised bargaining. The key question is what this tells us about unions and pay dispersion. If anything this suggests that unions can have quite different effects dependent on their environment - there is no monolithic "union effect".

The knock-on effects in terms of employment changes are more equivocal in that although the coefficients for the low decentralisation sector are positive - as with the aggregated data for all industries - only one (1980-88) is significant. More puzzling still are the results for the high decentralisation sectors where one coefficient is strongly negative and significant (1984-88), whilst the others are positive, with 1980-84 strongly significant. This change in slope, whilst just about consistent with obverse changes in the signs on the pay changes/initial pay levels correlations, seems rather odd. For 1980 to 1984, the high initial pay sectors have the highest employment growth, whilst the reverse is true for 1984 to 1988. These results illustrate the pitfalls of using industry level data to investigate the impact of an institution which is best analysed using plant or firm level data.

iv. worker representative presence: The wage compression and knock-on effects on employment correlation coefficients are more difficult to interpret for the high and low WRP sectors (Table 11). There appears to be a consistent relationship between low WRP and positive effects in terms of significant and strongly negative coefficients on initial wages and subsequent wage growth (for two out of the three correlations) and positive and significant initial wages/employment growth correlations (again two out of three). However, the results for high WRP industries look less consistent. All three of the initial wages/wage growth correlations are negative, with one significantly so, but two of the initial wages/employment growth correlations are negative, and one of these (1984-88) is significant. These results suggest that in the 1984-88 period, in the high WRP sector, those industries with the highest initial wages had the lowest subsequent wage growth, but also the lowest employment growth compared to other sectors. Whilst we should not be too surprised by such odd results when using industry data over a short period without control variables, the results also suggest that the WRP measure may be a poor measure of union strength or local activity.

e. Unions and productivity

i. introduction: There is a well worked-over debate within labour economics and industrial relations about the effects of unions on productivity. Theoretical debate turns on the union monopoly effect (restricting productivity growth) versus the union voice effect (improving productivity performance). A range of mechanisms within each of these effects link union presence and activity to efficiency - such as restrictive practices, the closed shop and industrial action on the negative side and lower turnover, less absenteeism and greater investment in human capital on the plus side. As it is difficult to directly measure the role and impact of each of these mechanisms to judge the usefulness of the different hypotheses, most empirical work in the area has instead tested whether or not union presence and activity is associated with better or worse productivity performance.

For the UK there now seems to be a reasonably consistent story that on average unions were associated with poorer productivity growth until the early 1980s but that during the 1980s and 1990s growth had been more impressive in union than non-union workplaces (possibly in two separate spurts in the early and late 1980s) (Gregg *et al*, 1993). Most commentators agree that the catch-up in productivity levels between union and non-union plants is due to a combination of anti-union legislation, increased product market competition and high unemployment. In other words the practices and attitudes which reinforced negative union effects have been reined back. It is still an open question as to whether or not the voice effects of unions have now or will in the future take over, such that productivity levels will surpass those in non-union plants.

Turning to Spain, applying the theory is made more difficult because of certain breaks on productivity which are not associated with unions *per se* - in particular the labour ordinances and high firing costs for permanent workers. To the extent to which they are adhered to, the labour ordinances must act as a break on functional flexibility within firms -which is surely a more effective means to increase productivity rather than numerical flexibility in the form of fixed-term contracts. Similarly the high cost of firing permanent workers means that high unemployment is unlikely to have positive spin-offs on employed worker effort - there is insufficient labour market induced fear for a large group of protected workers. Given these factors we might expect a marginal impact of unions on productivity performance - perhaps by ensuring the strict enforcement of labour ordinances or making legal resources available for permanent workers threatened with dismissal.

As with the employment and pay data, the absence of firm or plant level surveys of industrial relations in Spain means that we are forced to fall back on industry level data to investigate the relationship between unions and productivity growth. Again as it is difficult to isolate a pure union measure, we use the three indicators employed above - bargaining coverage, levels and worker representative presence.

If unions do have detrimental effects on productivity growth in Spain we might expect a negative correlation between union presence - measured as collective bargaining coverage -and productivity growth across industries. However, given the high general level of union coverage, we should also investigate whether or not union effects on productivity differ in alternative bargaining environments.

There is a strong theme in industrial relations that centralised bargaining environments, whilst often useful for improving the pay/jobs trade-off, are inimical to productivity enhancing wage policies. This is the criticism levelled at both the UK experience of incomes policies in the late 1960s and 1970s, and the Australian Accord in operation since 1983. If such analyses hold up for Spain, when comparing the degree of decentralisation with productivity growth, we would expect to see a positive correlation over time. Note that the latter result is more likely if decentralisation of bargaining also means that the employer and worker representatives can jointly agree to replace the industry's labour ordinances with working practices of their own design. One note of caution, however, is that decentralised bargaining may not promote better productivity growth when incomes policies are in force (until after 1986-7 in Spain's case) since the scope for productivity enhancing pay settlements is curtailed.

Finally on the WRP indicator, if this variable does measure the extent of local union activity and organisation, then we might expect to find a negative correlation between WRP and productivity growth. Much of the rationale behind the negative union effect on productivity growth focuses on the influence of local representatives blocking working practice reforms at workplace level and protecting demarcations which contribute to relatively worse performance.

In all the results reported, productivity growth is measured as the change in value added per head in each of 22 manufacturing industries between the years in question. Scatter plots and correlation coefficients are reported for three periods against each union indicator -1981-86, 1986-91 and 1981-91. Note that the results do not include controls for the many other influential factors in determining differences in productivity growth across industries, and are therefore very tentative. They are subject to similar caveats to previous results and as mere correlations should be treated as the starting point for future analysis rather than hard and fast findings about union effects.

ii. collective bargaining coverage and productivity growth: The data reported in Figure 3, with the correlation coefficients reported below, suggest that there is no association between bargaining coverage (measured at 1986) and productivity growth across industries in any of the three periods investigated. The coefficients are not even consistently signed, with two positive and one negative.

There are a number of possible interpretations of these results: unions are not associated with poorer (or superior) productivity performance perhaps because the strength and degree of observation of labour ordinances and the role of permanent worker protection override any general union effect; bargaining coverage is too imprecise an indicator of union presence in an industry; the industry data are too aggregated to reveal the more important impact of unions at workplace or firm level - at industry level there are much larger forces at work determining productivity growth such that even with better measures of unionisation any union effect may not surface. These interpretations can only be rejected or verified with micro level data.

iii. bargaining levels and productivity growth: Figure 4 plots changes in productivity against the degree of bargaining decentralisation in each industry (also measured at 1986) for the two five year periods and for the 10 year period as a whole. The correlation coefficients are reported below the figure. These data are consistent with the general hypothesis that decentralised bargaining is associated with superior productivity performance. All three correlation coefficients are positive and two are significant - 1981-86 and 1981-91. On average the industries with the highest proportion of employees covered by single-employer bargaining have the highest growth in productivity. The fact that the 1981-86 correlation is significant, while the 1986-91 correlation is not is rather curious since in the earlier period incomes policies were in effect, whilst they were absent in the later period. Perhaps incomes policies norms were applied rather more flexibly in industries with high levels of decentralisation and that the relaxation of incomes policies prompted more productivity enhancing deals in multi-employer environments in the late 1980s. This is all worth considerably more investigation.

This result prompts a number of interesting questions which these data are unable to answer: what is the mechanism which links decentralised bargaining to superior productivity performance? (alternatives include: productivity based pay settlements; evasion of labour ordinances; weaker union organisation at firm/workplace than sector level; increased responsibility for plant performance increases both management and employee effort); are there possible endogeneity problems which mean that decentralisation would not produce such positive spin-offs for all sectors?; are these results likely to be replicated in micro level studies of firm and workplace performance?

iv. workplace representative presence and productivity growth: The final figure (Figure 5) shows data on difference in WRP by industry (in 1990) and productivity growth over the same three periods as previous graphs. Although all three correlation coefficients are negative as expected, none reach significance. This may well be due to the bluntness of the union indicator and the relatively small number of observations. A more accurate picture of the impact of local union activity and organisation on labour productivity is only likely to be gleaned from a workplace- or firm-level dataset.

8. Conclusions, Policy Prescriptions and Further Research

Spanish unions enjoy a possibly uncomfortable mix of high coverage through their dominance of representatives in the works council system, but very low membership since the early 1980s. Their strength measured on these two dimensions looks alternatively either similar to union movements in many other OECD countries or particularly sapped compared to other movements worldwide. The worker representation system has been cited as the main explanation for this high coverage, low density nexus and the mirror image of coverage growth and density decline is striking after the system was enshrined in the legal framework of the new democracy. However, there is much to be explored here because other factors are also likely affecting workers' decisions to on the one hand vote in ever larger numbers for union representatives, yet on the other hand remain extremely reluctant to join those same unions.

Information on union internal organisational structures reveals that these are also quite heavily influenced by the collective bargaining system as determined by the worker representation system. Both the main unions, CCOO and UGT, which together comprise around three-quarters of all union members and a similar proportion of workplace representatives, are confederations comprising a number of regional and industrial federations. Each one of these federations incorporates a body of branches which are usually members of both a regional and industrial federation. The duopoly of the CCOO and UGT is propagated by the mechanism for selecting which unions have "most representative union" status at different bargaining levels. By virtue of their dominance nationally, both the major confederations have the right to sit on every negotiating body apart from those just operating at firm-level.

The importance of the worker representation system is further reiterated by the fact that most unions appear to have concentrated their apparently fairly limited resources on fighting the periodic elections, to the detriment of both recruitment and encouraging the activities of shop stewards as a second channel of worker representation within firms. Although permissable under the law in large firms, the latter seem to play on a very minor role in workplace industrial relations compared to their works council colleagues.

The high coverage equals high union strength conclusion is tempered by a number of important caveats. Strength may be either procedural - being involved in decision making processes - or substantive - materially affecting those decisions - and in the Spanish case, high coverage may only represent the former type of strength. This may be especially the case if unions exercise little control over the actions and decisions of their representatives. Given that a survey commissioned by one of the two main unions found that nearly a quarter of their representatives were non-members by choice (ie they did not join even after being elected), there are some grounds for believing that control mechanisms are very loose. Finally, substantive strength implies that unions are having some effect on performance outcomes. High coverage, or indeed high membership, data are not in themselves proof that unions have significant effects either positively or negatively on such outcomes.

In order to illuminate the crucial question "What do unions do in Spain?", we make use of rather restricted industry data on bargaining coverage, bargaining levels and worker representative presence, to investigate three sets of outcomes - pay/employment flexibility, trends in pay dispersion and productivity growth. Empirical evidence of this sort on the impact of unions using industry level data is always rather unsatisfactory - especially when the number of matched industries is quite small - since the scope for control variables is severely limited and the important intra-industry differences are completely obscured. Note also that because no industry records particularly union presence, strictly we are not able to measure a pure union effect - even if we had a panoply of control variables. Instead we are able to investigate what unions might be doing in different environments. A pure union effect would only be detectable with workplace or firm-level data, with a reasonable proportion of unionised and non-unionised observations. Nevertheless, these results provide at least a starting point for a more thorough, micro level set of studies of union effects which should aim to investigate these and other performance indicators.

On pay and employment flexibility, there is some support for the hypotheses that higher bargaining coverage, multi-employer bargaining and relatively low levels of union organisation and activity are associated with more desirable outcomes than their counterparts. Although the data show no evidence of competitive pay flexibility in the Spanish industry wage structure, there is evidence that in some sectors relative wage moderation is associated with superior relative employment change. High bargaining coverage and relatively centralised bargaining appear to be associated with a narrowing of the pay distribution, with positive knock-on employment effects, again consistent with some theories on the impact of collective bargaining and unions. However, there is no evidence that high levels of local union activity are associated with either a narrowing or a widening of the pay distribution. Finally, there is a positive, significant correlation between the degree of bargaining decentralisation and productivity growth across manufacturing industry over the 1980s. This is consistent with both theory and evidence from other countries on the impact of bargaining decentralisation. Neither of the other two union indicators used show any significant association with inter-industry productivity growth over this period.

Future research on trade unions will be inevitably linked to that on works councils since their recent fortunes, structures and futures are heavily intertwined. Therefore any work on, say, the economic impact of trade unionism in Spanish firms, would probably need a dual focus on both what unions do and what works councils do. However, there are some specific union related issues worthy of further investigation.

Accurately measuring union membership in Spain is notoriously difficult with current data sources and yet may well be crucial to understanding the influence of unions in different firms and industries, how and why they operate in certain ways and the consequences for their finances. It may well be worthwhile considering adding a question concerning union membership to the labour force survey. The addition of such a question to the counterpart UK survey in the late 1980s, has certainly contributed enormously to our understanding of both changes in union density and more importantly its composition across different groups in the labour force, industries and regions. The discrepancies in individual level survey and union reported data on membership are sufficiently large to warrant significant further analysis.

Clearer illumination of the internal organisation of trade unions may provide further insights into the fundamental question concerning what role unions play in Spain - just how much control are union leaders able to exert over their representatives at workplace, firm and sector level. We should not be surprised to find significant differences in the degree of control at each of these levels. This information, when patched into data on the structures of collective bargaining and local union activity, may be invaluable in determining the impact of industrial relations institutions in Spain.

Finally, the limited analysis of union economic effects needs significant reassessment using more disaggregated data. Researchers need to locate alternative measures of unionisation and union activity, and both address other economic outcome variables and, of course, include important control variables. Such research is only likely to be feasible once a WIRS or FIRS is completed in Spain.

It is likely to be politically unfeasible for current or future Spanish governments to consider implementing laws which seek to internally reform trade unions as successive Conservative governments in the UK have done. However, unions are likely to react to and be affected by changes in any or all of the above institutions. This is definitely the case with any reforms of the collective bargaining system or the works council legislation, but also highly likely with the employment protection and industrial dispute arenas.

The tentative results of our investigation of union effects using industry-level data, might suggest that the government should both discourage further pay bargaining decentralisation - if they are worried about pay/employment flexibility and pay dispersion - and encourage it - if they are concerned about productivity growth. The negative association between high worker representative presence and some indicators - although in substantial need of elucidation - might suggest a need to reassess the statutory minima on the number of worker representatives per firm.

ENDNOTES

1. Throughout this paper we use the official data on collective bargaining coverage. However, a recent OECD report on collective bargaining coverage (OECD, 1994) using data supplied by Juan Jimeno, states that the official Spanish data overestimate bargaining coverage, principally because of double counting, by up to 20 percentage points. The Jimeno corrected figures are shown in Figure 1 and the official data in Table 8 and Figure 2.

2. Membership was reported in Economía y Finanzas February 1994. Density is calculated using membership as the numerator and employed labour force (ie including self-employed) as the denominator taken from Boletín de Estadísticas Laborales, EPA-29, because employees in employment by region is not reported in the Boletín. Therefore union density measured in the conventional way (with employees in employment as the denominator) would be higher, perhaps up to 20%.

3. Earlier this year there was some reform of the computation of election results, which is likely to ease inter-union disputes over the timing of the elections. Results to determine representativeness will be computed continuously as elections take place, instead of waiting until the end of the election period.

4. CCOO held its last Confederal Congress (its 5th) on December 1991, while UGT's last Congress (its 36th) was held more recently in April 1994.

APPENDIX

Data used in Tables 8 to 11 and Figures 3 to 5

1. Notes and sources

a. Employment Data

Employees in employment (asalariados) by industry

Source: Boletín de Estadísticas Laborales, Ministerio de Trabajo y Seguridad Social, Table EPA-16.

Notes: 1. 33 classifications (matched to 20 pay classifications). Annual 1980-1991 (matched to 1980-88 pay data).

b. Pay Data

Average hourly pay by industry

Source: Encuesta de Salarios en la Industria y Servicios, Instituto Nacional de Estadística.

Notes: 1. 23 classifications (matched to 20 employment classifications). Annual 1980-1988.

c. Value added data

Value added by industry

Source: Anuario Estadístico (INE), Cap. IX, 2.1.7.

Notes: 1. 26 classifications (matched to 22 employment classifications). Annual 1981-1991.

d. Collective Bargaining Data

Proportion of workers covered by any collective agreement by industry
Proportion of workers covered by employer bargaining only by industry

Source: Boletín de Estadísticas Laborales, Ministerio de Trabajo y Seguridad Social. Tables Con-15 and Con-18.

Notes:
1. Employment and pay correlations: 33 classifications (matched to 33 employment and 20 pay classifications). 1984 data (mid-point of pay data series) are used to identify industries with high or low levels of bargaining decentralisation.
2. Productivity correlations: 33 classifications (matched to 33 employment and 22 value added classifications). 1986 data (mid-

point of value added data series) are used to calculate the degree of bargaining coverage and the extent of decentralised bargaining.

3. In some instances the number of workers reported covered by collective bargaining is in excess of the number of employees in employment. In such cases it is assumed that all workers are covered.

e. Worker Representatives Data

Number of worker representatives per 1000 covered workers by industry (Worker Representative Presence -WRP)

Source: Correspondence from Juan Jimeno, FEDEA.

Notes:
1. 64 classifications (matched to 33 employment and collective bargaining, 20 pay and 22 value added classifications). Data are from the 1990 worker representatives election results.
2. In instances when more are reported covered than are employed, it is assumed that 100% of employees in the industry are covered when calculating the WRP figure.

2. Matched Industry Details

a. 1980-1988 Employment/Pay Correlations - 20 2-Digit Industries

Spanish	English	MLH
Extracción, preparación, aglomeración de combustibles sólidos y coquerias	Coal extraction and manufacture of solid fuels	11
Electricidad, gas y agua	Electricity, gas and water supply	15
Extracción de minerales	Extraction of minerals	21
Producción y primera transformación de metales	Production and primary transformation of metals	22
Industrias de productos minerales no metálicos	Non-metallic minerals	24
Industria química	Chemical industry	25
Fabricación de productos metálicos y construcción de maquinaria y equipo mecánico	Metal products, mechanical equipment and machines	31-32
Construcción de maquinaria y material eléctrico, construcción de máquinas de oficina y material electrónico	Electrical machines and materials and electronic office machines and materials	33-35
Construcción de vehículos automóviles y sus piezas de repuesto; construcción naval y otro material de transporte	Cars and spare parts and naval and other transport materials	36-38

Industrias de productos alimenticios bedidas y tabaco	Food, drink and tobacco	41-42
Industria textil	Textiles	43
Industrias del calzado, vestido y otras confecciones textiles	Footwear and clothing	45
Industrias de la madera, corcho y muebles de madera	Timber, cork and wooden furniture	46
Industrias del papel y fabricación artículos de papel. Artes gráficas y edición	Paper and paper products	47
Industrias de transformación del caucho y materias plásticas y otras industrias manufactureras	Processing of rubber and plastic materials and other manufacturing industries	48-49
Construcción	Construction	50
Comercio al por mayor,intermediarios; comercio y recuperación de productos; y comercio al por menor	Wholesale distribution,scrap and waste metals, commission agents and retail distribution	61-65
Restaurantes, cafés y hostelería	Restaurants, cafes and hotels	66
Otros transportes terrestres	Other inland transport	72
Instituciones financieras y seguros. Inmobilarias. Servicios a las empresas. Alquileres	Banking, finance, insurance, and business services	81-85

b. 1981-1991 Productivity Correlations - 22 2-Digit Industries

Spanish	English	MLH
Extracción, preparación, aglomeración de combustibles sólidos y coquerías	Coal extraction and manufacture of solid fuels	11
Extracción de petróleo y gas natural	Extraction of mineral oil and natural gas	12
Electricidad, gas y agua	Electricity, gas and water supply	15
Extracción de minerales	Extraction of minerals	21
Producción y primera transformación de metales	Production and primary transformation of metals	22
Industrias de productos minerales no metálicos	Non-metallic mineral industry	24
Industria química	Chemicals	25
Fabricación de productos metálicos	Metal products	31
Construcción de maquinaria y equipo mecánico	Mechanical machinery and equipment	32
Construcción de máquinas de oficina y material electrónico	Electronic office machines and materials	33,35
Construcción de maquinaria y material eléctrico	Electrical machines and materials	34
Construcción de vehículos automóviles y sus piezas de repuesto	Cars and spare parts	36
Construcción naval y otro material de transporte	Naval and other transport materials	37,38
Fabricación de instrumentos de precisión óptica y similares	Optical and similar precision instruments	39
Industrias de productos alimenticios, bedidas y tabaco	Food, drink and tobacco	41-42
Industria textil	Textiles	43
Industria del cuero	Leather and leather goods	44
Industrias del calzado, vestido y otras confecciones textiles	Footwear and clothing	45
Industrias de la madera corcho y muebles de madera	Timber, cork and wooden furniture	46

Industrias del papel y fabricación artículos de papel. Artes gráficas y edición	Paper and paper products	47
Industrias de transformación del caucho y materias plasticas	Rubber and plastic materials	48
Otras industrias manufactureras	Other manufacturing industries	49

TABLE 1

Union Density in Spain and Other OECD Countries 1970-1990

	1970	1980	1990
Australia	50.2	48.0	40.4
Belgium	45.5	55.9	51.2
France	22.3	17.5	9.8
Germany	33.0	35.6	32.9
Greece	35.8	36.7	34.1
Ireland	53.1	57.0	49.7
Italy	36.3	49.3	38.8
Japan	35.1	31.1	25.4
Netherlands	38.0	35.3	25.5
New Zealand	-	56.0	44.8
Portugal	60.8	60.7	31.8
Spain	**27.4**	**25.0**	**11.0**
United Kingdom	44.8	50.4	39.1
United States	23.2	22.3	15.6

Notes:
1. For some countries, data do not correspond exactly to 1970 or 1980.
2. In the case of Spain, the 1970 figure corresponds to 1977.

Source: OECD (1994), chapter 5.

TABLE 2

Membership and density of CCOO and UGT 1979-1991

Year	Overall Union Density (1)	CCOO		UGT		Membership Reported by UGT (Fees' Payers)	
		Members (2)	% (3)	Members (4)	% (5)	Members (6)	% (7)
1979	37.0	1,382,000	16.7	1,137,000	13.7	-	-
1980	24.0	887,000	11.0	598,000	7.4	190,672	2.5
1986	13.0	394,000	5.1	340,000	4.4	331,048	4.3
1989	13.9	439,000	4.9	448,000	5.0	463,775	5.2
1991	14.7	463,000	5.0	509,000	5.5	633,265	6.8

Notes:

1. Two different estimations of density for UGT are presented here (columns 5 and 7). Column 5 corresponds to estimated densities from individual-level surveys (see sources) while column 7 shows densities reported by UGT. See text for discussion of the rather large discrepancies between the series. For CCOO the only available information is from surveys (column 3).
2. Absolute number of members (in columns 2 and 4) are calculated using total number of employees in employment.
3. The first density figure in column 7 corresponds to 1981.

Sources:

1. Densities:Columns 3,5: FIES (1980) for 1979-1980; Taboadela (1993) for 1986-1991.
   Column 7: UGT (1993).
2. Employees in employment (*asalariados*): *Encuesta Población Activa* (INE).

TABLE 3

Composition of Union Membership by Sector

a. UGT density rates by sector

	1981 (%)	1992 (%)
Agriculture	2.1	6.8
Manufacturing	3.7	9.9
Construction	2.9	5.0
Services	1.6	7.6
Total	2.5	7.9

Source: UGT (1993).

b. Distribution of CCOO and UGT Membership by Sector

	UGT		CCOO	
	1981 (%)	1990 (%)	1981 (%)	1990 (%)
Agriculture	6.3	2.3	4.3	3.2
Manufacturing	50.0	38.1	59.2	50.9
Construction	11.9	5.4	12.0	10.9
Services	31.8	54.2	24.5	35.0
	100	100	100	100

Source: Taboadela (1993).

TABLE 4

Statutory Number of Representatives at Firm Level

Workers	Representatives	Worker Representative Presence (reps per 1,000 workers)
6-30	1	55.5
31-49	3	75
50-100	5	66.7
101-250	9	51.3
251-500	13	34.6
501-750	17	27.2
751-1000	21	24

Notes:
1. In firms with more than 1,000 workers, the works council must have 2 additional members for every 1,000 workers or fraction. The maximum size of a works council is 75 members.
2. The worker representative presence has been computed choosing the central point of each interval.

Source: Guía Laboral (1993).

TABLE 5

Worker Representative Elections Results

(Number of Elected Representatives and Distribution between Unions)

	1978	1980	1982	1986-87	1990
Total number	193,112	164,617	140,770	175,363	237,261
UGT	21.7%	29.3%	36.7%	39.6%	42.0%
CCOO	34.5%	30.9%	33.4%	33.8%	37.0%
UGT+CCOO	**56.2%**	**60.2%**	**70.1%**	**73.4%**	**79.0%**
Other unions	13.4%	13.4%	17.8%	19.4%	17.5%
Non-union reps	30.4%	26.4%	12.1%	7.2%	3.5%

Note: Data for 1986-87 and 1990 include public sector representatives. The first public sector elections were held in 1987.

Source: Beneyto (1991).

TABLE 6

Worker Representative Presence (WRP) by Sector 1990

Sector	Number of Reps	Worker Representative Presence (WRP)						
		Total	UGT	CCOO	ELA-STV	CIG	Other Union	Non-Union memb
Agriculture, forestry, fishing	4,998	12.8	6.0	4.9	0.5	0.4	0.8	0.2
Energy, water	5,444	56.4	23.7	19.0	1.1	0.5	10.2	1.8
Extraction minerals, chemicals	20,394	61.1	22.2	20.0	7.9	0.4	7.1	3.2
Metal products, mechanic equipment	23,645	48.5	20.4	21.7	0.4	0.7	3.1	2.1
Other manufacturing industries	39,841	39.6	17.2	16.7	0.8	0.4	2.6	1.8
Construction	19,476	25.5	12.1	10.9	0.6	0.5	1.1	0.4
Wholesale distrib., restaurants, hotels	42,448	34.9	17.6	12.2	0.6	0.4	3.2	1.0
Transport, communication	12,514	30.0	13.3	10.5	0.9	0.5	3.9	0.8
Banking, insurance, business services	15,462	33.2	11.2	11.8	0.8	0.4	6.9	2.0
Public sector and other services	34,759	35.4	14.2	11.9	1.3	0.5	6.3	1.1
TOTAL	218,981	35.6	15.4	13.4	1.2	0.4	3.8	1.3

Note: Worker representative presence (WRP) has been computed as the number of representatives per 1000 workers covered by collective agreements. The number of covered workers was obtained from official data, correcting some sectors in the 2-digit classification which presented a coverage above 100%. For those sectors, the total number of employees has been used. In the 1-digit classification of the table, all sectors are affected by these corrections, apart from energy, construction, transport and banking.

Sources:
1. Worker representatives elections results, 1990: correspondence from J.Jimeno.
2. Number of workers covered by collective bargaining by industry: *Boletín Estadísticas Laborales* (Nov.1993), Table CON-15.
3. Employers in employment by industry: *Boletín Estadísticas Laborales* (Nov.1993), Table EPA-16.

TABLE 7

Summary Data on Union Presence in Spain 1978-1990

Year	% Employees	% Covered	% Electorate	% Voting	% Union Members
1978	8,456.6	53.9	_	_	37.0
1980	8,032.5	76.3	41.9	_	24.0
1982	7,733.8	81.2	38.6	29.4	_
1986	7653.9	82.0	54.3	43.3	13.0
1990	9273.4	82.2	57.9	44.7	14.7

Note: The first and last figures for union density correspond to 1979 and 1991, respectively.

Sources:
1. Employees in employment: *Encuesta Población Activa* (EPA).
2. Coverage: *Boletín Estadísticas Laborales* (Nov.1993), Table CON-1.
3. Electorate, proportion voting: García *et al* (1994).
4. Union density: Table 2.

TABLE 8

Correlations Coefficients on Hourly Pay and Employment using Data for 20 2-Digit Industries - Disaggregated by Degree of Bargaining Decentralisation (BD)

Association Between Employment Changes and Pay Changes

	Correlation Coefficients Hourly Pay		
Years	Overall Correlation	10 Industries with Low BD	10 Industries with High BD
1981	0.0882	-0.0622	0.4038
1982	-0.1642	0.1490	-0.3637
1983	-0.0413	-0.4619	0.3279
1984	-0.0112	0.2611	-0.3801
1985	0.2059	0.3497	-0.1890
1986	-0.2339	-0.0394	-0.3274
1987	0.1128	-0.2484	0.5999***
1988	-0.3359	-0.3843	0.3718
1980-1984	-0.2963	-0.7659***	0.1148
1984-1988	-0.4789***	-0.4741*	0.1430
1980-1988	-0.4775***	-0.5029*	0.2682

Notes and Sources:

1. BD = proportion of workers covered by single employer bargaining only. High or low defined as above or below the median = 19.97.
2. See appendix.
3. Significance levels: * 10%, ** 5%, *** 1%.

TABLE 9

Correlations Coefficients on Hourly Pay and Employment using Data for 20 2-Digit Industries - Disaggregated by High and Low Worker Representative Presence (WRP)

Association between Employment Changes and Pay Changes

Years	Correlation Coefficients Hourly Pay		
	Overall Correlation	10 Industries with Low WRP	10 Industries with High WRP
1981	0.0882	0.0763	-0.0472
1982	-0.1642	0.2642	-0.4438
1983	-0.0413	-0.6906***	0.7713***
1984	-0.0112	-0.0534	0.1057
1985	0.2059	0.0745	-0.0098
1986	-0.2339	-0.1154	0.0377
1987	0.1128	-0.1114	0.0332
1988	-0.3359	-0.3816	0.3616
1980-1984	-0.2963	-0.8110***	-0.0419
1984-1988	-0.4789***	-0.5454***	0.5592***
1980-1988	-0.4775***	-0.6846***	0.2098

Notes and Sources:

1. WRP = number of worker representatives per 1000 covered workers. High or low defined as above or below the median = 40.47.
2. See appendix.
3. Significance levels *10%, **5%, ***1%

TABLE 10

Correlation Coefficients of Original Level of Hourly Pay on Changes in Employment and Pay 20 2-Digit Industries - Disaggregated by High and Low BD

Years	Hourly Pay Changes and Original Level - 20 Industries	10 Industries with Low BD	10 Industries with High BD
1980-1984	-0.2292	-0.3430	-0.2399
1984-1988	-0.7712***	-0.8829***	0.0136
1980-1988	-0.7710***	-0.9406***	-0.2025

Years	Employment Changes and Average Hourly Pay Level - 20 Industries	10 Industries with Low BD	10 Industries with High BD
1980-1984	0.4002*	0.3655	0.7827***
1984-1988	0.1508	0.4032	-0.6695***
1980-1988	0.4379**	0.5159*	0.4584

Notes and Sources:

1. See appendix.
2. Significance levels: * 10%, ** 5%, *** 1%.

TABLE 11

Correlation Coefficients of Original Level of Hourly Pay on Changes in Employment and Pay 20 2-Digit Industries - Disaggregated by High and Low WRP

Years	Hourly Pay Changes and Original Level - 20 Industries	10 Industries with Low WRP	10 Industries with High WRP
1980- 1984	-0.2292	-0.3940	-0.1014
1984-1988	-0.7712***	-0.8666***	-0.4927*
1980-1988	-0.7710***	-0.9227***	-0.3069

Years	Employment Changes and Average Hourly Pay Level - 20 Industries	10 Industries with Low WRP	10 Industries with High WRP
1980-1984	0.4002*	0.5627**	0.3507
1984-1988	0.1508	0.3962	-0.7734***
1980-1988	0.4379**	0.5863***	-0.1125

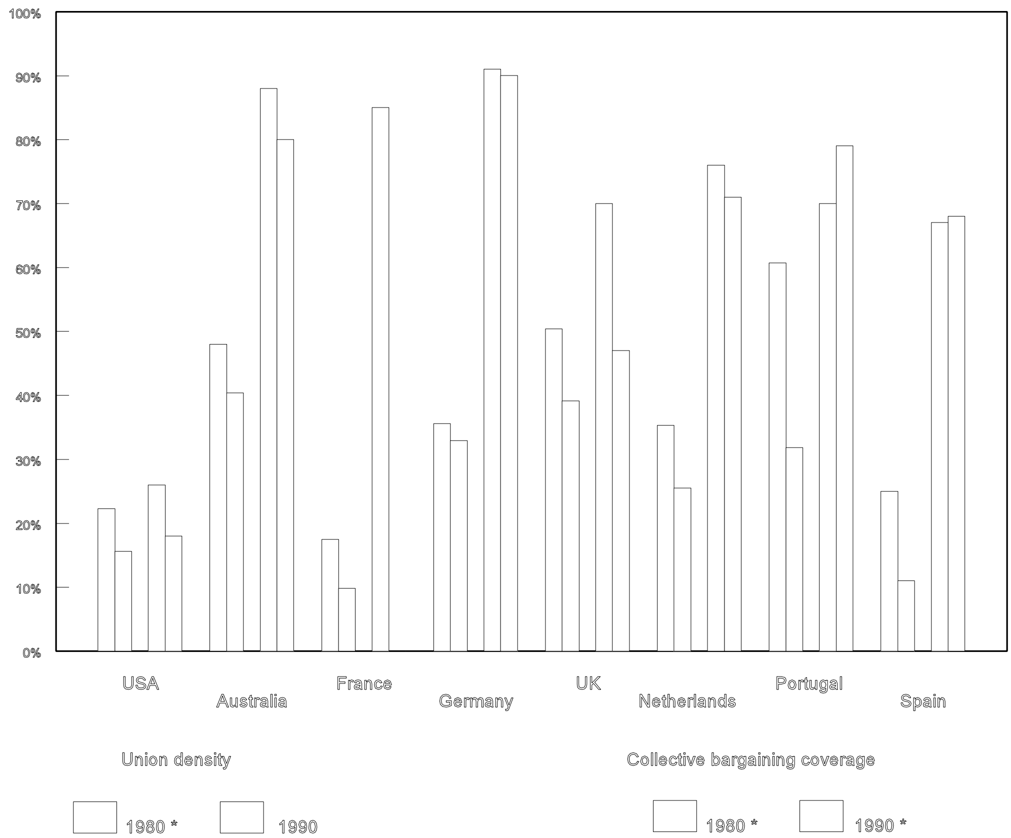
Notes and Sources:

1. See appendix.
2. Significance levels: * 10%, ** 5%, *** 1%.

Figure 1

Union density and collective bargaining coverage

in OECD countries 1980-1990



Notes:

1. Union density: Australia (1982); Portugal (1984).

2. Coverage: Australia (1974); France (1981, 1990 not available); Germany (1992); Portugal (1981, 1991); UK (1978); Spain (1983)

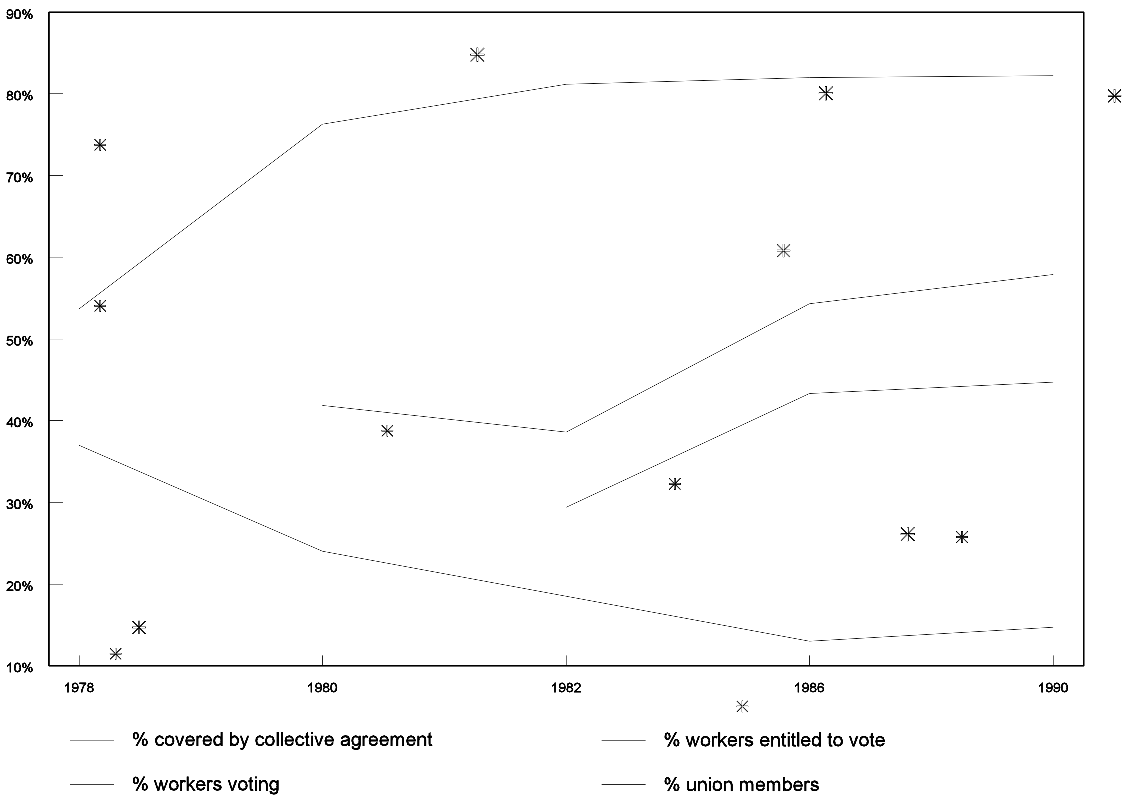
3. Coverage data for Spain are Jimeno estimations, as reported in OECD Employment Outlook (July, 94). Apparently, these figures are corrections to eliminate double counting effects. Elsewhere in this paper, official coverage figures are used.

Source: OECD (1994), Chapter 5.

Figure 2

Electorate, voters, covered workers

and union members in Spain 1978-1990



Note: The membership rate for 1982 is not available, figure in the graph is a linear interpolation.

Sources:

Electorate, participation rates: García et al (1994)

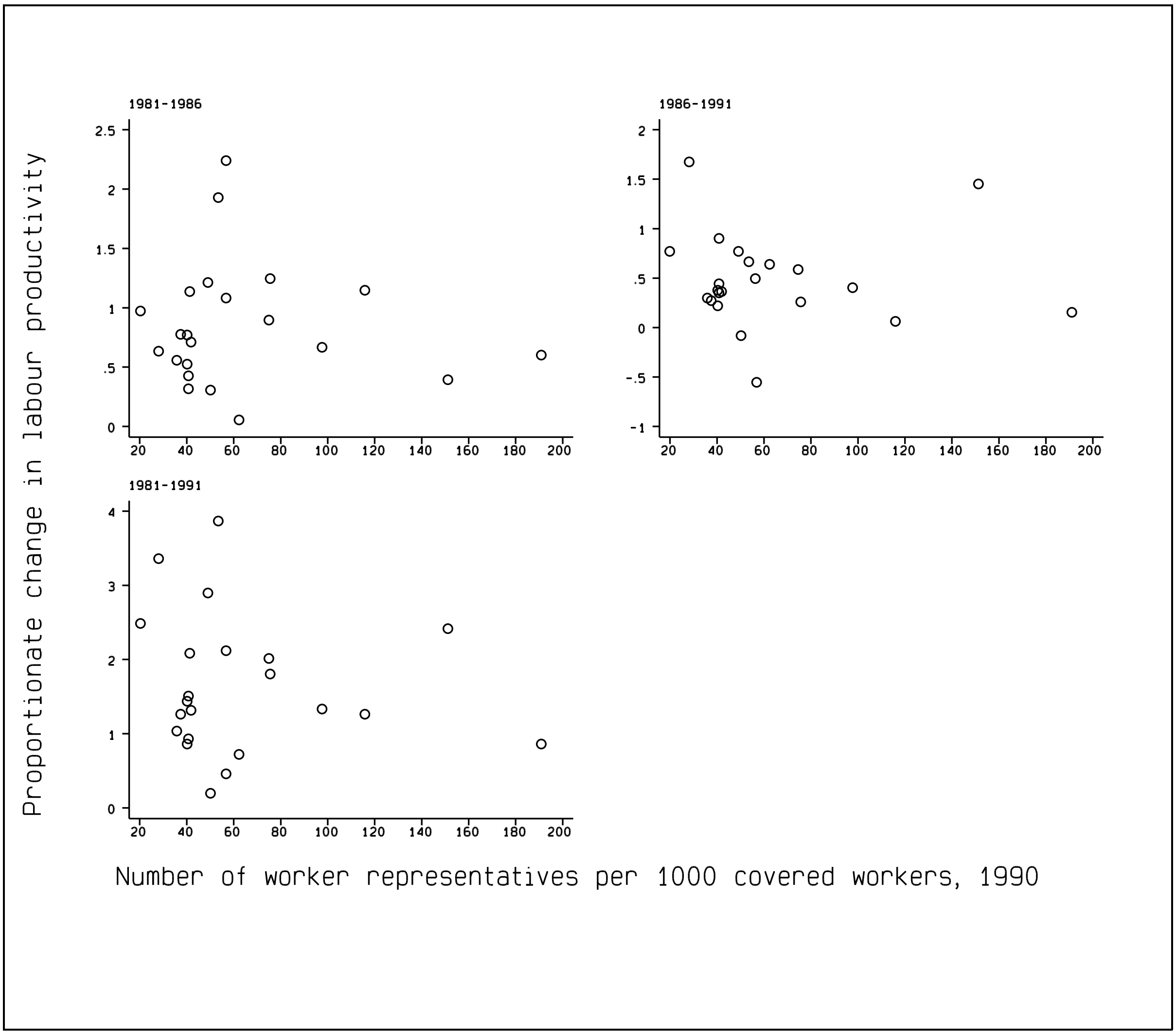
Coverage: Boletín Estadísticas Laborales (Nov.1993)

Union members: FIES (1980) for 1979, 1980; Taboadela (1993) for 1986, 1990.

Employees (Encuesta Población Activa)

FIGURE 3

Collective Bargaining Coverage and Changes in Labour Productivity in 22 Spanish Manufacturing Industries 1981-1991

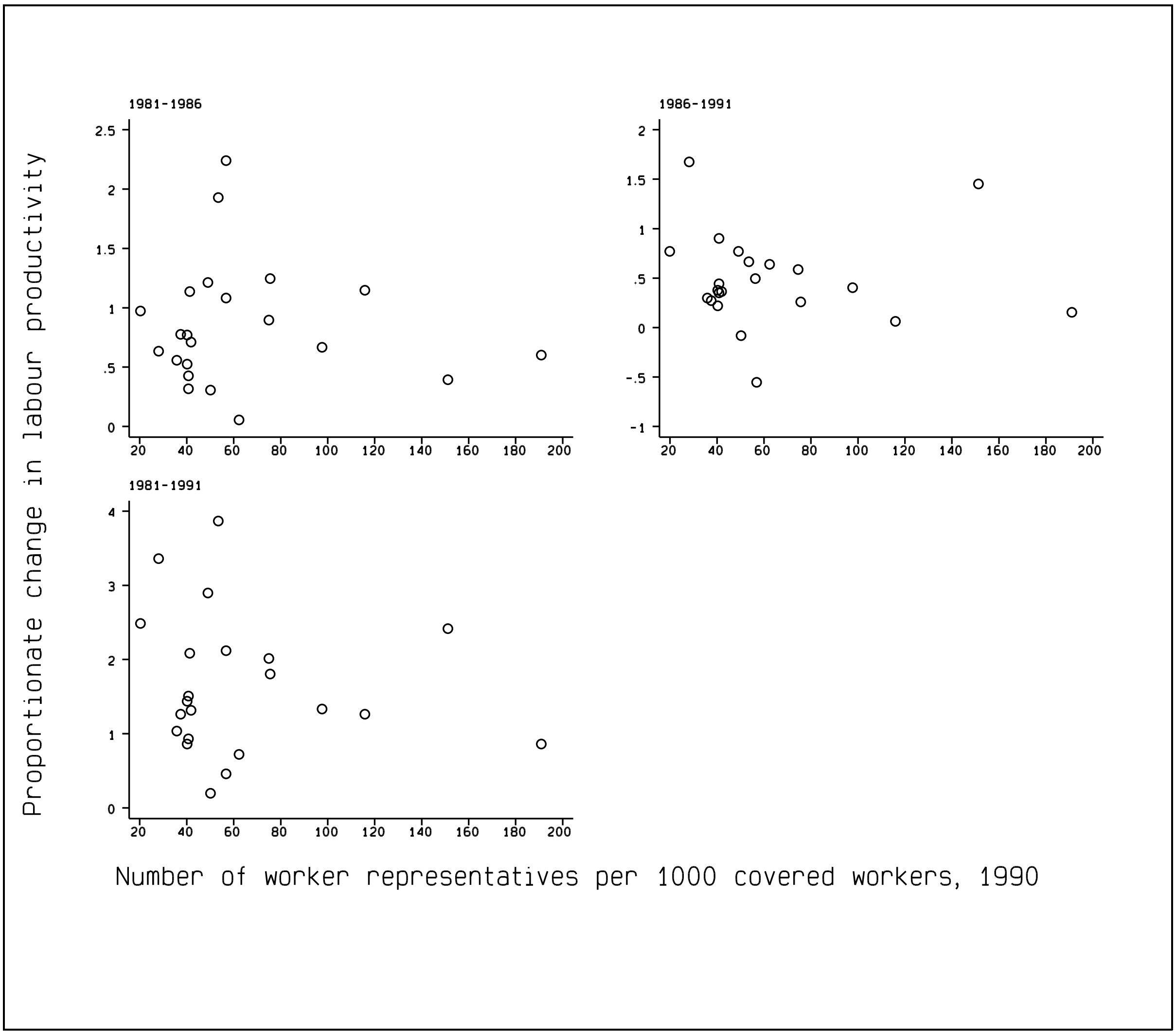


Correlation Coefficients:
1981-1986= 0.1737
1986-1991=-0.1624
1981-1991= 0.0164

Notes and Sources: 1. See appendix.

FIGURE 4

Collective Bargaining Level and Changes in Labour Productivity in 22 Spanish Manufacturing Industries 1981-1991



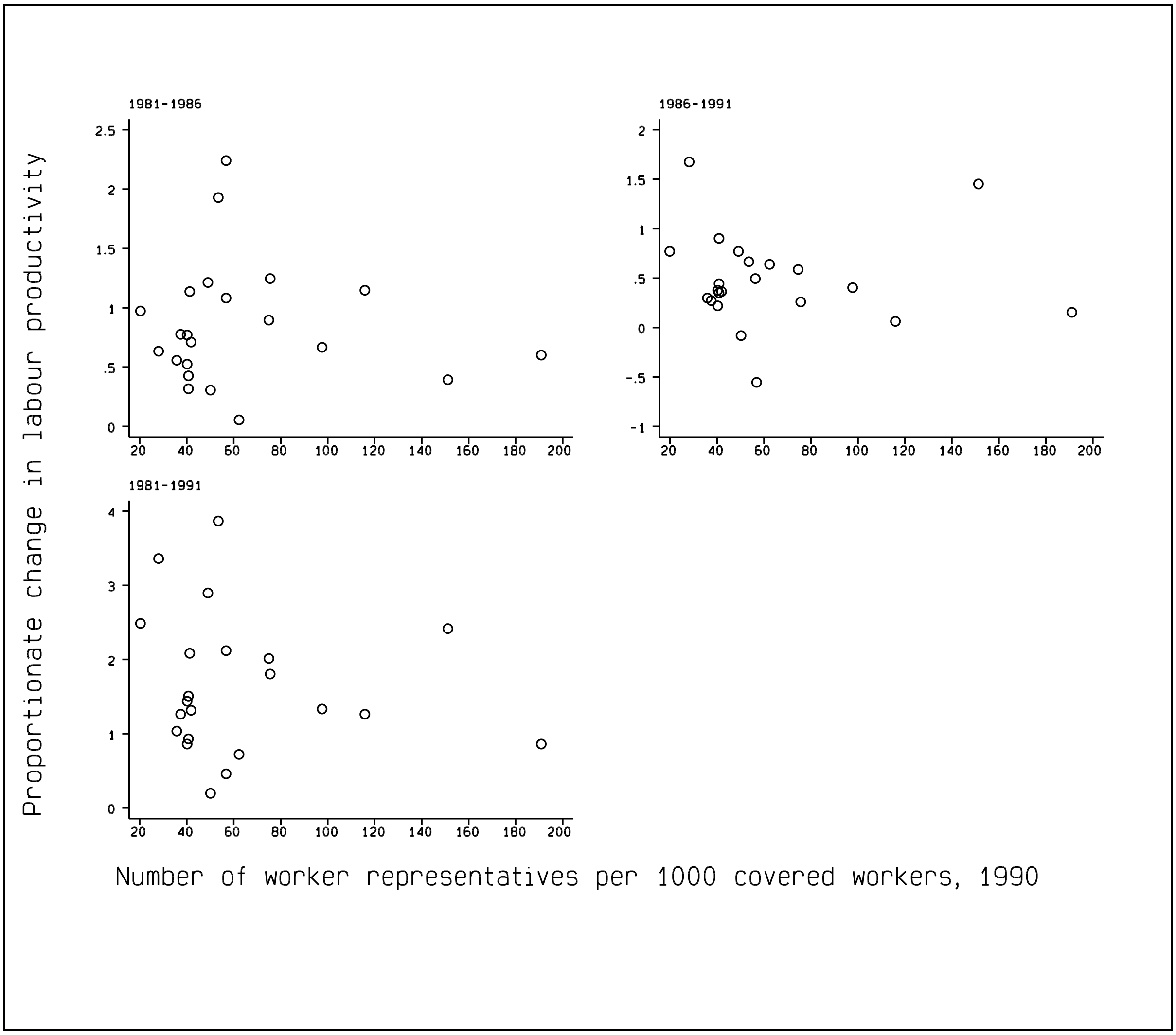
Correlation Coefficients:
1981-1986= 0.4954***
1986-1991= 0.1107
1981-1991= 0.4050**

Notes and Sources:

1. See appendix.

FIGURE 5

Worker Representative Presence and Changes in Labour Productivity in 22 Spanish Manufacturing Industries 1981-1991



Correlation Coefficients:
1981-1986=-0.0774
1986-1991=-0.1624
1981-1991=-0.1276

Notes and Sources:

1. See appendix.

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