

White Paper on the Future of Work and Jobs

Reflections for a new
local economic policy

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Ajuntament
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Activa

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The reason for a white paper

For the last thirty years, the municipal company Barcelona Activa has been working on the economic development of the city and its surrounding area. During this term of office, the organisation has *redefined* its mission and its values, placing emphasis on equal opportunities and social progress. Among other things, this *redefinition* involves the inclusion of the gender perspective in its actions and a real commitment to collective, sustainable entrepreneurship, boosting the social and solidarity economy and supporting projects that aspire to high environmental and social benefits.

The institution works with determination every day in a highly changeable context, which may end up conditioning the future success of its actions. We understand success to mean the effectiveness of activities that aim to transform economic activities, which means the transformation of many people's lives.

While new services and supports were being designed, a reality in dozens of co-working centres, support was provided throughout the territory to independent individuals and *micro-enterprises* that needed to share spaces, expenses and training while having the chance to benefit from the talent around them.



Dozens of co-working centres spread throughout the territory to provide a place for independent personnel or *micro-enterprises* that needed to share space, expenses and training, as well as the talent of the people around them. One of the radical transformations that the job market has been undergoing in recent years is intermediation between supply and demand for employment through a digital platform.

One of the radical transformations that the job market has been undergoing in recent years is intermediation between supply and demand for employment through a digital platform. This is not just the substitution of a channel or a support mechanism providing information about where there are jobs: dozens of mobile phone apps have been created to offer and find (usually at a low cost) not so much jobs as thousands of tasks.

These profound changes, along with the demographic, economic, corporate (organisational and production), technological, environmental, social, cultural and ideological trends that are occurring, and which have enough impetus to become more significant over the next decade, will have an enormous impact on employment: on the quantity and nature of the available jobs, the training needs of the people who may get them, the exclusion of those who do not have access to them, the way in which companies are organised and produce, how working relationships are formed,

the tax income of states, the ability of governments to carry out social policies, guaranteeing people's social rights, the role of paid (and unpaid) work, the way in which work may cease to be a way of providing identity, of forming relationships with the community and providing a way of earning a living, on subsidy policies and active labour market policies and on ongoing local organisation programmes that foster local development, with the aim of training people and creating jobs. We



The changes and trends of a demographic, economic, corporate, social, technological, environmental, cultural and ideological nature, which are already taking place, will increase over the next decade.

are facing a huge transformation.

We therefore believe that there is a need for reasoned reflection on how employment is evolving now and on how it will evolve in the future. Covering everything from global phenomena to the effects on local environments. The aim of this document is to look around us and get a perspective on the transformations that are occurring. It makes sense to do this at a local level, in order to adopt a position concerning these new trends. Because our destiny has not been decided. Trends are just that: trends. Decisions, in many cases political decisions, are what may change a given orientation. But we can extract practical conclusions by reflecting on global trends.

White Paper on the Future of Work and Jobs

This white paper must be a reflection that should not be limited to a description of reality or a simple forecast of the future. It must be a document that forms a basis for action, for action at a local level, although there may be little leeway. If not, it will have been an exercise in futility.

Executive Summary

Barcelona Activa's *White Paper on the Future of Work and Jobs* covers the world of employment, from the big changes that are occurring and will occur globally to the consequences that they have and will have at a local level, with the aim of seeking available responses that can be applied at a territorial level.

In the first chapter, *What We Mean by Work*, we explain what our concept of work is. When we refer to work, we cannot limit ourselves to paid employment which creates a mercantile relationship between the person or company that orders a service and the person or company that carries it out. Precisely because employment, remunerated work, is the main source of income for most of the population, as well as being the axis around which life is structured and the conditioning factor for retirement pensions and unemployment benefit when the job is lost. A reductionist point of view limited to employment, condemns the work of people, mostly women, without which society would cease to function, to invisibility. If distribution is considered, it must affect not only jobs, but also time and its uses. We are also in favour of widening the debate on how people should be employed in the midst of radical organisational, technological, productive, educational, demographic, ideological and political changes to how people should have a decent life by means of a minimum income.

From that perspective, in *The Transformation of Work and Jobs* we analyse how the debate on disruptive changes caused by the impact of new technologies has returned. There are two opposing lines of opinion: one from experts who think that robotisation will do away with most of our present-day jobs, and the other that, while assuming that some of the jobs will be done by machines, places emphasis on the waves of jobs that will be created in the future, which we are unable to imagine today. All kinds of studies

have been carried out on the impact of machines, with widely differing results: a wide range of jobs are affected, ranging from 9 to 47%, suggesting that it is impossible to know with any certainty what awaits us. In this second chapter, we take a look at the main transformations, relating to the digitalisation of work, its fragmentation, the reorganisation of production and robotisation, as well as regulation, or more accurately, deregulation. Because we cannot analyse the situation while excluding the neo-liberal ideological model that in recent decades has demolished the myth of stable employment and job security for ever.

The third chapter, *Our Reality*, reflects on the characteristics of our job market and its evolution over the last thirty years. The endemic problem of unemployment, which is usually double the European average in Spain, together with the specific phenomenon of temporary employment, which is especially harmful to younger workers, and the persistence of an intolerable gender gap. Our intention is to describe how the job market has changed post crisis, involving complex challenges, such as chronic unemployment, people at risk of social exclusion in spite of having jobs, *overqualification* and a significant increase in social inequalities.

The Welfare State: Failure or Renovation? explores the consequences that the changes occurring in employment may have on our model of social protection, in as far as employment is fundamental, and at a time when national tax bases are being eroded because of the budgetary stability dictated by Brussels and Frankfurt. This fourth chapter also considers possible new protection models, such as the Universal Basic Income (UBI), and the differences that this signifies with respect to the Guaranteed Citizen Income (RGC) recently approved in Catalonia.

In Chapter Five, we review active labour market policies and the main defects affecting those applied in this country. Neither do we eschew the limits that they may have regarding disasters, such as the closure of factories on which a significant number of families depend. The lack of resources suffered by employment services, the distribution of jurisdiction in terms of active and passive employment policies, the urgent need to reform training systems, the gap between supply and demand in businesses and the basic errors evident in the educational system are some of the findings we show under the epigraph of *Active Labour Market Policies*.

Chapter Six, entitled *Creating Jobs in Local Environments*, analyses the role of local administrations in creating employment, recognised by European courts; we deal with the unquestionable relationship between employment policies and local economic

development, the importance of working as a network in order to cover the needs expressed in the territory and the need for the territory's politics, economics, business, education, culture and society to work closely together, with a common goal. We also analyse some experiences that work along these lines, as well as the strategic reorganisation of Barcelona Activa established in the Barcelona Employment Strategy, presented publicly in September 2016, which is in its implementation phase.

The final chapter, *Acting*, lists a series of recommendations that take into account the reflections outlined in the previous chapters. They are based on the fact that employment requires all the policies from the various areas of governments (including municipal governments) to be aligned, that the fight against unemployment demands more in-depth knowledge of current and future employment needs in business and that the programmes which are initiated are more effective when their conception and execution are decentralised. In the present day, it is no longer valid to think only about work. It is necessary to include quality and decency as essential values of that work. We realise that our proposals are not magic recipes, but they are a set of measures that may guide the huge challenge of employment in the right direction. We are aware that solutions are easier in theory than in practice, in as far as they involve the joint mobilisation of various institutions and stakeholders, but political willingness is also the first step in making it possible for things to happen.

1.

What we mean by work

Work is not coming to an end. Any debate presenting its demise is based on a confusion of concepts. Work is a term that includes all the actions that we have to carry out and do with the aim of satisfying our own needs and those of everyone else. This one definition makes the question of up to what point we need to work redundant. Because our own needs are not decreasing, and nor are those of the community, . Therefore work is and will be essential. When we look after our parents or our grandchildren, when we make lunch, when we wash the dishes or clothes, we are working. There is no work crisis on the horizon.

That said, we can begin to consider whether the actions with which we satisfy the needs of society as a whole are carried out in exchange for remuneration or if they are encouraged by other motivations. Work includes everything, the work we are paid for and the work we do to help out. Or for love, or for appearances, or out of obligation, or to get recognition or in order to feel useful and necessary.

Work, employment and jobs

It is a good idea to distinguish between work and employment. When we speak of employment we are delimiting part of work, the only part of these activities that the market recognises as such, and is therefore willing to pay for. Employment generates a mercantile relationship between the person who orders the work

and the person who does it, and consequently receives monetary compensation. Employment is the work that enables us to earn a living in a society that has established that this is the main source of income, although a small part of the population lives off the proceeds of financial or property assets and do not need a trade or profession. In our economic system, if you lose your job, you have a temporary right to compensation while you are looking for another one. If you are looking, and you can prove it, it is possible to get financial help for living when the unemployment benefit runs out. When you get old, you enjoy a pension, which is the result of having worked for most of your life, although there are minimum assistance pensions for other cases.

Even the new Guaranteed Citizen Income (RGC), which the Catalan Parliament approved on 12 July 2017 with the votes of all political groups and is the first step towards eliminating poverty for people who have been living in Catalonia for at least two years, is linked to compliance with a plan for social integration and employment. The RGC, which will be reviewed every year, will end if the beneficiary rejects a job, although it is compatible with benefits arising from the Dependency Act and with school-lunch and transport subsidies.

Employment Crisis

In reality, the paradigm of work as paid employment originated with the first Industrial Revolution and an economic system based on fossil fuels. The crisis which concerns experts in the economics and sociology of work is the one that involves employment. Because, as the main source of income, guaranteeing the existence of employment in the midst of the radical changes that are occurring (organisational, technological, productive, demographic, educational, ideological and political) means guaranteeing that people have decent lives.

The increasingly intense discussions about the possibility of introducing a Universal Basic Income (UBI) that ensures a decent life just because you are a human being (rich or poor, working or unemployed, whatever the gender), and which is accompanied by a profound tax reform, are mostly in response to a scenario where employment decreases and becomes scarce as a result of technological advances. Its generalised adoption would mean a total transformation of our social model, which experts in the subject do not believe is likely in the short or mid-term, whether they support the idea or not.

For that reason, without employment, social peace would become very difficult, if not impossible. The crisis that began nearly a decade ago has caused upheavals that are reflected in mercantile employment, because it seems that there are not jobs for everyone, in view of the enduring number of long-term unemployed people. The levels of unemployment we have experienced are very serious and the jobs that are being created intensify job insecurity. Two of the symbols in the fight against this increasing insecurity, which some people are already calling “21st century slavery”, are the chambermaids who clean hotel rooms, most of whom are women, and the people who deliver packages to your home by bicycle or motorbike.

Under-employment emergency

When employment does not necessarily mean you can earn a living, the concept of a worker in a situation of poverty arises. The proportion of workers who are at risk of poverty and exclusion is on the increase, but the European Commission had already sounded the alarm about this phenomenon before the crisis began. In fact, one of the defining characteristics of these times is the porosity of traditional boundaries between the employed and the unemployed. The current increase in jobs on an hourly basis, for services, for projects and an alarming quantity of temporary jobs, which in many cases has more to do with fraud than with the seasonal nature of the activity, are broadening the space occupied by *under-employment*, in terrible working conditions, meagre social protection and indecent wages.

The appearance of so-called collaborative platforms that put users willing to offer or demand a particular service raises an urgent need to distinguish between professional working people and those that occasionally wish to offer a service (prepare dinner for a foreign visitor, rent out their car on days when they are not using it or lending a hand with reinforcement classes). This new way of organising activities, which benefits us as consumers and penalises our working identity, needs to be regulated. But it should also be taken into account that this may help to perfect the old world, by confronting it with tolls, inertia, poor services and pre-existing costs that don't make much sense. For example, taxi services have room for improvement with mobile apps, in the same way that (legal) tourist apartments force hotels to make an effort and take more care with the additional services they provide.

Work and Social Integration

Between employment and work, we can still squeeze in the concept of *jobs*. When we say that we are busy, we think about what we like doing, what we would be doing anyway if we had time, whether we are paid or not, without mentioning artistic and vocational professions that do not make a clear distinction between doing the job and living life. This concept of *jobs* could also include doing a favour for a friend, or taking other people's children to school because it is on your way.

It is true that the vast majority of workers have not enthusiastically asked to dedicate themselves to what they do for a living, and that they often link vocation to the social position of the social classes

who are well off. Data from Gallup shows us that only 15% of the world's population feels involved and happy with their jobs¹. In the United States, seven out of ten people who work do not feel any commitment to, or enthusiasm for, their job.

Human beings need to do an activity they can get largely or even completely involved in, partly for money, but also in as much as it allows them to relate to other people. Gratification is much lower if this social connection is practically non-existent.

Another added effect of a job may be that the person feels they are making

a contribution, providing a service, to the community that they feel they are members of. Today, jobs are the main mechanism for social integration. They give structure to peoples lives. They are somewhere where people form friendships and develop connections of solidarity.

The experts who defend work when faced with the perspective of a hypothetical *post-work* society, where citizens have a basic income for living, also point out that historically, employment without many rights has been the seed for protest and political organisation, with the power to transform society. They also warn us that societies with minimum incomes are highly polarised and that an egalitarian society involves working. But the fact is, without



On 12 July, the Catalan Parliament approved a Guaranteed Citizen Income (RGC) with the approval of all political groups. This is the first step towards trying to eliminate poverty among people who have been living in Catalonia for at least two years. It is linked to a social-employment integration plan.

1 Accessible at: http://www.gallup.com/topic/employee_engagement.aspx

any need to generalise these minimum incomes, the process of polarisation and inequality started some time ago.

The renewal of an old debate

Every time a disruptive change occurs, such as the massive displacement of people from the countryside to cities to supply the first Industrial Revolution, the idea that employment is in crisis raises its head. Nearly ninety years ago, the economist John Maynard Keynes predicted that for a long time, the general public would hear tell of a new malady: "technological unemployment". More machines would mean greater productivity. Our workload would not need to be more than fifteen hours a week, so that people could live without dedicating a third or more of their life to working for a wage, something that would bring us happiness.

Technological changes have exacerbated the debate. In the mid 1990s, Jeremy Rifkin described a future marked by the end of work, although he did not provide statistics to support his theory. Shortly afterwards, Spain contradicted this panorama by creating massive employment in construction, its dependent industries and property and financial activities. Once the crisis broke, it could be said that the bubble had disguised the background trend towards a drastic reduction in employment.

It is true that employment has continued to grow globally, and in two of the societies with the highest levels of production and diffusion of technology, Japan and the United States, unemployment levels are relatively low.

However, with the advances in robotisation and artificial intelligence (AI), there is more debate than ever. And while during every employment crisis the hypothesis of distributing paid work has arisen, as if the cake was always the same size and not growing, the need to ensure a source of income that does not involve work has entered the debate, especially since the wind from Silicon Valley has been blowing in that direction.

The proliferation of books predicting that most of the jobs we do today will be done by robots revives the portent of a *post-work* society, where only a minority of *super-qualified people* will find a place at the top of the pyramid of social and professional success.

Among the general public, the idea that their jobs are redundant is becoming established. Emphasis is placed on trades that are disappearing, more than on those that may be created. The impossibility of predicting them and the vertiginous speed of the changes make it difficult to find a focus for active policies, especially in terms of training.

The challenge of training

Until the 1980s, people acquired a series of cognitive skills, studied to obtain the knowledge considered to be essential, which was relatively limited, and then specialised in a given field, after which they were ready to start work. There could be a cut-off point in their lives: the jump from training to working life.

Today the accumulation of technological and scientific knowledge is of such magnitude that a person can study throughout their life and never reach the end because they would not have enough time. The human species does not know how to absorb and reproduce so much information for the new generations. Training itineraries are in tatters. This is why we find that some young people are unable to write well in their own language, while there are *pre-adolescent children* who can programme without any difficulties.

Furthermore, specific qualifications quickly become obsolete, and that forces us to rethink the whole educational system and consider how to build bridges between education and businesses, something that has traditionally been lacking. The idea would be to gradually reinforce or broaden people's skills as technology progresses. The impact of introducing new technologies on employment can be modulated according to the training system, the production model, the type of businesses in a country or the policies prioritised by a government.

Two conflicting lines of opinion

Among employment experts, there are two more or less clear positions. The first group defends the fact that robotisation will make a lot of current jobs redundant and lead to a serious lack of paid jobs. The other group maintains that many jobs, and above all, many tasks that make up each job, will be effectively taken over by machines (the most repetitive, predictable and routine tasks), but new types of jobs that we cannot even imagine today will be created. According to this group, what has happened until now will continue to occur, i.e. the creative destruction of employment.

What this second, less pessimistic group does accept is that these newly created jobs will be different, and that the working relationship established between a worker and the company they work for will often little resemble the concept that the former belongs to the latter. Paradoxically, this does not mean that, at the same time, the sense of belonging and identification with the company will not continue to be cultivated, through specific loyalty policies, in large technological corporations.

The central role of women

Whatever happens, we cannot limit ourselves to manoeuvring within the rigid limits of employment in our search for solutions. The problem will not be solved if work as a whole is not scrutinized, if we do not consider invisible jobs, i.e. those that make our lives possible but are not part of mercantile relationships, with no recognition or remuneration, and with a total exclusion of rights.

Due to the division of work by gender, women have filled and are filling a central role in this economy, which has little to do with *macro-economic* statistics. The massive inclusion of women into the job market has not solved the contradiction posed by the sustainability of life and the fact that economic policies focus on increasing production and not on people's well-being. When they enter the world of employment, they tend to perpetuate the model, taking on double or even triple loads, and that is if they cannot rely on other women, who in their turn, in this global world, leave their families to emigrate and get away from the problem. Working and opting to be a mother without an equitable distribution of caring for parents and children – frequently using formulas such as part-time work or *teleworking*, which are often associated with job insecurity, and whose aim is limited to complementing a main salary – generates stress, tiredness and a feeling of guilt. And even more so in our *family-based* society.

Distributing time, not employment

Speaking only of mercantile work creates a partial perspective on the problem. Freeing up time for doing other things goes beyond the monetary aspect of work. The quality of work and life comes into play. For this reason, there are economists who prefer to consider how to better distribute time, what people use their time for, instead of considering the distribution of paid employment that will eventually diminish. Even more so if we take into account longer life expectancies and how our societies are ageing, according to population pyramids.

There are multiple factors that may influence the evolution of employment. We still do not know to what point our mostly tertiary societies will, in the future, accept robots taking on the direct care of people, and it was easier in 2000 than now to imagine where we would be and what would be happening fifteen years later. We know that machines will form part of the equation, but the evolution of employment may also be related to other geopolitical factors (from Brexit to Donald Trump's victory in the United States, new *bubbles* or the outcome of territorial crises). But at the end of the day, the

inclusion of women in the paid job market and the trend of working longer because we tend to live longer would seem to favour an increase in employment. Furthermore, high levels of informal work – often, but not exclusively – carried out by immigrants, indicates that work is not likely to become scarce.

An ideological model

However, we do know that the future will not provide us with jobs that are stable, high-quality and well-paid, sealed with an indefinite contract and able to nurture the welfare state that we knew in previous decades. The conquest and/or reconquest of workers' rights, increasingly linked to workers trained to be *employable* rather than for protecting jobs that are destined to disappear, is an essential factor in any line of action under consideration. In this sense, the experts consulted warn that reducing the working week with a corresponding reduction in income could lead to social disaster if it is not accompanied by better public benefits.

In reality, the myth of stable, secure work has been crumbling for the last three decades, and technology can only explain part of the story. The predominance of *neo-liberal* ideas in economic thought since *Thatcherism* and *Reaganism* has impregnated the job market with a higher degree of deregulation, a progressive reduction in the influence of trade unions and a growing imbalance between the negotiating power of businesses and their workforces. Flexibility and competitiveness in terms of costs, especially labour costs, have been part of the recipes habitually used by international institutions that guide the decisions of governments.

Changing profession more than once

Employment experts seem to be sure that in the very near future, people will be able to change their profession, rather than their company, more than once or twice during their working life.

Successive employment crises have resulted in states collecting lower amounts of tax, therefore being unable to invest their income in improving public services, unless they find alternative ways to *raise money* apart from work, as other countries have done, e.g. Norway, through its natural resources. Above all, the crisis that is now approaching affects very technical and qualified jobs, traditionally performed by men. In this sense, the Industrial Revolution 4.0 may become an opportunity for women.

White Paper on the Future of Work and Jobs

2.

The transformation of work and jobs

The discussion about the end of work

At the 2017 Davos World Economic Forum, it was predicted that five million jobs, mainly administrative in nature, would be destroyed over the following three years, while two million new jobs would be created during the same period (2017-2020). Three million jobs would be lost along the way². The human resources departments who gave their opinions for that study dreamed of a new set of executive posts capable of navigating through times of maximum uncertainty and permanent change, accompanied by an elite of experts in data-analysis, knowledgeable about branding, information technology and mathematics.

We live among predictions of a *robotised world* where only a minority of highly-trained, flexible, polyglot and creative people will be able to aspire to finding high-quality jobs, while the vast majority of people will lag behind, dependent on some sort of income in order to survive.

Predictions of this kind stir up all of the possible debates on what the societies we are heading towards will be like and how to guarantee people's income in a theoretical *post-work* society, doomed to an inequality that is not only unfair but also threatens the system through its destabilising nature.

² World Economic Forum. *The Future of Jobs. Employment, Skills and Workforce Strategy for the Fourth Industrial Revolution*. January 2016. Available online at http://www3.weforum.org/docs/WEF_Future_of_Jobs.pdf

The *Luddite* movement destroyed the machines of the first Industrial Revolution with desperate terror two centuries ago, convinced that their source of income would disappear. And it is undoubtedly true that technology and the progress it produces has always destroyed old remunerated trades. But at the same time, it has created others. So much so that this summer, the European Commission cited the “record” levels of employment achieved in the first quarter of 2017: 234.2 million people have jobs and, in spite of the differences existing between the various member states, Brussels believes that by 2020, the EU may have achieved its objective of a minimum of 75% of people at a working age having a job. It should be said that, on 31 December 2017, the Spanish employment rate was 62.57%: 57.12% for women and 68.02% for men³. However, the EU’s record employment rate cannot hide that “this relatively strong growth in employment is accompanied by a lower expansion in working hours for each person with a job”.

“This time is different”

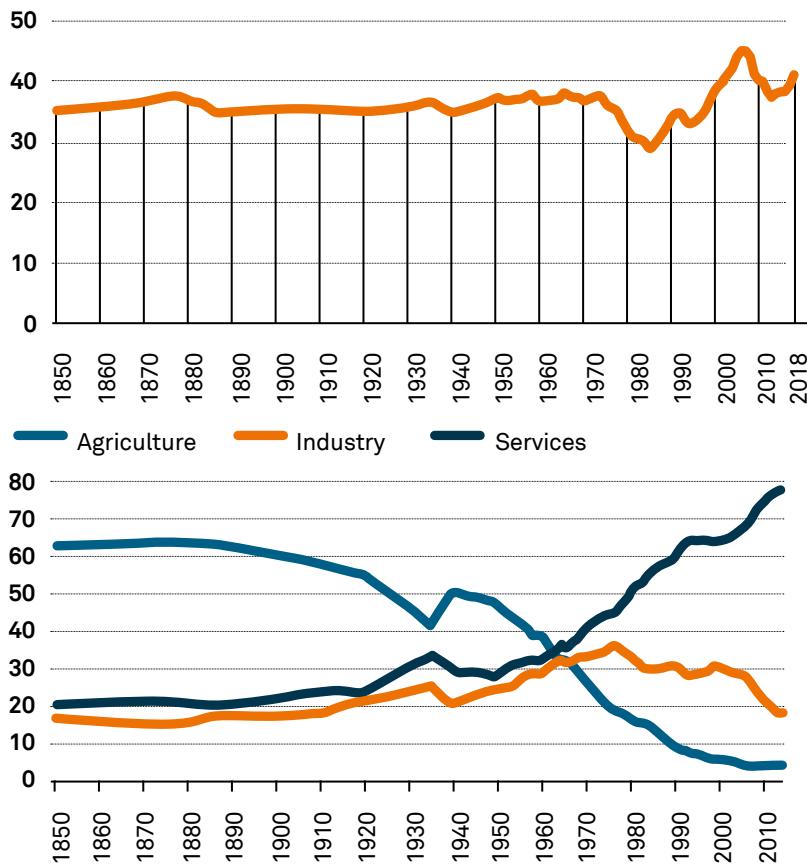
However, for the last fifty years we have felt that this time, the technological spurt is different, that the rate of destruction and creation of jobs is occurring at speeds that are increasingly out of balance. In part, due to the apparently prodigious advances predicted for artificial intelligence (AI) and the possibility that machines, whether made to look like humans or not, would directly replace people in most of the tasks that they carry out. The insistent nature of this message increases the anxiety and confusion associated with the disturbing effects that the recent financial crisis, the worst since the Great Depression, has had on employment.

³ Active Population Survey (EPA) 4th quarter 2017. National Institute of Statistics (INE).

1. Overall employment rate

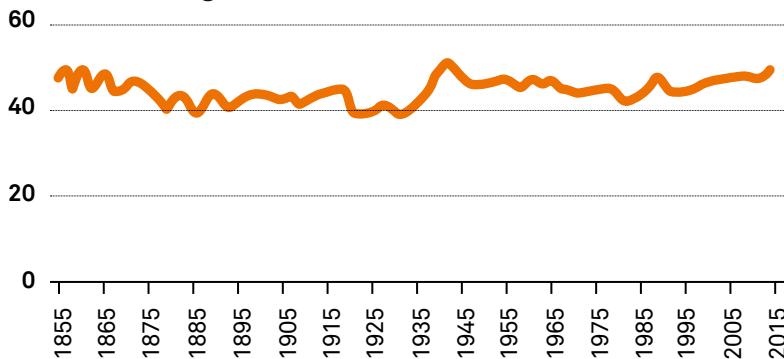
Employed people over total population
%

In Spain:



Source: Samuel Bentolila with data from Leandro Prados de la Escosura. From 2013, own production with INE data.

In the United Kingdom



Source: Bank of England *The UK recession in context-what do three centuries of data tell us?*
Appendix of data, Version 2.2, July 2015.

Although Europe generates employment, there is still a high percentage of unemployed people. The International Labour Organisation (ILO) calculates that there are 201 million of them around the world. That is 3.4 million more than in 2016, 33.4 million more unemployed people than before the crisis (2006) and lastly, 70 million more if we add the people that have been excluded during these turbulent years.

However, the rate of unemployment has remained stable, at around 5.8%, since Jeremy Rifkin warned in the mid 1990s that automation meant that we were approaching the end of work. Back then, in 1995, there were 150 million unemployed people worldwide (a 6.1% unemployment rate). As we have stated, we now have 201 million.

And that is not all. “Having a job does not guarantee financial security; many people know that their jobs are vulnerable, and have taken a step backwards in terms of employment quality, even in countries where the aggregated economic indicators are improving”⁴, warns Guy Ryder, from the pulpit of the ILO. This organisation calculates that 1.4 billion jobs are “vulnerable”, with an additional 780 million workers who earn less than \$3.10 a day. There has therefore been a clear dissociation between growth and job creation, between growth and equity.

Spain is one example. Three years ago, its gross domestic product (GDP) was steadily growing, and it was often used by Brussels as an example for the other community members. However, national unemployment, which rose to 27% of the active population at the worst period of the crisis, remains at 16.55%, according to the latest Labour Force Survey (EPA in spanish)⁵, referring to the fourth quarter of 2017. Nine out of every ten new contracts signed are temporary in nature. And a clear problem of structural unemployment has become established, as we will see later on.

Towards decent employment

Is any created employment valid? For its centenary in 2019, the ILO and high-level international experts are preparing a report on how to respond to the dramatic transformation that employment is and will be experiencing, which has already brought up the concept of *decent jobs*, that guarantee a decent life and, it goes without saying, escaping from a situation of poverty.

⁴ “The future of work centenary initiative. Report of the Director-General. Report I”. International Labour Conference, 104th Session, 2015 International Labour Organisation (ILO), Geneva.

⁵ <http://www.ine.es/daco/daco42/daco4211/epa0417.pdf>

Globally, half the workforce is working and producing in the informal economy. Under these circumstances, it is no coincidence that 21.3 million people lose their lives in work-related accidents or illnesses every year.

When we speak of *decent employment* in the world, we must exclude defects like the ones we find today. For example, women having a 26% lower participation in the job market than men, in spite of their increasing inclusion during the last century. Or the pay gap, once again to the detriment of women, by around 20% compared to men, without there being any sign of change on the horizon. Furthermore, there continues to be an over-representation of women in non-standardised forms of employment and unpaid work in the home, which is as invisible as always, affirms Ryder's organisation. And *dual presence*, which consists of being concerned about the home while at work and about work while at home, continues to create stress and a feeling of guilt among women... from the middle class. Women in more humble social strata who clean, look after the elderly or carry out routine tasks in a workshop or factory, often Latin American or Filipino immigrants who send money to families they had to leave behind in order to earn a living, do not even explain why they are so exhausted.

More reasons to be concerned about *decent jobs*: it is calculated that up to 21 million children are obliged to work in bonded labour. Only 27% of the people in a situation of poverty are thought to have social protection that is considered to be "adequate".

According to the ILO, expanding the opportunities of finding *decent work* is the most effective way of increasing participation in the job market, getting people out of poverty, reducing inequalities and guiding economic growth. "This should be at the heart of the policies we make and the alternative is a dog-eat-dog world where too many people are excluded."⁶

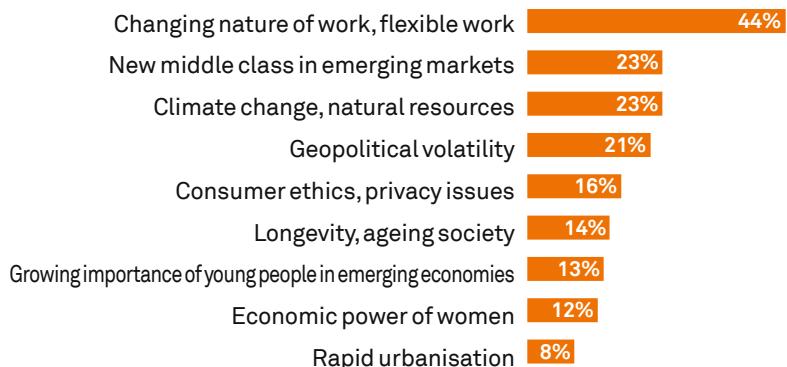


The International Labour Organisation (ILO) calculates that there are 201 million unemployed people in the world. That is 3.4 million more than in 2016, 33.4 million more unemployed people than before the crisis (2006) and finally, 70 million more if the people who have become excluded because of the crisis are counted.

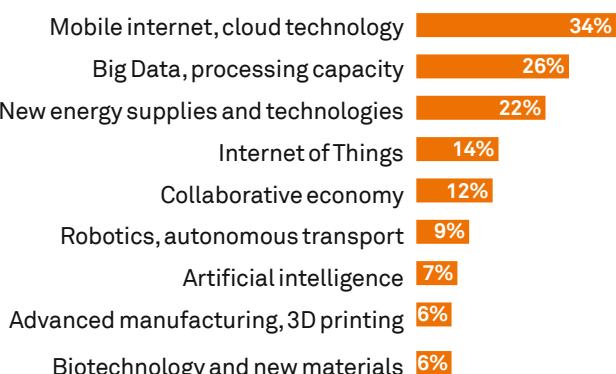
⁶ Guy Ryder, *Decent work, a global perspective*, February 2017. Available at www.ilo.org

2. Drivers for change with impact on business models % of responses

Demographic and socio-economic factors:



Technological factors:



Source: World Economic Forum (WEF). *The Future of Jobs Report*, 2016.

Differences in earnings

How much money people are paid at the end of the month is also a factor in *decent employment*. Between 2012 and 2015, the increase in salaries around the world decelerated from 2.5 to 1.7%. However, if we leave China out of the calculation, the increase is really much more limited, decreasing from 1.6 to 0.9%⁷. The organisation's conclusions on remuneration admit that, until now, their technical teams have focused too much in relative terms on salary differences between companies, and may have underestimated inequalities within individual companies. They are now trying to remedy this. In companies with low salaries, the difference between the best-paid

7 International Labour Organisation (ILO), *Global Wage Report*, 2016/2017.

1% and the rest is 5 times greater; in better paid companies, this gap rises to 120 times. In addition to this gap, there is also the gap between the salaries paid to men and women, which in Barcelona was 21.8% in 2016. (According to data published by Barcelona City Council in December 2017, women were paid an average of €25,669 a year before tax, while men were paid €32,819.)

“The ILO's concept of *decent employment* is a key factor. It helps to see employment from the perspective of rights,” stresses Consuelo Chacártegui, a lecturer in Workers' Rights and Social Security at the Pompeu Fabra University (UPF). Chacártegui, who is the Vice Dean of the Faculty of Law, also warns: “Many economists tend to tackle the legal questions of employment as an obstacle, because they are a reminder of the need for companies to be flexible. We know that, taken to an extreme, the cheapest workers are slaves. But we also know we cannot allow this to happen, right? We have to introduce certain limits, minimums, some rights. *Decent employment* means that there are no poor workers, and that it isn't enough for jobs to be non-aggressive from an environmental point of view, but rather they should also be sustainable from a social perspective. Many one-day contracts are counted as contracts. Or two-day ones. Or ones lasting a few hours. These are not work contracts. The company is absolved of any responsibility regarding the worker concerned. We need to invent new mechanisms so that non-seasonal work with rights is created”⁸.

Overall, most of the *pie* is taken up by the services sector: 49% of the total, compared to 29% for agriculture and 22% for industry. This means that, according to current trends, most of the new jobs to be created will also be in the services sector. For demographic reasons, 40 million more people in the world join the job market every year. Consequently, this means that by 2030, the global economy would need to create over 560 million new jobs. But technology means that there are an increasing number of trades that involve fewer workers and more extensive capital.

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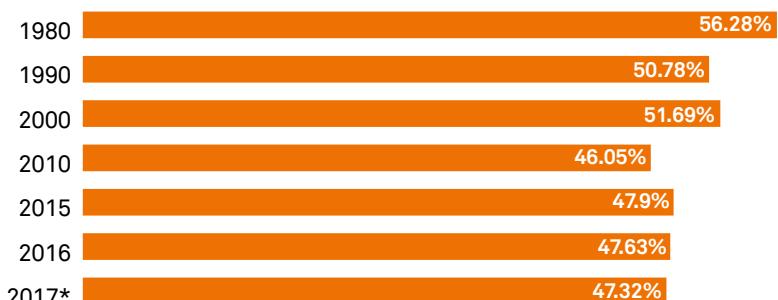
In companies with low salaries, the difference between the 1% of best paid people and the rest of the workers is five times higher; in better paid companies, that distance rises to 120 times, according to the latest global report on salaries issued by the ILO this year.

⁸ Interview with Consuelo Chacártegui for the *White Paper on the Future of Work and Jobs*. May 2017.

Salaries lower in GDP

In reality we have been seeing a progressive reduction in the ratio of salaries in the country's total wealth for quite a few years, to the benefit of increasingly high profit margins for business owners. In the European Community, workers' incomes achieved the highest GDP ratio in the mid 1970s. Their share had reached 70% of the total, according to data from the European Commission. Just prior to the crisis, in 2006, it fell to a historic minimum of 58%. This figure refers to the Europe of Fifteen, and at that time, Spain had a workers' income ratio that was still below the European average, at 54.5%. The gap between workers' income and capital income continues to close. In the second quarter of 2017, salaries accounted for 47% of wealth creation in Spain, while the figures reflecting the profits of companies has risen to 43%, according to data published in August 2017 by the Ministry for Competitiveness and the National Institute of Statistics (INE):

3. Evolution of salary participation in the economy. Spain % of added value for the market economy



*Up to the 2nd quarter of 2017

Source: Bank of Spain. Boletín Económico.

Globalisation and multinationals

Technology is only an instrument; it does not work by itself. Who designs it and what it is used for are important factors. This intensification in the use of technology also comes after two decades of *hyper-globalisation* of the economy.

"All of our welfare state structure worked on the basis of redistribution at a national level. There was a national market and a *nation-state*. This guaranteed consumption for the population, avoided excessive competition in this domestic market, protected with tariffs, and in exchange the market, which we knew generated

inequalities, accepted a redistributive policy that caused less conflict and greater security, so that everyone was a winner,” explains Joan Subirats, a lecturer in Political Sciences, Public Policy and Public Administration at the Autonomous University of Barcelona (UAB)⁹. This panorama has undergone a radical change. “Globalisation means that the market is no longer national, the tax system means that people look for ways to avoid or evade taxes at home. The state's ability to collect taxes has been eroded, and the redistributive policies do not reach everyone,” he adds.

The impetus of technological change, which always seeks greater competitiveness, is produced in an economy that is largely open to the free movement of goods and services, without restrictions on capital and conditioned by new, growing geopolitical tensions. Neo-liberal ideas have also become firmly established, thanks to decades of cultivation in business schools, universities, the media, think tanks and political talks. Some ideas that have entered our collective subconscious are if you have not been working for a long time, there must be a reason; if you get unemployment benefit, you are not looking for a job; if we lower taxes for the rich, they will invest the money intensively and the economy will be stimulated; and if you introduce a minimum wage in a city, businesses will move to the next city along.

The political element

“*Job insecurity* has elements that are clearly political. An ideology and employment model have been legitimised because globalisation is good, competitiveness is the key, because changes in the correlation of forces arising from the new ways of organising businesses are good. There has been no capacity of response to deregulation,” affirms Josep Banyuls, the Valencian economist and expert in employment, and lecturer in the Department of Applied Economics at the University of Valencia (UV)¹⁰. In his opinion, one of the successes of the *neo-liberal* model is to shift conflicts to other ground. He gives an example: “The problem we have is that businesses don't pay their people very much. This is where we place the problem. But the conflict between capital and labour has shifted to a debate on guaranteed or integration income”.

There is some indication that this *hyper-globalised* economy could have peaked in commercial exchanges and financial transactions in recent years, after reaching historic records. The impetus of investors was not unaffected by the brutal crisis of toxic (*subprime*)

⁹ Interview with Joan Subirats for the White Paper on the Future of Work and Jobs. June 2017.

¹⁰ Interview with Josep Banyuls for the White Paper on the Future of Work and Jobs. May 2017.

mortgages. A decade after the crisis, the McKinsey Global Institute has calculated that the movement of capital has been reduced to half of its peak in 2006. Along the same lines, loans made by European banks to organisations of other countries have also been halved (throughout the world, by a third). From 1980 to 2007, world trade increased by nearly double the growth of worldwide GDP.



“The problem we have is that businesses don't pay their people very much. But the conflict between capital and labour has shifted to a debate on guaranteed or integration incomes”, affirms the economist Josep Banyuls.

Between 2007 and 2011, there was a lot of instability due to the crisis, and since then, international exchanges have remained stable. The World Trade Organisation (WTO) calculates that last year, the latest available data, the increase was limited to 1.7%.

In this context, where public opinion in western societies that are seeing their middle classes shrinking puts pressure on traditional politicians, there is more and more theorising on the possibility

of *relocating* production, thanks to advances such as 3D printing. Either way, this debate, raised by President Donald Trump in the United States, is taking shape in the context of a real scarcity of jobs. Today in Europe, speaking of *relocating* is anecdotal.

“In terms of globalisation, we have experienced cycles. Whenever there has been a major opening up, a reaction of rejection is then unleashed,” reflects Samuel Bentolila, Professor of Economics at the Centre for Monetary and Financial Studies (CEMFI)¹¹. One of the major spurts in globalisation we have experienced occurred at the end of the 19th century... and that ended in the First World War. The same as the Bretton Woods monetary system which, with its mechanism of fixed exchange rates to avoid the free floating of currencies, was still just an anti-globalisation movement. There are cyclical swings. The big boost to the process was when China joined the World Trade Organisation.

“Now we are going through a slow period, but I don't think the flow of foreign investment managed by multinationals can be reversed. Governments do not place barriers or put a stop to that,” affirms Bentolila. Large corporations have organised themselves as if the world were a board game allowing them to choose where to set up shop with a cheaper workforce, in a race to the bottom. This means that the globalisation of capital movements has not been accompanied by a globalisation of minimal guaranteed social

¹¹ Interview with Samuel Bentolila for the *White Paper on the Future of Work and Jobs*. May 2017.

rights. “Labour costs have been significant for many years. But the key factor today is taxation. Above all, competition is a question of taxes. The fact that a corporation wants to have a fiscal domicile in Ireland in order to pay less... that is the question,” adds the scholar.

Even though between 80 and 90% of the world's workers work in local job markets, understood as regional areas, not even national ones, “there has been a myth: globalisation” warns Manel Castells, a leading author in the field of the information society, with *The Transformation of Employment*¹². The most qualified workforce, not the general workforce, has been globalised, as have the activities considered to be essential in all economies. Multinationals only provide jobs for around 70 million workers around the world, but those 70 million, in terms of value of value production, make up around a third of world production value. For this reason, large corporations are at the core of the planet's industrial production and services. This globalised economic activity also functions as a network with information and knowledge as central variables in any economy.

“

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Scenarios arising from machine intelligence

Because globalisation (which, among other things, generates global competition to attract talent – which is becoming more and more mobile – to businesses) is not achieved solely by *redesigning* employment. The phenomenon is added to the digitalisation of activities and their fragmentation, to incipient changes in the production models we know, to the unavoidable ageing of the population and to *robotisation*, often presented as a threat to human beings who need to work. The trends are there, but according to most of the experts consulted, we need to be very cautious with our conclusions, because we are at a turning point towards unknown territory.

Juan Francisco Jimeno, a researcher who forms part of the Bank of Spain's General Directorate for Economy and is an expert in employment economics, explains: “Until now, human beings have been helped by the machines and the technological advances they have made. They were machines that people needed. Nowadays,

¹² Manuel Castells, *The Transformation of Work*. Chapter I. This book belongs to the La Factoría collection.

the difference is the extent to which machines are no longer made to help us, but simply to replace us”¹³.

No revolution in the way we produce goods and services has ever caused, in itself, a reduction in the amount of work available, at least not until now. “Today, there are just as many people working, in spite of the many technological advances that have occurred. There has been a reduction in the number of hours worked per person, but

much lower in relation to the levels of employment we have seen”, emphasises Jimeno. Along the same lines, the authors Richard Freeman (Harvard), David Autor (MIT) and Laurence Katz (Harvard) warn that technology is not the only determining factor for the increase in unemployment. There does not seem to be any repetitive pattern throughout history that indicates, in a sustained way, that technology has caused a reduction in employment over long periods.

In fact, the research carried out by the Deloitte consultancy from 2001 to 2015 on the British job market concludes that automation has created approximately four times as many jobs as have been lost.

In fact, research carried out on the British job market by the Deloitte consultancy from 2001 to 2015 concludes that automation has created approximately four times as many jobs than have been lost: 3.5 million new jobs in trades with a lower risk of automation, compared to the disappearance of 800,000 in areas with a greater risk of automation. The former include carers (+55%) and project managers in finance and business (+842%). The areas where most jobs have been lost include workers dealing with customers in banks and post offices (-44%)¹⁴.

What has been changing is the composition of the work and the composition of the people doing it. This is what history tells us: that new tasks are created, which require new skills, which lead to new professions. “The big change consists of saying that robotics will create machines that don't need workers. But to what extent is this true? To what extent will this be imposed? How long before it happens? Nobody knows. We can only see some signs in some sectors and the predictions that experts make about artificial intelligence, in the sense that there is a possibility that machines

¹³ Interview with Juan Francisco Jimeno for the *White Paper on the Future of Work and Jobs*. June 2017.

¹⁴ Deloitte. *From Brawn to Brains The impact of technology on jobs in the UK (2001-2015)*. Accessible online at: <https://www2.deloitte.com/uk/en/pages/growth/articles/from-brawn-to-brains--the-impact-of-technology-on-jobs-in-the-u.html>

that are more intelligent than us could do things automatically”, confesses Jimeno.

This researcher also affirms that not all the things that human beings are able to do can be coded into an algorithm. “Robots can't do everything. They can help with warnings and even converse with people under good conditions, but they can't take charge of providing personal care and health services for dependent persons”, he insists. The key factor is being able to identify in which tasks people have advantages, and then investing in training people to develop these functions.

Another scenario is where work becomes completely automated. “Then the problem would be distribution: if there is no work, what would we need to do so that people would have a living wage?” The function of the social policies that need to be designed are very different depending on whether the theory of people yielding to artificial intelligence comes true or not. “If we don't know what these tasks are, it will be complicated to foresee education, training and social policies that would help to make a worker more employable”, says Jimeno.

Robots and portents for all tastes

Regarding the impact of robotisation, the differences in criteria, depending on the sources consulted, indicate that the path is not clear, despite the vehemence of some affirmations. One of the difficulties involved in assessing the effects of *automation* on employment lies in the speed with which the waves of technological innovation are produced. We are just starting to assess the effects that one may have when the next one begins. Many of the analyses demand caution when dealing with the results of studies, when speaking about the effects of what we now call the *fourth Industrial Revolution* or the digitalisation of production systems, which means that millions of people are *interconnected* through all kinds of devices which, in turn, should lead to the development of a large number of economic activities. Because connected people are potential consumers.

Regarding the effects of automation on jobs, one of the studies that is most cited in the media was published in 2013 by Carl Benedikt Frey and Michael A. Osborne (Oxford University), which states that 47% of all jobs in the United States could be automated within a maximum period of twenty years. By applying their methodology, other studies have raised the impact on Europe to

between 45 and 60% (nearly 55% for Spain)¹⁵. Many academics criticise this study, which raises the possibility of automating up to 702 current professions, because they consider that it is based on an exaggerated calculation.

In December 2016, the White House published a report on the impact of artificial intelligence on the job market, which complemented a previous report¹⁶. The document details the “risk of millions of Americans being left behind and the country losing its position as leader of the global economy”. The research it cites refers to between 9 and 47% of jobs affected, which confirms that no one really knows how many people's jobs will be threatened or how quickly this may occur, or even the range of new opportunities available.

To give an example, the previous US Administration, under Barack Obama, estimated that the arrival of the autonomous, driverless car could mean the destruction of 3.1 million jobs.

Since 2012, Erik Brynjolfsson and Andrew McAfee, from the Massachusetts Institute of Technology (MIT), have also been warning that technology may leave a large number of workers behind. And the prediction of Silicon Valley business people, such as Martin Ford, includes computers that will be able to do tasks that require creativity, and not just repetitive and routine actions.

Caution is advised. The Organisation for Economic Cooperation and Development (OECD) has warned that we should not speak about the disappearance of jobs, but rather that each job will be broken down into tasks, and that machines will take over some of them. Therefore, the total number of jobs that will effectively disappear will be much lower. According to their calculations, Spain and Austria are two countries where a higher proportion of jobs will be eradicated (12%).



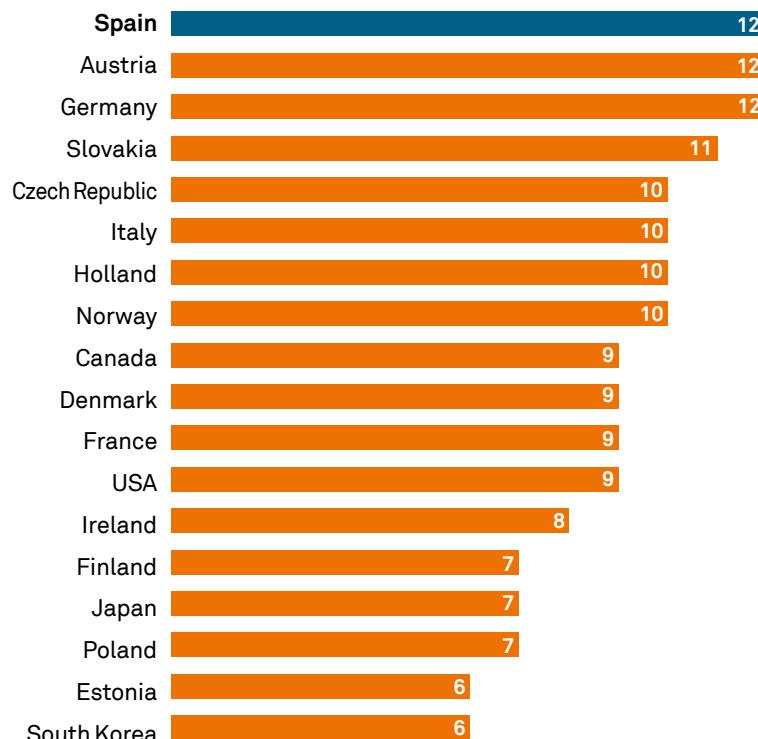
According to OECD calculations, Spain and Austria are the states where the highest proportion of jobs will eventually be eliminated, at 12%.

¹⁵ Thor Berger, Carl Benedikt Frey, *Digitalization, jobs, and convergence in Europe: Strategies for closing the skills gap*. University of Oxford. Prepared for the European Commission. 2016

¹⁶ Executive Office of the President. *Artificial Intelligence, Automation, and the Economy*. Available at <https://obamawhitehouse.archives.gov/sites/whitehouse.gov/files/documents/Artificial-Intelligence-Automation-Economy.PDF>

4. Future disappearance of tasks. By country.

% of population in jobs with a high risk factor



Source: OECD. *The risk of automation for jobs in OECD countries, 2016.*

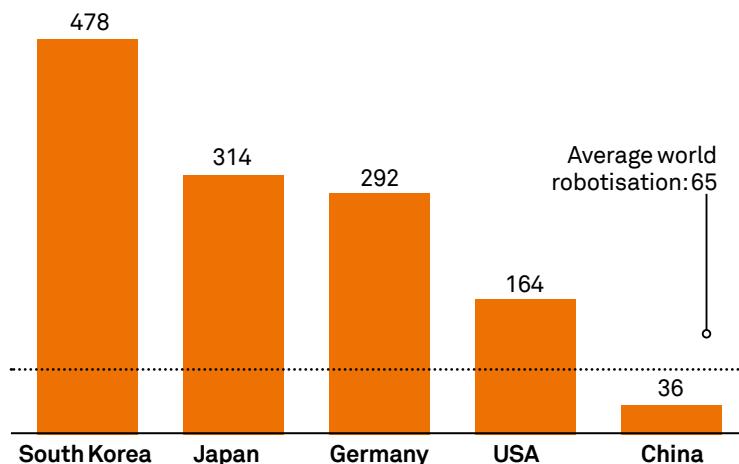
There are essential skills where, at least until now, human beings have been unbeatable: carrying out non-routine jobs and managing information in complex forms, in a way that involves improvising and responding according to a given situation.

“Between 9 and 57% of jobs are at risk; there is no guarantee that businesses will replace these workers with robots. That will depend on the costs of automation and how salaries change in response to this threat”, explain Daron Acemoglu and Pascual Restrepo¹⁷, researchers in this field who do not rule out the creation of new jobs because of the improved productivity achieved by using machines. They base this on what occurred with the introduction of robots into US industry from 1990 to 2007. They suggest that one new robot for every thousand workers would reduce the employed population by between 0.18 and 0.34%, while salaries could decrease by between 0.25 and 0.5%.

¹⁷ Pascual Restrepo and Daron Acemoglu, *Robots and Jobs: Evidence from the US, 2017.*

5. Evolution of the ratio of robots to workers

Number of robots for every 10,000 people in countries with the most robotisation, 2015



Source: IFR World Robotics 2015.

It should be said that the total number of robots currently in operation (1.75 million, according to the International Federation of Robotics) could rise to six million by 2025, according to the forecast made by the Boston Consulting Group (2015).

Will we hand over control?

In Japan, there are already robots that accompany senior citizens. There are machines that sound an alarm if a person with Alzheimer's strays outside a pre-determined perimeter, which could put them at risk. But the tasks involved in caring are not easy to replace, especially in terms of the empathy they require. Furthermore, this is not the only aspect to consider. Another factor is to what extent human beings will be willing to cede control to machines. "Personally, I doubt that we will be willing to hand over power to machines. I'm thinking about cars: many of us would prefer to drive even though cars could drive by themselves. It gives us a feeling of control", affirms Christer Windelov-Lidzélius, director of KaosPilot, the Danish entrepreneur school, who tends to doubt that there will be a fast, fluid replacement of people by machines¹⁸.

18 Interview with Christer Windelov-Lidzélius for *Alternativas Económicas*, Nº 48. June 2017

“The absurdity” of promising employment

Automation, with the production of robots growing by 15% worldwide over the last five years, is gaining ground, according to data provided by the manufacturers, but there is absolutely no agreement on the consequences of this. The economist Vicenç Navarro is convinced that the sectors where technology will destroy most jobs are the same areas where most jobs will be created in the end. By contrast, businessman Javi Creus, the founder of Ideas for Change and one of the promoters of the collaborative economy, believes that it is “absurd” for politicians to continue to promise jobs. “They can't do it. The modality of full-time stable work will not disappear, but it will be just another modality, which may account for 40% of the people who work. It won't be the model. I would be really happy if our politicians could reflect on this a little more and say: 'I will guarantee an income for everyone, and that everyone who can contribute to the community will receive a corresponding recognition’”¹⁹.

The point is that there is a proliferation of books predicting an excess of human workers, not because of the crisis, but due to automation, an increase in productivity and globalisation. They call for abandoning work as the central institution for people's lives and as a source of purchasing power. One of the latest is *The Wealth of Humans: Work, Power, and Status in the Twenty-First Century*, by Ryan Avent. In 2015, Paul Mason predicted the end of capitalism due to the combination of technology and a society based on information which contradict the logic of the market. In contrast to what happened in previous technological revolutions, there would be no creation of even more qualified jobs to replace the jobs destroyed. Rather business people would invest in jobs of little added value, as he explains in *Post-Capitalism, Towards a New Future*. This journalist and activist contrasts the ruling neo-liberalism with collaborative economy models.



One new robot for every thousand workers reduces the employed population by between 0.18 and 0.34%, while wages could go down by between 0.25 and 0.5%.

19 Interview with Javi Creus for *Alternativas Económicas*. July 2017.

New businesses, fewer jobs

An irrefutable argument is that new businesses which dominate the growth sectors are creating fewer and fewer jobs. Industry embraces everyone, at least verbally, but what is coming will be less and less job-intensive.

“The new industries account for 0.5% of the United States workforce, which is not really an inspiring record in job creation. And, after a constant decline, the average new business creates 40% fewer jobs than twenty years ago”, affirm Nick Srnicek and Alex Williams in their book *Inventing the Future*, in which they defend a post-work future where everyone has a basic living income, not as a substitute for the welfare state, but as “a supplement to a

revitalised welfare state”²⁰. The book includes studies which indicate that between 47 and 80% of current jobs may be automated. And it must be said that only 13% of people confess to being interested in the work they do²¹. The authors’ thesis embraces complete automation, reduces the working week, dismantles the ethics of work and includes a minimum income, which in their opinion could be a way

to “recognise invisible work, carried out mostly by women, as well as the feminisation of the job market and the need to provide economic independence for the complete liberation of women”.

However, this thesis is not shared by feminist organisations. It is not a question of reinforcing women in roles that traditionally associate them with the home, paying them a salary (the famous housewife’s wage) but to reorganise society so that women no longer have to do the invisible work, which they so often carry out, if they would rather continue with their professional careers, provided there are people prepared to do it for them.

Digitalisation and relocation

The combination of the digitalisation of work and globalisation are the cause of a cataclysm. The sociologist Pedro López García writes that the particularity of this fourth Industrial Revolution is the “breakdown of the time and space binomial”. In his study *Digitalisation in the World of Work*²², he explains: “Regarding space,

20 Nick Srnicek and Alex Williams, *Inventing the Future. Post-capitalism and a world without work*. Malpaso. 2017, pp. 146, 171-179 and 231.

21 *State of the Global Workplace: Employee Engagement Insights for Business Leaders Worldwide*. 22 Pedro López García, *Digitalisation in the World of Work*. Primero de Mayo Foundation. 2016.

all territorial boundaries have been broken down with globalisation, and in terms of time, there has never been an overlapping of so many changes at this speed which occur almost simultaneously".

When Barack Obama, the former president of the United States, was about to leave the White House, to be replaced by Donald Trump, he warned that "the next wave of economic relocations will not come from another continent, it will come from the relentless pace of *automation*, which will make many good middle-class jobs obsolete". Trump pointed an accusing finger at immigration, production in countries with lower labour costs and commerce.

Employment is already changing, although the end is not yet in sight. The Adecco Report on the Future of Work in Spain, published in 2016, interviewed 40 human-resources experts about this question. The predominant response, from eight out of ten of them, said that the main reason for having to *reinvent employment* was technological advances. The main effects produced by technology include remote collaboration, complete availability of information online, an increase in human skills and productivity, the digitalisation of the economy, automation and the fragmentation of tasks²³.

One year before, a ruling on the question issued by the European Economic and Social Committee (EESC) noted that digitalisation creates benefits in terms of productivity, but admitted that it did not know what the repercussions for employment would be. "We will see damaging effects on the job market and the organisation of work, such as deregulation, the salary gap and hardly any access to Social Security systems". These are not aspects that are directly related to digitalisation, but rather to the use that may be made of it now or in the future.

Remote collaboration, apart from what we have learnt to call *teleworking*, could take various forms, including subcontracting functions to a self-employed worker, contracting projects, shared jobs and *micro-tasks*, where a job or even a series of tasks could be segmented. Later on, we will deal with what consequences these sorts of formulas may have on the social protection of workers and, in turn, on labour relations.

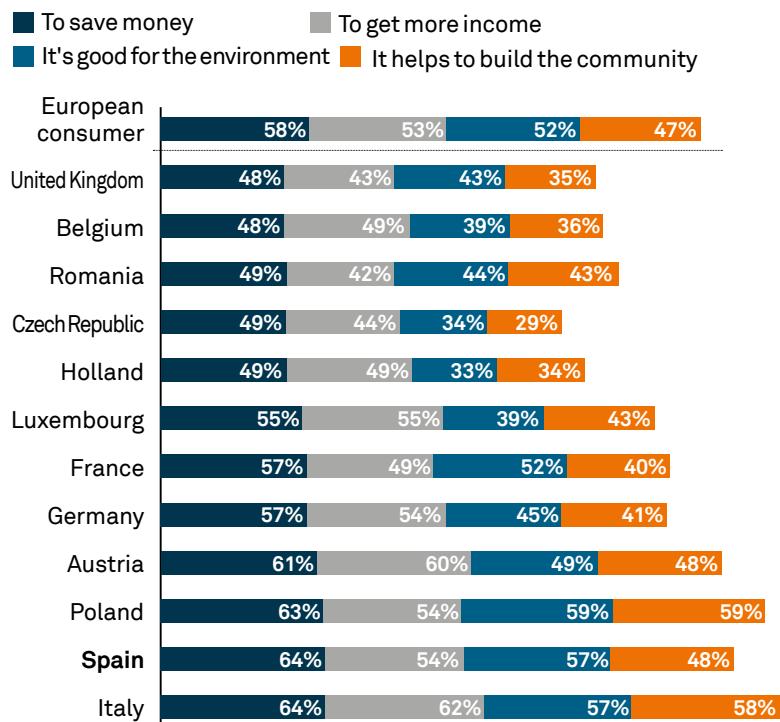
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The main effects produced by technology include remote collaboration, complete availability of information online, an increase in human skills and productivity, the digitalisation of the economy, automation and the fragmentation of tasks.

²³ Adecco Report on the Future of Work in Spain, Adecco, 2016.

Digital platforms, such as Amazon Mechanical Turk, are created that put companies looking for *freelancers* willing to carry out jobs or projects in contact with suitable candidates. If it is not necessary to physically carry out these jobs or projects in a specific country, companies can choose from candidates from all over the world with widely varying standards of living, and therefore with very different expectations in terms of remuneration. Competition is fierce in a world of a la carte services, except when you are the best in the world at something.

6. Why do people use the collaborative economy (or work in it)? By country



Source: PwC 2016

Opportunities for emerging countries

There is a positive side for the workforces of emerging countries, because they can get access to better paid jobs than those found in their own countries. What may be distressing for some people can be a window of opportunity for others. But what happens to the workforces in more developed countries that nurtured the middle classes until the crisis hit?

“The idea that you can participate individually in the global economy through a combination of internet and subcontracting began in the 1980s, and the first companies that got a taste of something similar were General Electric and American Express, who transferred their business processes to India, among other countries. But today, we are speaking about something different: a diffuse geographical network, a global pool of talent (and at reduced costs), especially towards South-east Asia. Thanks to increased connectivity, various factors have influenced this kind of global support, such as the national liberation of markets, the global standardisation of technological networks and the rollout of fibre-optic cables.

McKinsey, among other companies, has highlighted the structural benefits of these platforms in terms of the increased participation of workers in the job market, as well as improved productivity. But other studies, such as the one carried out by a group of authors from the Oxford Internet Institute (2017), based on 152 interviews and a survey of 456 people, as well as the analysis of data from one of main on-demand job platforms, concludes that the new reality created by this “new world of work” in Sub-Saharan Africa and South-East Asia can generate risks. On one hand, for the people who work from Kenya, Nigeria, Vietnam or Malaysia, it can mean improved salaries and greater autonomy, but also “worries such as pressure about lower wages, long working hours, discrimination and for some, isolation and a lack of social contact”²⁴. In some cases the people surveyed affirm that they live in Australia instead of Kenya. “You have to create a certain identity that isn't you, if you want to survive *online*”, was one of the replies in the study from Moses, a young translator from Nairobi. Ninety-four percent of the people surveyed were not protected by any association or trade union and often affirmed that they would like to have more information on the companies they work for.

Even if the platform is not global, but addresses only people from the same city, its effects on the job market can be equally devastating. A good example is what is happening to the taxi sector, with non-professional drivers who collect clients contacted through digital platforms and take them to their destinations.

“In all sectors that digital platforms have entered, the result has been *insecurity* in industrial relations”, declared Salvador Duarte, the secretary general of the Catalan Confederation of Self-

²⁴ Mark Graham, Vili Lehdonvirta, Alex Wood, Helena Barnard, Isis Hjorth, David Peter Simon, *The Risks and Rewards of Online Gig Work At the Global Margins*. Oxford Internet Institute, University of Oxford.

Employed Workers (CTAC) in 2015. The organisation is linked to the UGT trade union, which called for “dialogue, clarification and regulation” of the legal loopholes raised by most of the collaborative initiatives, at an OuiShareFest panel of the Collaborative Economy in Barcelona²⁵.

A new employment category?

Some leading figures of the collaborative economy, such as Arun Sundararajan, have suggested the creation of a new employment category that is halfway between independent or self-employed workers and salaried employees. However, the author is cautious about this: “Although the introduction of a third category would help many supplier businesses in the collaborative economy, and also allow existing platforms to have greater flexibility in providing protection based on the market and benefits for their supplier businesses than is currently possible, I believe, while I am writing this book, that it is important to proceed with caution when defining the limits of a new category and clarifying the obligations that a platform has with regard to each of its stakeholders (the platforms or other companies, the suppliers themselves and the various branches of government). Any change of category will be applied not only to the people involved in the collaborative economy, but potentially to those who are now classified as full-time contracted workers, connected through the intermediation of a corporation”²⁶.

The economist Juan Francisco Jimeno calls for a distinction to be made between two different circumstances when we speak about the impact of technology on employment; one thing is the future of work, analysed from the perspective of whether the technologies we will be using in the coming decades and the tasks they carry out are different, while the other is the future of the trade or the job, in the sense that the same tasks can be exchanged through various mechanisms, as shown by the case of Uber drivers who find possible passengers through a digital platform operated by the most valuable company in the whole collaborative economy, in terms of money, which clients have previously downloaded as an app on their mobile phones.

“In the first case, we are talking about transformations in the means of production, whether machines destroy or replace jobs or not. In the second case, the changes concern the way services are provided, and the effect that this has is then projected onto

25 “Private Competes with Professional”, in the magazine *Alternativas Económicas*, Nº 31. December 2015.

26 Arun Sundararajan, *The Sharing Economy, the End of Employment and the Rise of Crowd-Based Capitalism*, The MIT Press. 2016.

the future of labour relations established to cover the provision of services or the exchange of products": The Bank of Spain economist shows particular interest in the first supposition: "In the second case, the problem is basically one of legal regulation: how we regulate service provision through online platforms. We can already see what is happening with Uber", he adds.

The *Uber* case

First came the judges in the United States. Then the ones in the UK. More recently, those in Brazil. The courts ruled that the people who drive for a shared-transport company do not fall into the category of self-employed workers, but are rather employees of Uber, which was founded in California in 2009 and began operations in Spain in 2014. The multinational presents itself as a simple technology supplier, but the courts believe that its business is transport, and that it gives work to people willing to drive for it. This brings consequences, such as the right to a minimum wage, to certain days off and to paid holidays. In California and Massachusetts, the corporation had to agree to a compensation of one hundred million dollars, so that its fleet could continue to pay contributions as self-employed drivers. In the case of California, the sentence states that Uber decides the charges (but does not drive), that the company penalises drivers if they do not pick up certain clients and, above all, it has the power to temporarily or definitively suspend them simply by "disconnecting them from the platform". The judge concluded that this is not very different from dismissal.

A Brazilian judge ruled that the people who drive for Uber work for the company and deserve employee benefits. He ordered the company to pay one driver \$10,000 in compensation for overtime worked, the night-time hours, holidays and expenses such as water, petrol and sweets for customers.

The employment costs for Uber, which presented itself as a mere intermediary that only provided the platform between the driver and the passenger, could be substantially increased if this trickle of adverse sentences continues. In one of its appeals, the company cited the ruling of another judge from Minas Gerais, according to which the people who drive are free to define their hours, cancel trips and even use applications from competitors, in order to deny that they had any relationship with the company.

In Europe, the benchmark sentence was given in December 2017 by the EU Court of Justice. It concludes that the company is not just a purely intermediary platform, but that in effect, it organises and controls a transport service, and that it is therefore affected by

the sectoral transport legislation of each EU member country. This service cannot be operated by private individuals.

The big question is if the eruption of business models based on platforms that do not fit neatly into existing legal frameworks should be in the hands of the courts. Public administrations have a major role that they cannot eschew. In that sense, Transport for London, the regulating authority for municipal transport in London, recently decided to withdraw Uber's licence for operating in the UK capital, citing reasons of "safety".

At the end of 2014, the Higher Court of Justice in Madrid ordered the San Francisco company to stop exercising its activity throughout Spain in its modality for use between private individuals (Uberpop), considering that this constituted "unfair competition" with taxi drivers, who carried out protests and strikes in the main Spanish cities against this kind of application. Cabify, founded in 2012, like Uber X, has a licence and a network of drivers. The licences awarded by city municipalities for car rentals with driver (CRD) are different from those held by taxi drivers. They can only take passengers with a prior reservation and a defined route, and payment must be made digitally. In 2016, Uber X started providing services again (this time

with professional self-employed drivers or companies) and with licences.

Regarding licences, the Catalan government announced in the summer of 2017 that it would apply a two-year moratorium on awarding new car-rental with driver (CRD) licences, after there were 3,000 applications in the community. Among other things, the new regulation (decree-law) makes it necessary for cars to show identification on their windscreens and provide information about each trip through a new electronic registry. The

authorities must be aware of the contracted services. There will be fines of €2,000 for not showing the windscreen label and €1,000 for not providing information about a service. The company complains that the number of possible CRD licences is "very low, not above a thousand", so that becoming established in the Catalan capital would create "a very serious problem" for meeting demand with a good service.



Technology does not extend their work. And that happens to the vast majority of the population. The sociologist Sara Moreno underlines how the debates that are often generated about employment make the most insecure groups invisible.

In December 2017, the Spanish Council of Ministers approved a royal decree that increased the requirements that transport platforms need to meet in order to obtain a CRD licence.

“It isn't that easy to regulate”, says Consuelo Chacártegui, from her office at the Pompeu Fabra University. Labour relations can be recognised by means of a sentence, but, she adds, “the problem is the employment engineering that is behind it, to the point where you don't really know where the company is, so you can't even take legal action”. Someone who drives for a platform drives around the area they are given, and follows some instructions, ends up working for someone else. To what extent can we call them professionals? Or amateurs who earn extra pay with extra driving? “This difference is easy to see if one establishes the relationship that the person has with the goods and services market. If we ask whether they are profiting from this market, the answer is that they are professional workers”, affirms the legal expert.

Beyond the problems of competition, the Uber case highlights one of the main trends in future employment, and in part, current employment: the progressive individualisation of work.

The hour of self-employed work. Or a covert working relationship

Are we moving irredeemably towards *job insecurity*? Are we entering a world of employment made up of self-employed workers? Samuel Bentolila gives a mixed response: “Yes and no”, he says. The CEMFI lecturer considers the current levels of temporary work in Spain to be an avoidable evil, and he is therefore in favour of introducing a single work contract, something that the trade unions have completely rejected. “The employment that has grown most is that which allows people to work for five days, have the weekend off and then contract the same person on Monday. This practice means committing legal fraud, because temporary work is used to save costs, as we can see in the data for registration and deregistration with Social Security”, he claims. The unlimited temporary work existing in Spain, similar to Greece and Portugal, has a pernicious effect on training and the commitment of staff to their company. All the experts agree on this, and reject it as a block.

“What I do see as being difficult to avoid is *desalarising*. This is a trend that is facilitated by digital platforms. I describe a task and I offer it on a platform. Digitalisation means that one hour later there are offers for doing that task from various places in the world. For some of these people it may be an opportunity to earn much more money than they are offered in their own country, while for a European or a North American it may seem to be *social dumping*. It

is clear that competing with lower employment costs is not a good work strategy for a place like Spain”, says Bentolila. The solution is the inclusion of better technologies and better productive processes.

Bentolila insists that technological progress “is a blessing” and that, although it may be traumatic in the short term, with some people not being able to work or some companies having to close down, “it is possible for the global pie to increase and the benefits for those who are able to respond could finance those who are negatively affected, so that they do not suffer damage, producing redistribution”. Bentolila is not sure if there will be less paid employment in the future, “nor if there will not be less”.

“In my opinion, announcing the end of dependent employment due to digitalisation or the need to invent a new legal status to regulate the self-employed in the digital era are rather hasty, tendentious positions”, affirms María Luz Rodríguez, Professor of Employment and Social Security Law at the University of Castilla-La Mancha (UCLM) and a member of Economists Against the Crisis. She was also Secretary of State for Employment from November 2010 to January 2012, and she believes it is “really risky” to state that the new virtual occupations completely correspond to self-employed workers and that their legal status should be *self-employed*²⁷. Rodríguez questions the workers’ “control” and “freedom” for organising their work and life when they are working for digital platforms to offer their services. “This may be true in some cases, but in others it is possible to find signs of subordination”, she adds.

Less negotiating capacity

For a society or an institution, full-time indefinite contracts are seen less and less as the standard employment situation. Manuel Castells points to the increase in part-time jobs, temporary contracts and self-employed jobs, which already account for 20% of the workforce in the UK, 25% in Italy, 35% in France and 40% in the United States.

“If a new model for society is necessary, it isn’t because technology destroys jobs, but because it makes it possible to work less and produce more”, writes this ²⁸ renowned expert in the new (and changing) Information Society. One of the factors cited by Castells is also the extreme flexibility that technology offers. The good news could be efficiency, productivity and business competitiveness.

²⁷ María Luz Rodríguez Fernández, *Platforms, micro-workers and other employment challenges in the digital era*. 2017. Interview for the White Paper on the Future of Work and Jobs. June 2017.

²⁸ Manuel Castells, *The Transformation of Work*. 2017. La Factoría books.

The downside is an individualisation of labour relations, which takes negotiating capacity away from the worker, doomed to a relationship of open competition with other workers, which brings to light the need to invent a new type of *social contract*.

According to the Ministry of Employment, at the end of the second quarter of the year, there were 3.44 million self-employed people in Spain, out of a total of 18.48 million workers registered with Social Security. Therefore, the ratio of around 19% has remained stable, in spite of a discourse favourable to *entrepreneurism* and incentives such as the flat rate for new *self-employment*. Forty-five percent of the working population are women, who make up 35% of the self-employed workforce.

More outsourced activities

Whether the number of self-employed people rises or not (the ratio with respect to salaried employees has hardly varied at all in recent years), an intensive process of *outsourcing* does exist. “I’m quite sure about this trend. People work with companies that have different statuses, different worker agreements and conditions and this leads to more insecure working conditions”, states the economist Albert Recio, who believes the discourse on the end of employment is “a *technocratic* vision, an attempt to culturally impoverish the working class and the great legitimiser of inequality, since if there is greater inequality it must be because some people are more productive than others and also better qualified, when someone may be highly qualified in their field but there are plenty of people that have a degree and pass all the exams yet they don’t know how to use a toilet brush”²⁹.

“When an activity is outsourced, the *external* person may find themselves alone and unable to negotiate with the *mother* company, and when a worker has two bosses, the discipline is doubled”, warns Albert Recio, Professor of the Department of Applied Economics at the Autonomous University of Barcelona (UAB) specialising in *socio-employment* policies and employment economics. Recio specifies that *job insecurity* occurs not only in areas of work considered as being of low added value. “At the upper end, the culture of professional careers also favours it. You only have to observe how everyone at the university is insecure in their job, and how young people compete by writing *papers* all day”, he states. At the lower end, at the waterline of rights, sectoral collective bargaining is being deactivated, leaving small companies without an agreement to give them even minimal protection.

²⁹ Interview with Albert Recio for the *White Paper on the Future of Work and Jobs*. July 2017.

The job sub-market

“Today, the standard frontier between an employed person, an unemployed person and an under-employed person has faded. You can find a job for three afternoons a week, work for a temp agency (ETT), hope that someone contacts you through a mobile phone app, or work on the black... and then you go back to being unemployed. However, our policies are only designed for people being either employed or unemployed. This chronic job sub-market is as serious or a more serious risk than long-term unemployment, because it prevents continued integration and defines a working life”, explains the economist Eduard Jiménez, director of Innovació i Consultoria en Polítiques Pùbliques and editor of P3T. He is an expert on local economic development³⁰.

The new generations of both men and women increasingly express a wish for sovereignty over their working hours, so that if they need more time because they have small children or they need to care for senior citizens, they are willing to work fewer hours in exchange for maximum availability at other stages of their working lives. There is a new trend of speaking about the “rush hour of life” in reference to the phases with greater or lesser availability for working hours.

A complicated work-life balance

“A digital working environment allows this flexibility, but recent studies on the new ways of working query the supposed positive effects”, stresses María Luz Rodríguez. She adds that it is generally true that for online work working hours are generally longer than standard, and more so when the online work is done as a complement to a person's working day in the company's offices, without receiving extra pay for that work. Work inspection may visit the workplace. But this becomes more complicated if they have to go to people's homes, where *teleworking* is becoming increasingly common.

Work intensification can have negative consequences on a person's health, in terms of stress or syndromes such as burn-out. In any event, balancing work and private lives becomes more difficult, even when jobs do not invade their private lives, because people may be on the alert in case something comes up. “With the exception of some younger people, who seem to enjoy this way of mixing private and working lives, digitalisation requires strong

³⁰ Interview with Eduard Jiménez for the *White Paper on the Future of Work and Jobs*. June 2017.

discipline so that it does not erase the frontiers between people's jobs and their everyday lives", concludes Rodríguez.

This is not a faraway problem, if we pay attention to the Eurofound Report, which states that there are no less than 28 active digital platforms in Spain where commissions and jobs are brought together³¹.

Truisms for minorities

However, the difficulty of placing boundaries between people's home and working lives because of technology does not affect all social segments in the same way.

"People who clean bank offices, people who stack shelves in a supermarket, people who make beds in hotels, people who serve coffee in Barcelona, who wash dishes and so on, none of them benefit from their mobile phones, as far as their jobs are concerned. Technology does not extend their work. And this is true for the vast majority of the population", emphasises the sociologist Sara Moreno, who is a member of the Institute of Employment Studies team at the Autonomous University of Barcelona (UAB)³². Moreno's observation is a reminder of how invisible the debates that are often generated around employment make the most insecure groups of workers in the job market.

Digital platforms and the so-called collaborative economies are another thing, where job offers in the form of a project or a task are often along the lines of "work fragmentation that increases job insecurity", set against a background where people are responsible for *becoming self-employed*, adds this academic. In that sense, the shadow of absolute availability cast by technology also becomes more intense in low-qualification jobs, according to the sociologist Teresa Torns, an expert in gender inequality and time management. "There are no workers with a *pager* any more, just people with two or three mobile phones. The new information and communication technologies have undermined the stable working day, in terms of hours. Many young people do not switch their mobile phones off during classes, because if they don't answer it within twenty minutes they could lose a job opportunity."

Ms Torns also raises the minority and privilege component implied in talking about the dilemmas involved in having vocation and passion for what one does. "People who say that they cannot work if it is not in the field they like should show respect for the vast majority of the population, for whom vocation is a whim for

31 *New forms of Employment*, Eurofound. 2015.

32 Interview with Sara Moreno for the *White Paper on the Future of Work and Jobs*. June 2017.

“

“In Spain, the trade unions are badly positioned. They are still focused on jobs in themselves, in certain companies in certain sectors, while in such a changeable and uncertain scenario, where the framework of the nation-state has become too limited, protection systems have to be transferred from specific jobs to people; the workers are the ones that must be protected during their professional careers”, reflects Professor Miguel Ángel Malo.

the comfortably off. Those who work as maids, in the fields, in a bakery, as traders in La Boqueria market, etc., most employed people on the planet, nobody ever asks them if they enjoy what they do”.

This is not too unlike Judy Wajman, who considers the lively discussions about the impact of technology on employment to be “a very Euro-centric debate, related to the western middle classes”, which takes us away from the “real problem” which, in her opinion, concerns the number of jobs created through applications for placing orders and those of a similar kind. “These are jobs without any kind of assurances or social protection, which consist of carrying out activities that rarely pay

taxes and are very badly paid, especially in the services sector”, emphasises this professor from the London School of Economics³³.

Deliveroo and the trade unions

People who deliver packages and food through digital platforms has started to organise and mobilise. At Deliveroo they have created a trade-union platform and in July 2017 they went on strike to demand minimum orders. In France and the United Kingdom, the company won in the courts, which ruled that there was no working relationship. In Valencia, the Labour Inspectorate concluded that this working relationship was “covered up”: The traditional trade unions, CCOO and UGT, denounced this new extreme job insecurity, which is partly created in the shape of a submerged economy or “false self-employment”. It is a fact that countries with the lowest levels of inequality are those which historically have collective bargaining structures, which has allowed them to ensure the quality of employment.

However, most employment experts consulted believe that the current trade unions are under-prepared for the transformations that are occurring in employment. “In Spain, the trade unions are badly positioned. They are still focused on protecting jobs in themselves, in certain companies and in certain sectors, when

33 Interview with Judy Wajman for *Alternativas Económicas*, Nº 35. March 2016.

in such a changeable and uncertain scenario, where we cannot know what will happen and the nation-state framework has been surpassed, the systems of protection need to be transferred to the specific workplace of the person concerned; it is the workers who must be protected during their professional career”, affirms Miguel Ángel Malo, professor of Macroeconomics and Labour Economics at the University of Salamanca (USAL)³⁴.

The will to regulate, under examination

But little can be done without a willingness to regulate in order to protect rights. In the Basque Country, economics professor Sara de la Rica is sure that “the changes involved in the new collaborative economy mean that we have to be vigilant and show a willingness to quickly regulate the new relationships, which are more about market forces than work, which are creating many new jobs, because in the short term they may create many insecure jobs, and the dysfunctions involved in a change on this scale depend on our willingness to regulate them”³⁵.

The first challenge will be to distinguish between people who occasionally provide services that technology permits and people who can be considered as professionals in a given sector, and see where one of the EU member states, which is thought to have a more extensive informal economy and a higher ratio of temporary contracts than the European average, places the bar. However, according to Malo, who in addition to being a consultant for public bodies, has also carried out research for the International Labour Organisation (ILO), the real challenge for regulating the labour market is “to reduce the market dysfunctions by providing protection for workers, without imposing enormous costs on companies or harming their economic efficiency”. This new scenario involves “a new distribution of risks” which in effect “transfers risk from the companies to the worker and the customers”, he says. He believes that in this context we do not know if the number of people registering as self-employed will rise sharply, but we do know that “in any event, we are entering



“The changes in the collaborative economy mean we must be very vigilant and show an inclination for quickly regulating the new scenario, which is more about mercantile rather than working relationships and which create many new jobs”, affirms professor Sara de la Rica.

³⁴ Interview with Miguel Ángel Malo for the *White Paper on the Future of Work and Jobs*. May 2017.

³⁵ Interview with Sara de la Rica for the *White Paper on the Future of Work and Jobs*. July 2017.

a world with a greater number of changes during professional careers”.

Ageing and the care crisis

The ageing of the population is another factor to be taken into consideration, because it will reshape the job market and society itself, together with globalisation, digitalisation and job deregulation. The World Health Organisation (WHO) calculates that the number of people aged sixty or over has doubled since 1980. The projections it is working with estimate that this age group will reach 2 billion people by 2050, of whom 400 million will be over eighty years old. And according to the ILO, the percentage of people aged sixty-five or over will increase from 8% in 2015 to nearly 14% by 2040.

In Spain, if there are no changes (such as a new wave of migrants like the one during the construction boom), the reduction in the

active population (people of an age to look for work or have a job), which is already happening, will get worse due to the low birth rate and the ageing population in developed countries, according to PricewaterhouseCoopers (PwC). By 2033, there will be 1.17 inactive and unemployed people for every worker, while in 2014 there were 1,05³⁶.

“By 2033, for every employed person in the country, there will be 1.17 unemployed and inactive people, according to PwC. In 2014, there were 1.05.”

The sociologist Sara Moreno believes

that the process of demographic and social changes, with the trend of ageing in western societies, longer life expectancy and a lower birth rate, is one of the most powerful reasons to roundly deny that we are approaching a society with a lower presence of paid employment, resulting from digitalisation and automation. “I say emphatically no, because the demographic vacuum that will be produced, added to the massive inclusion of women in the job market, gives rise to what is known in sociological terms as the *care crisis*”.

According to this phenomenon (care crisis), there will be a growing number of people who need support to cover their daily needs, while at the same time, the resource traditionally used to deal with this problem is becoming less and less available. “This resource (the women of the family) will become increasingly

³⁶ PwC, *Working in 2033. Spain 2033*, p. 17.

scarce, due to their greater presence in the job market, through choice and/or necessity. Due to the lower birth rate, there are fewer young women, so even in the hypothetical scenario of gender inequality being maintained and women being considered socially as the main people responsible for caring for the family, women won't be able to do it all" emphasises Moreno, a professor at the Autonomous University of Barcelona (UAB).

Reorganising care in a family-based society

The social challenge facing us is the reorganisation of care, and especially care for dependent people. There are already homes today where a woman ends up being responsible for three or four dependent people. According to Moreno, the debate on employment and the impact of technology should be considered in parallel with a series of social needs centred on long-term care, because this will be the main source of job creation in the future; simply because there is no alternative, because it is essential and because it is also a type of employment that is labour intensive, as an opposing trend to *robotisation*. "In addition to being labour-intensive, and going against current logic, activities concerned with caring for people cannot be valued in terms of productivity", adds the sociologist. Sara Moreno predicts that "paid employment will not disappear, but the key question is if we are socially able to train and give prestige to people for these jobs". Will we be capable of giving prestige to currently undervalued and insecure jobs in the labour market, like many of those related to caring for people, as has happened with many of the jobs that have been particularly *feminised*?

"Working in the area of care requires a series of skills that are not often recognised, but are essential for carrying out the work, and which have certainly been learnt during people's lives", comments Albert Recio. "There is a major difference between people who dedicate themselves to this job and receive training and those that take the job because it is thought that no qualifications are needed. Getting an elderly person to let themselves be stripped and washed involves prior work that not everyone knows how to do, and in order to clean houses, you have to know how to enter a home that isn't yours", states the UAB professor.



In sociological terms, in the future there will be a crisis in care, due to a combination of a demographic gap and the massive inclusion of women into the job market. There will be a lack of qualified people.

Women immigrants

According to Teresa Torns, a sociologist who has done a lot of research in the field of domestic work and everyday life in the *healthcare sector*, there is an employment niche among women immigrants, who are very badly paid and discriminated against. They may have a university degree in their pocket, but they look for a relatively easy way to enter the job market. “The care professionals are nurses, but within the field of *healthcare*, a kind of strongly feminised employment hierarchy has been generated, which tries to relate as much as possible to official healthcare, because the closer they are, the more prestige they have. We are speaking about nurses, clinical assistants, assistant assistants, etc. and from then on, smart cleaning ladies who earn very little”, explains Torns, a member of the UAB's Institute of Employment Studies team³⁷.

The professionalisation and coordination of employment surrounding care is difficult to carry out without a general change in society's mentality, which affects both men and women. Because in Mediterranean countries, the familist model and tradition (where women fulfil all the roles in the book, as mothers, workers and carers) predominates. “In each crisis, the key institution is still the family, even though young women have learnt that they can't give up their professional projects”, says Torns. She says that it should be seen as a negative thing that women do not earn a living and that men do not do their fair share of looking after the kids.

³⁷ Interview with Teresa Torns for the *White Paper on the Future of Work and Jobs*. June 2017.

3. Our reality

A production, regulatory and training model

Economic globalisation, the progressive digitalisation of activities, the fragmentation of employment and in particular the trend of deregulating the job market, which, as we have seen, are factors that may contribute to insecurity in paid employment, are happening everywhere. However, these phenomena can have an even greater impact, depending on the starting point and the economic foundations of each place.

In Spain, it never rains but it pours, as we find specific elements that make jobs even more insecure. The first factor to highlight is our production model, which means what a country lives on. "We can talk more about choosing a specific production model than about an employment crisis", comments Teresa Torns.

If the Spanish Gross Domestic Product is €1,113,851 million, we have to take into account that most of the wealth created comes from consumption (€854,148 million) and especially home consumption, compared to the weight of investments (€221,966 million) and buying and selling abroad (€335,908 million and €368,322 million, respectively), according to INE data for 2016. Therefore, two thirds of the economy responds to demand, especially private demand.

“

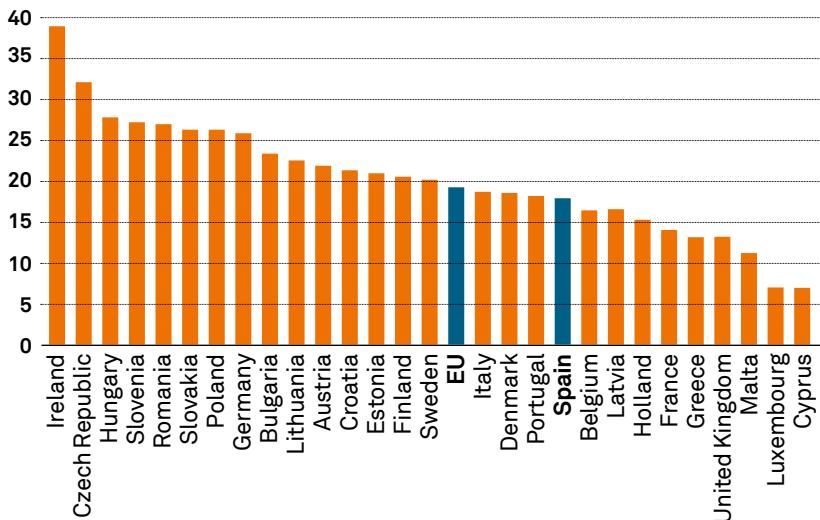
Globalisation, digitalisation and deregulation are occurring everywhere, but the impact of these phenomena may be harder according to their starting point. And here, it never rains but it pours.

Regarding supply, services have continued to increase their dominance of economic activities (€748,911 million) compared to industry (€179,527 million) and the primary sector (€26,028 million). In 1970, the services sector accounted for only 46% of all economic activity.

The so-called *tertiarisation* of the economy (and employment) has been the usual tonic for developed economies in recent decades, although in some more prosperous EU countries, such as Germany, Austria and Finland, the current ratio of industry in the GDP is much higher than in Spain (31%, 28% and 26%, compared to 23%, according to Institute of Economic Studies data for 2016)³⁸.

7. Importance of industry in the economy

Participation of the industrial sector in total gross added value
By EU country, 2015. %



Source: Eurostat.

The property *bubble* from the late 1990s to 2007 meant that the weight of the construction industry in the economy was disproportionately high. According to a report produced by the old Ministry of Housing during the time of José Luis Rodríguez Zapatero, the weight of residential construction in the Spanish economy rose from 4.7 to 9.3% in a decade (from 1997 to 2007). In that last year, 13.7% of the 17.12 million full time jobs throughout Spain were in construction, and most of them were occupied by men, according to the INE. And that is not including the activities of real estate services.

³⁸ http://www.elempresario.com/noticias/economia/2017/04/26/el_peso_industria_pib_espaa_entre_los_mas_bajos_ue_31110_1098.html

Greater influence of industry in Catalonia

In the case of Catalonia, in the last year before the crisis, the ratio of construction over total employment measured in the same way was 11.9%, also without counting the people employed in the real estate sector, according to Idescat data. This proportion has stabilised at around 5.32% for Spain as a whole (5.4% for Catalonia). In 2016, the index for industrial production, or IPI, increased by 3.3% in Catalonia compared to 2015, clearly above the Spanish average of 1.6%.

In Catalonia, in both 2007 and 2014 (last available data), construction provided 16.3% of the total added value of construction for Spain as a whole. By contrast, Catalan industry accounted for around 25% of the total for Spanish industry³⁹.

In spite of the greater industrial tradition in Catalonia, tourism, with its accompanying real estate component, has had and continues to have a significant role in the economy, as well as being a means of future growth. According to the Rovira i Virgili University, the GDP for Catalan tourism accounted for around 11 to 11.5% of employment between 2005 and 2008. The 2013-2016 Strategic Plan for Catalan Tourism emphasised that this sector accounted for 12% of the GDP, "it serves as a great driving force for other production sectors, generates foreign currency, and in the context of the current serious financial crisis, it is one of the few major sectors with a perspective for short-term growth". However, the plan considers that tourism is still an "unknown quantity" for a large part of society, "full of clichés that form a superficial, often derogatory perspective".

In June 2017, a report from CaixaBank Research with a section on the sector, estimated that, in reality, 16% of the Spanish GDP was due to tourist activities, if the expenses (and the induced economic effect) of the stakeholders directly or indirectly involved in tourism were taken into account.

"Nine years have passed since the beginning of the crisis, and we are getting out of it thanks to the same low added-value sectors, where staff rotation and temporary work is easy, and the political



In Catalonia, in both 2007 and 2014 (last available data), construction provided 16.3% of the total added value of construction for Spain as a whole. By contrast, Catalan industry represents around 25% of all Spanish industry, according to data from Idescat. And last year, the Industrial Production Index (IPI) for Catalonia increased to a figure clearly above the Spanish average.

³⁹ Idescat Statistics year book Latest available data: 2014. Available at <https://www.idescat.cat/pub/?id=aec&n=363&t=2014>

responsibility has been shared” laments Professor María Luz Rodríguez, who is convinced that if the economic model is changed, it will be possible to combat job insecurity, and disappointed that we have not used these years of crisis to lay the foundations for a change in our production system.

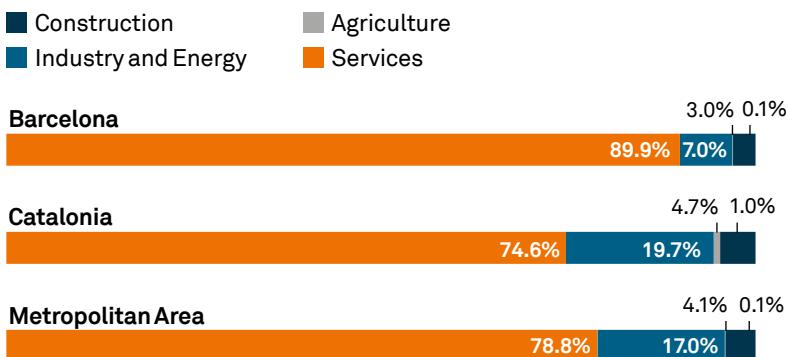
Broadly speaking, there is no discrepancy in this regard. “The tourism-construction binomial, which has traditionally been the driving force of the economy, has expanded even more, because neither the central or autonomous governments have done enough to make a difference, quite the contrary”, agrees Josep Banyuls, from the Community of Valencia. The economist is not optimistic about the possibility of a change. “Now we are growing and there is a little bit of activity because we are doing the same as before. Everyone has general ideas about needing a more competitive production model, but transforming the production system we have is more costly than it seems. A major mobilisation of public funds is not possible, it is hard to know where to start”, he adds.

Construction and tourism in Barcelona

Barcelona has an unemployment rate of 12%, much lower than the average for Catalonia and Spain, and the main driving force is services. But construction was the sector that showed the most growth in the city's GDP in the fourth quarter of 2016 (4.2%), ahead of commerce, catering, transport, and information and communication, according to data from Barcelona City Council.

8. Economic activity in Barcelona from 2010 to 2016

GVA structure by major sectors (%). IVT 2014



Source: Coordinated Economic Report on the City of Barcelona by the Finance and Tax Commission. Barcelona City Council.

And while jobs were created in most sectors during the first three months of 2017, real-estate activities registered the second biggest

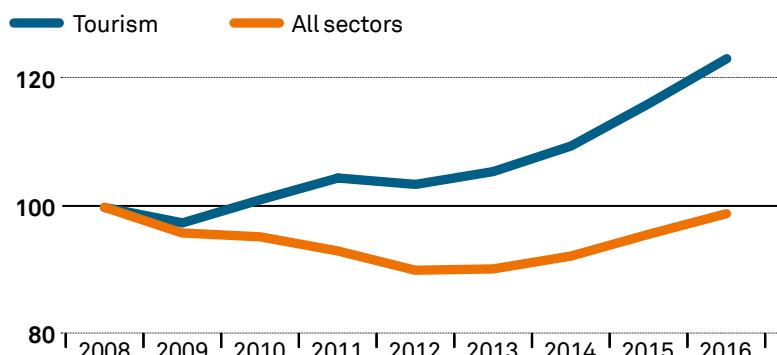
growth (6.1%), coming behind the information and communication sub-sector, the leader in the increase of people registered on Social Security (8.7%) in spite of the heated debate on the visibly growing importance of tourism in Barcelona's urban landscape. However, this visibility is not only an impression and the evolution of jobs created in Barcelona's tourist sector since the beginning of the crisis is 23% above the evolution of total jobs created in Barcelona between 2008 and 2016.



The evolution of jobs in the tourism sector created in Barcelona since the beginning of the crisis is 23% above the evolution of the total number of jobs created in Barcelona between 2008 and 2016.

9. Employment indicators for the tourism sector: job creation, with low income levels

Evolution of jobs in the tourism sector* and in Barcelona's economy, 2008-2016 (index 2008=100)



*Social Security affiliation, general and self-employed categories. Accommodation services, food and drink services and codes 55, 56 and 79 of the CCAE-2009

Source: Produced by the Manager's Office for Economic and Local Development Policy's Department of Studies, based on data from Barcelona City Council's Department of Statistics.

One of the most marked characteristics of tourism is the seasonal nature of the work, although in Barcelona it is not concentrated only in the summer campaign. The importance of temporary contracts is often explained as being a result of the seasonal nature of driving forces such as tourism and construction. Because, with the exception of Poland, there are no other countries in the EU where the levels of temporary employment are as high as in Spain. The European Commission's Statistics Office reports that 26.1% of employment contracts that were valid in Spain in 2016 had a

termination date. The average for the European Union is 14.2%⁴⁰. In the case of Poland, the ratio of temporary contracts rises to 27.5%.

Seasonal does not have to mean temporary

The European Union shows that the generalised use of temporary contracts is associated with a lower growth in productivity, a worsening of working conditions and a greater risk of poverty, as clearly stated in the *Recommendation of the Council of Europe concerning the 2017 Spanish National Reform Programme*. In a

working document, the Economists Against the Crisis (EFC) platform criticises “the erroneous identification of this phenomenon [seasonal work] with that of temporary work”⁴¹. This group of progressive economists denounce that many seasonal activities “are improperly labelled as temporary, when they are absolutely not, so that this contractual form is used inadequately, if not in an openly fraudulent way”. At another point the document speaks of “generalised fraud”.

The proof behind this affirmation lies in comparing the levels of temporary work registered in various branches of activity, whether they are seasonal or not, both in Spain and in the European

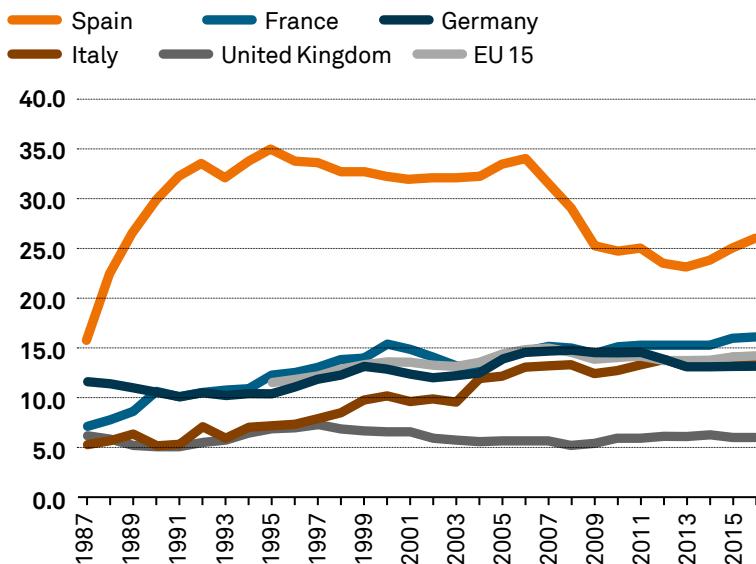
Union. There is a very high difference in detriment to Spain: 155% more temporary jobs in construction, 43.2% more in catering, 50% more in commerce and 76.6% more in the manufacturing industry. In the public administration and defence sector, temporary jobs are 37% higher in Spain than the average for the EU.

40 [http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Proportion_of_employees_with_a_contract_of_limited_duration,_age_group_15%20%9364,_2014_\(%25_of_total_employees\)_YB16.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Proportion_of_employees_with_a_contract_of_limited_duration,_age_group_15%20%9364,_2014_(%25_of_total_employees)_YB16.png)

41 Economists Against the Crisis Working document *Not repeating mistakes: eliminating job insecurity*. 2017. Available online at <http://economistasfrentealacrisis.com/no-repetir-errores-acabar-con-la-precariedad-del-empleo/>

10. Evolution of the temporary salaried employment rate in the European Union.

1987-2016



Source: Economists Against the Crisis, using Eurostat data.

Throughout Europe, the ratio of temporary work is higher among people aged between fifteen and twenty-four, but the difference is that in Spain, temporary work for young people is 72.9%, while in the Eurozone it is just under 53%. Furthermore, for people over the age of fifty, the difference is 101.5%.

The above-mentioned document finds no explanation in terms of the quality of employment from a perspective of production, although it does have an influence. Even in jobs that require a high level of training, a large number of them are covered by temporary contracts.

Fraud and length of contracts

The fact that cancelling contracts on Fridays and then rehiring the same workers the following Monday is common practice, something that also happens during the holiday period, is proof that many companies use temporary contracts regardless of the seasonal component. Temporary contracts without justification first started to become commonplace among small companies, but then expanded to include large companies and even the public sector.

Economists Against the Crisis attribute this expansion to the “contamination” exercised by the Employment Development

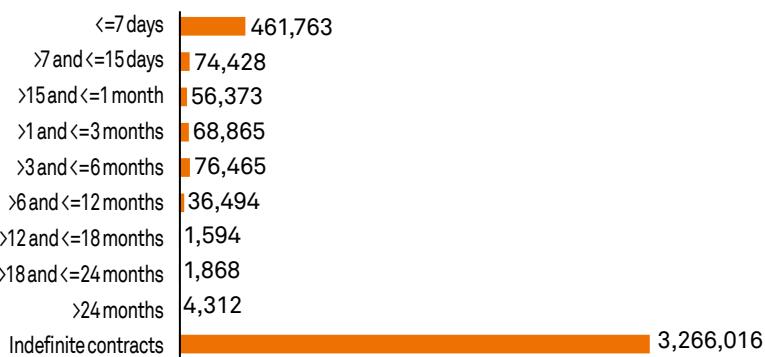
Temporary Contract, created in 1984, which aimed to provisionally provide incentives for hiring people, without requiring any justification for temporary jobs. However, it remained in force for a decade.

On average, the length of a contract in Spain has been getting shorter. In 2011 it was 63 days. By 2016, it had gone down to 50.6 days. Furthermore, contracts lasting less than seven days now make up a quarter of all contracts signed. The deterioration of the quality of employment means that the contracts last for such a short time that the Active Population Survey cannot record them, something that economists like Florentino Felgueroso, a member of the Fedea organisation, all agree on.

Most temporary contracts are for construction or services, or those known as temporary for production reasons. According to data from the Spanish Public Employment Service (SEPE) for July 2017, out of the 1.76 million contracts signed in these two categories, about 1.6 million were temporary.

11. Contracts for work or service, according to length

Spain June 2017



Source: Public Employment Service (SEPE). June 2017.

"The consequences are really negative, because the company does not get any commitment from the people and has to train them from scratch every time. Another major effect is the increase in workplace accidents and professional illnesses, because these are people who have little training or are even unaware of the conditions in which the work may be carried out. Workers are thought to be easy to replace and rotate", affirms legal expert Consuelo Chacártegui. But there is another solution. "Avoiding the risks of rotation by outsourcing a service, which reduces costs for business owners and allows them to be unconcerned by the

working conditions of their subcontractors”, she says Once again, the risk is moved outside the company.

In Catalonia, temporary work is 21.2% of the total, below the average for Spain, but much higher than for the Eurozone (14.6%). In this context, the ratio of temporary work in Barcelona is between them, at 19.8% (first quarter of 2017). Nearly six out of ten contracts last for six months or less, while those lasting for less than a month account for 40.5% of the total.

This means that if you put it under the microscope and analyse it by sectors, the biggest ratio of temporary work in the Catalan capital is not found in catering or construction, and still less in commerce; the problem is at its worst in activities of an administrative nature, and what stands out is that this is also true for public administration, with 36.7% temporary contracts⁴². By contrast, in the ICT sector, exactly half of the contracts signed are indefinite.

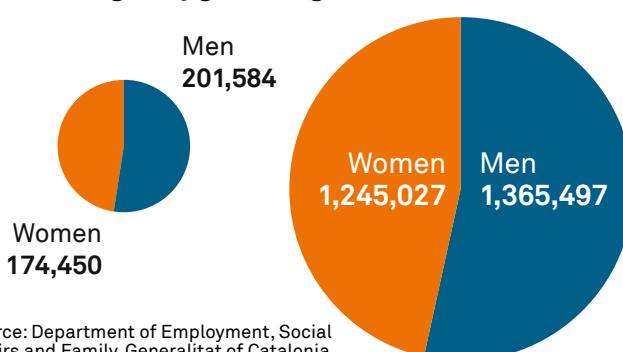
Temporary work is gaining ground at a similar pace for men and women: 87.7% of contracts signed by Catalan women in 2016, compared to 87.1% for men. Regarding the total number of temporary contracts signed in Catalonia in 2016, there were a higher number for women: 52.3%.

Greater insecurity among women

The crisis has harmed women more in terms of job insecurity. In Barcelona, the proportion of salaried workers with a temporary contract is greater among men (23.6% compared to 21.9%), according to City Council data. At the start of the decade, in 2010, the level was the same, at 20%.

12. Ratio of temporary work in Catalonia

Number of indefinite contracts (left) and number of temporary contracts (right), by gender, signed in 2016



Source: Department of Employment, Social Affairs and Family, Generalitat of Catalonia.

⁴² Source: GTP, *Salaried Work in Barcelona 2015*. Barcelona City Council, 2017.

Furthermore, a majority of the 80,000 unemployed people in the Catalan capital are women (53.7%). If we observe what has happened to the unemployment rate since the start of the crisis, we see that in spite of fluctuations of a highly male-orientated sector like construction and the greater number of women joining the job market, the unemployment rate for women continues to be higher (12.6% in Barcelona) than for men (11.3%). In the last three years, in which activity as a whole has recovered, unemployment is starting to go down quicker among men.



In Catalonia, temporary work is at 21.6%, which is below the Spanish average, but much higher than in the Eurozone (14.6%). In this context, the ratio of temporary workers over the total puts Barcelona half way, with 19.8% (in March 2017). Nearly six out of ten contracts last six months or less. In Barcelona, the sector with most temporary jobs is public administration.

The average profile of unemployed women workers in Barcelona is that of a woman aged over forty-five who has been out of work for over a year and has a general level of education.

In terms of Catalonia, the unemployment rate continues to be double what it was before the crisis, but lower than in the rest of Spain. On 31 December 2017, the rate was 13.49% for women and 11.85% for men. The employment rate was very different:

49.12% for women and 59.04% for men.

In Spain as a whole, the difference is even greater, in detriment to women. The latest Active Population Survey (EPA) for 2017, issued in January, shows that the unemployment rate for women was 18.3% of the population between the ages of sixteen and sixty-four (the working age), while the rate for men went down to 15%. The structural inequalities concerning gender, which are inherent in the job market, surface once again. “During the golden period, which was from 1995 to 2005, coming out of two employment crises, unemployment among women was double that of men, and no one said a thing. In the 1990s, unemployment among women aged between sixteen and twenty-nine was much higher than for men of the same age without any higher qualifications” criticises the sociologist Teresa Torns.

Part time and obligatory

The difference is equally evident in part-time jobs, although half-day work contracts have become considerably more common among workers of both sexes. Above all, this is due to the last

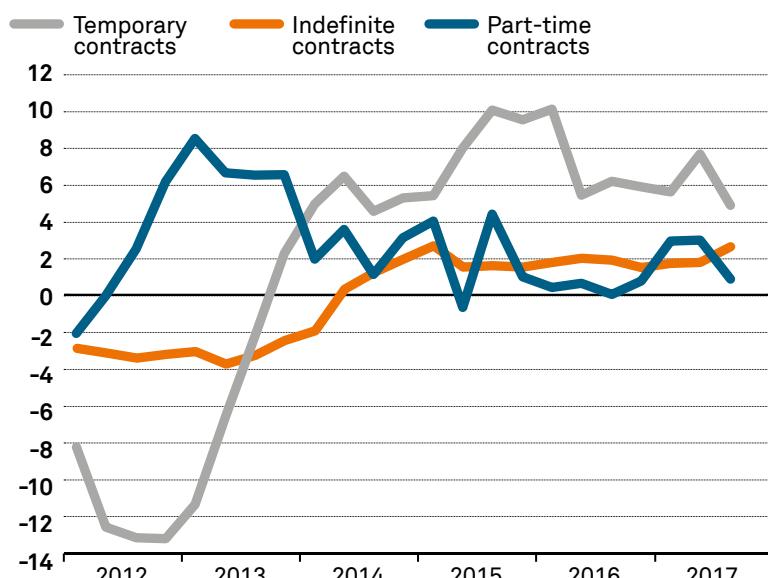
job-market reform approved by Mariano Rajoy's government in February 2012.

Spain used to be one of the European countries with the lowest number of this type of contract, compared to other countries, such as Holland. But in recent years they have become more common, affecting 2.8 million people at the end of 2017. During the crisis, a large number of jobs were destroyed, and with the start of the recuperation, once the PP's labour reform was approved, they were replaced by jobs paid by the hour.

Sixty percent of the people who work part-time in Spain do not do so from choice, but because, essentially, they were unable to find full-time employment, a proportion which remains the same, in spite of the increase in this type of contract. The Bank of Spain recently reflected on "the structural component" of this type of contract, which increased from 11.7 to 16.59% between 2008 and 2016. The chances of these under-employed people being able to move on to full-time work was 25% before the crisis, but it has now gone down to 17.5%. Part of the increase in the volume of part-time work should have become permanent", affirms the supervisor, in reference to a job market that has been in apparent recovery since 2014. "That hasn't happened", concludes the analysis included in the Economics Gazette in the second quarter of this year.

13. Evolution of recruitment and temporary work. Spain

Year-on-year variation rate. % (2012-3rd quarter 2017)



Source: Bank of Spain.

In Spain, it is mostly women who work in jobs on an hourly basis (72% of all contracts), although there are now more and more among men. The ratio of women who work part-time varies according to the number of children they have; this does not occur in the case of men. According to data from Eurostat, part-time work among women without any children is 21.5%, while for those that have three children it rises to 30.7%. By contrast, for men without any children the ratio is 9.5%, going down to 7.6% if they have three children. This data⁴³ reveals to what extent the work-life balance is something that overwhelmingly affects women.

In the surveys, the answers from the two genders reinforce the idea: the main reason for both genders accepting part-time jobs is that they were unable to find full-time employment. But in the following reasons, the men explain that they need to find a balance between work and their studies. Only 3% of men admit family obligations and caring for others as a motive. For women, this proportion is 20%.

According to Eurostat, Spain is the EU country with the fourth highest ratio of people who are forced to work part-time because they have not found anything better, coming after Greece, Cyprus and Italy. The average for Spain is double the average for Europe (27.7%).

Part time or “free availability”?

The trade union Comissions Obreres (CC OO) warns that although part-time contracts have improved as working overtime has been suppressed, they have become “a free-availability contract”⁴⁴, establishing the possibility of voluntarily doing extra hours above and beyond those agreed, even when having a part-time contract, provided that the work time is more than ten hours a week calculated over a year. In regard to overtime, the role of collective work agreements is limited and it is not obligatory for a contract to establish the distribution of time if this is not stated in the current collective work agreement. It is necessary to give warning about a change of working hours, while the time limit for doing so has been reduced from seven to three days.

“All of these apparently neutral modifications have a strong impact on the participation of women in the job market, to the

⁴³ Eurostat. *Part-time work according to gender and number of children* , 2014. Available at <http://ec.europa.eu/eurostat/documents/2995521/7202382/3-07032016-AP-FR.pdf/b6e922f7-c1b8-42b2-afdc-ffa947a1d260>

⁴⁴ CC OO. *Wage Gap: the toll of discrimination*. 2017. Available at: http://www2.fsc.ccoo.es/comunes/recursos/17466/2304202-Informe_Brecha_salarial__El_peaje_de_la_discriminacion.pdf

extent that they affect the balancing of work with personal and family life", affirm CC OO in their report.

In Spain, there have never been so many workers with jobs on an hourly basis for a short, limited period. They form a total of 7.5% of the salaried workforce (two percent higher than before the crisis). But there is also a proliferation of part-time work among indefinite contracts.

In Catalonia, the number of people who work in jobs on an hourly basis and who would like to extend their working hours has doubled over the last three years, and the ratio (58.2%, according to Idescat) is slightly lower than the average for Spain. The rate for part-time work in Catalonia is 14%.

The rate of part-time work in Barcelona is 13.29% (16.8% for women), which is lower than the average for Catalonia and Spain⁴⁵. The question is whether people can reach an acceptable minimum-income threshold to enjoy a decent lifestyle.

Lower purchasing power

The inequality between men and women remains, and the crisis can no longer be a pretext for a regression in the progress made. The data shows that the wage gap has not only failed to close, but that it has increased slightly, as have the extension of non-voluntary part-time contracts and insecure temporary contracts, where women are the ones who suffer most.

In Barcelona, the salaries for the working population as a whole lost purchasing power during the 2010-2015 period (-6.5%), more than for Catalonia as a whole (-6.1%) and Spain (5.5%). This decrease was greater (-8.8%) for Barcelona residents on the lowest incomes (on average, €14,144).

During this five-year period, employed men lost more purchasing power than women (-7.4% compared to -5.2%), but it must be remembered that salaried women living in Barcelona earn 22.8% less than men, a ratio which is even worse in Catalonia and Spain (25.2% and 25%, respectively)⁴⁶.

If the population of Spain is broken down into deciles, we see the first one, corresponding to the segment with the lowest incomes, is 60% women, while the tenth decile, corresponding to the largest incomes, contains only 30% women. It is not simply a question of

⁴⁵ Barcelona City Council, *Women in the Barcelona Job Market*. 2017. Available at: https://www.avvsagradafamilia.net/sites/default/files/fitxers_adjunts/Les%20dones%20al%20mercat%20laboral%20de%20Barcelona%208%20de%20mar%C3%A7%202017.pdf

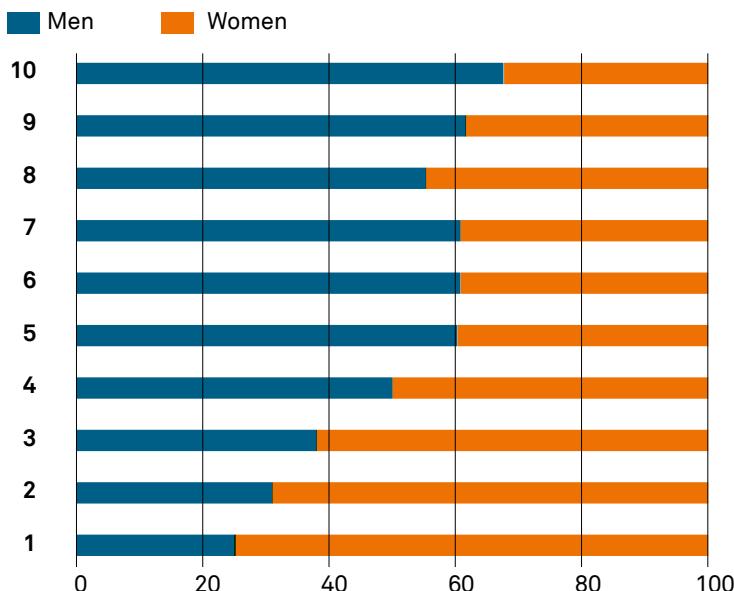
⁴⁶ Barcelona City Council. Department of Studies Manager's Office for Economic and Local-Development Policies. *Coordinated Economic Report on the City of Barcelona by the Finance and Tax Commission*. May 2017.

whether women have joined the job market, but rather what types of activities they do, how much they are paid and what kind of social, legal and cultural agreements they have which involve an equitable distribution of unpaid work in the home and caring for people, roles which are often assumed by women.

14. Breakdown of monthly salary by deciles

% of salaried workers, by gender and decile

Decile 1 corresponds to the lowest salaries



In the decile corresponding to the lowest incomes, most of the salaried workers are women. The reverse is true for men.

Source: Salary decile. Main employment. EPA. INE.

“The most *feminised* jobs are labour intensive , meaning a cheap workforce and little technology”, explains Torns, who does not forget the predominance of women in services promoted by the welfare state that began to function in the 1980s. “That is why the myth of the massive inclusion of women in employment has taken root. Working-class women have always worked”, she states.

Women, fighting on more fronts

The economist Sara de la Rica explains: “Women aren't usually so exposed to volatility, because they tend to do jobs that are less cyclical than those done by men”, as in the case of construction. “Therefore, during the hardest years of the crisis, a quarter of all

men's jobs were lost, while 10% of women's jobs disappeared" she says.

De la Rica emphasises the importance of women getting access to the segment of highly-qualified work which is complementary to that of machines, which tend to be technical jobs that have always been highly masculinised, because the proportion of women in mathematics and engineering is very low. With the prospect of robotisation threatening more jobs done by the middle classes, which contain *codifiable tasks*, there is a risk of the inequalities between men and women becoming greater. "Women are fighting on more fronts: they tend to go to services, which need them, but where they will be offered very bad working conditions unless there is a clear and firm political will to properly regulate these jobs. This is simply because there is more supply than demand. Women shouldn't have to stay in this segment", she explains. "We should encourage technical vocations among women because they are very good; when they get in, they achieve better results. It's a matter of preferences and also a culture thing, or maybe women think they will be discriminated against or that the jobs are very intensive in working hours", she adds.

Diffuse gender discrimination

Meanwhile, the Professor of Law Consuelo Chacártegui focuses on the expulsion of women from the job market that has occurred in recent years, since the labour reform, as a result of de facto situations where it is not worth their while to continue working. "The way in which society is organised, you weigh up what they pay you and what it costs you for someone to look after your children, and it isn't worth it. Furthermore, excessive or irregular working hours make it impossible for you to organise your life. They tell you: next week you have to do three extra hours on Thursday and Friday", she explains. Without hope of finding another kind of work, they don't always sign up at employment services.

Gender discrimination exists, albeit indirectly, in the retirement pensions for people who have worked part time. According to a ruling by the EU Court of Justice in 2012, later confirmed along the same lines in 2017, Spanish regulations ⁴⁷ "establish different treatment" because they demand a "proportionally higher" period of contribution for part-time workers, who are mostly women. When making the calculations for qualifying for a contributory pension, the concept of the "theoretical contribution day" comes

47 The General Social Security Act, 1998.

into play, which is the equivalent of five hours a day of effective work (1,826 hours a year). A multiplying factor of 1.5% is applied to these theoretical contribution days. By counting only the hours of effective work and not the days, a cleaning lady in the Community of Madrid, Elbal Moreno, was refused a pension after eighteen years of working for a community of home owners for four hours a week (10% of the legal working day in Spain). But they did not consider the fifteen years which were then established as the minimum period for contribution. In fact, they only counted three years of contributions for her. To reach the threshold, women would literally have had to work for a hundred years. “Women need to work by hours and not by days. The end result was to deprive them of the chance of getting a contributory pension”, concludes Chacártegui. The pension she was denied was for €112.93 a month.

Quantity and quality of work

The debate concerning the quality of work has intensified since 2014, when jobs were created for the first time since the financial storm, a trend that has now become consolidated. In Spain, 2016 ended with 413,600 more employed people, 2.3% more than in 2015, when 533,186 jobs were recovered. During the first six months of this year, the number of people contributing to Social Security has continued to rise, reaching a total of 18,813,300 employed people, and unemployment has decreased to 16.5% of the active population (15% for men and 18.3% for women).

The question is what kind of jobs are being created. Traditionally, the Spanish economy only created employment if the GDP increased at a rate of 2%. This constant appears to have changed with the 2012 labour reform. In 2016, a Funcas study conducted by Daniel Fernández Kranz used data to calculate how, since the year of the reform, fewer jobs are being destroyed in Spain for each percentage point of GDP growth, and at the same time it is able to create more jobs when the economy grows. The study correlates the year-on-year evolution of GDP with that of employment, using EPA data. Six months after the reform was approved, the economy was growing between 1 and 2%, and employment started to grow. However, the employment created is basically temporary in nature. The economy therefore needs to grow more so that the same number of indefinite jobs are created.

Young unemployed people

Young people are particularly affected by the inconsistencies in most contracts signed during the recovery. To start with, despite an improvement over the last two years, the unemployment affecting

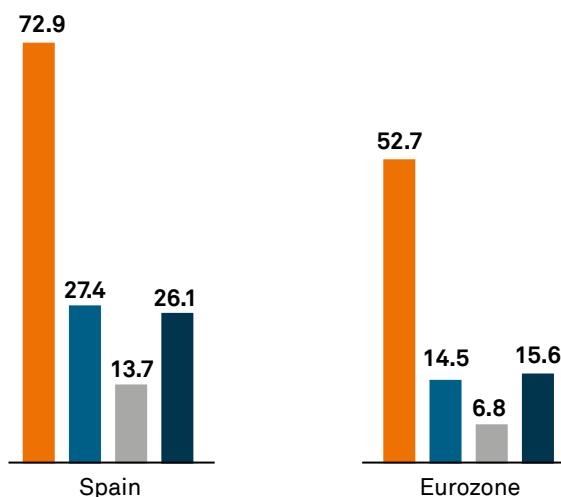
people under the age of twenty-five is still among the highest for EU countries. In fact, Spain is in second place, just behind Greece. And that means Spain (39.53%) and Catalonia, where the EPA for the second quarter of 2017 placed the level of unemployment for young people at 41.2% of the total, which is double the average for Europe.

Furthermore, involuntary part-time work affects over half of the employed people under the age of thirty-five, who mostly attribute this to not being able to find anything better. The brief duration of contracts particularly affects this group. The data processed by Economists Against the Crisis shows a 72.9% rate of temporary employment, 20.2 percentage points more than the average for the Eurozone and 40 points higher than the temporary employment rate for workers between the ages of twenty-five and forty-nine.

15. Rate of temporary work by age group, in the Eurozone and in Spain (July 2017)

% of temporary contracts over total number of contracts

■ 15-24 ■ 25-49 ■ 50-64 ■ Total



Source: Economists Against the Crisis *Not repeating mistakes: eliminating job insecurity*.

Moreover, the salaries paid to younger workers prevent them from leaving the family home or making any sort of plans for the future. According to a report issued by the UGT on the situation of young people⁴⁸, on average they earn half the salary of older workers, as a consequence of the insecure working conditions they suffer. On average, people under the age of twenty-five earn €11,568 a year, while people over the age of fifty-five earn almost double that: €21,621.

⁴⁸ UGT Young People, *Analysis of job insecurity in youth employment*. 2017.

The union denounces a drop in activity between the ages of sixteen and thirty-five, which cannot be fully explained by population ageing and could be due to young people going abroad to look for work and training.

NEETS

It is worth pointing out that, in spite of the general improvement in employment in quantitative terms, Spain still has 1.14 million young people who are neither working nor studying (NEETS). Although this is the lowest figure since 2007, it raises the alarm when compared to the European context.

According to a report from the Organisation for Economic Cooperation and Development (OECD), which includes the most industrialised countries in the world, 22.7% of people aged between fifteen and twenty-nine are *NEETS*. This percentage surpasses the OECD average by nearly eight percent. Only Turkey, Italy and Greece had worse figures in 2015.

And it should be remembered that Spain is bottom of the EU league in terms of academic failure.

Long-term unemployment

However, beyond offering a future to young people, the immediate, difficult-to-solve problem is the *chronic situation* of a major part of the unemployed workforce, which has been without work for over a year. In this respect too, Spain stands out in the context

of the EU for all the wrong reasons. At the worst point of the crisis, the ratio of people who had been without a job for over a year rose to 62% of the unemployed population. This figure has been decreasing, but not by much. The EPA issued in January – 3,766,700 unemployed people – reminds us of

how serious the problem is: 54.5% of unemployed people in Spain have been looking for work for more than twelve months.

That is 2.13 million people who have special difficulties, because the probability of a person finding work decreases the longer they have been unemployed. The problem has become entrenched and the options for putting them back in work are decreasing, so the chances of falling into a situation of very long-term unemployment, i.e. not working for more than twenty-four months, are much higher. “The more time someone is unemployed, the more they lose contact with the job market, and the easier it is to lose hope and motivation,

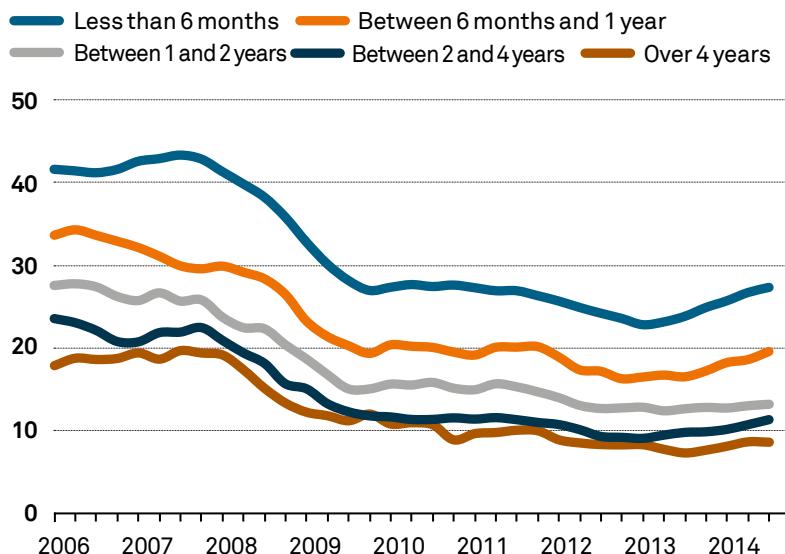


In Barcelona, 58% of long-term unemployed people are women.

or even fall into a depression. Whether it be justified or not, there can also be a certain amount of discrimination by companies, as if being unemployed for a long time was for some specific reason, as if it implies a supposed loss of skills", warns Samuel Bentolila, the joint author, with Marcel Jansen, of the ebook *Long-Term Unemployment After the Great Recession: Causes and remedies*⁴⁹.

16. Rate of finding employment, according to its duration

Quarter-on-quarter rates, %



(*) Excluding people who disappear from the sample from one quarter to another. Source: Fede, EPA.

According to these economists, long-term unemployment is about being over the age of forty-five, having a lack of work experience and receiving unemployment benefit, because they consider these to be factors that increase the probability of remaining without work.

"Many people don't accept this and think it's ideology, but thousands of studies show that people on benefit are under less pressure to find a job. If you can more or less maintain your lifestyle, you can argue rationally that you are not prepared to work for a specific lower salary. And time passes until we reach the magic threshold, when there are six months left before the benefit runs out, unemployed people start to get worried, get nervous and accept offers that they would otherwise reject. The rate of people leaving unemployment rises steeply from the moment there are six months or less of benefit remaining. But the problem is the pernicious effect

49 Samuel Bentolila, Martin Jansen. *Long-Term Unemployment After the Great Recession: Causes and remedies*. CEPR Press. November 2016. Available at: <http://voxeu.org/content/long-term-unemployment-after-great-recession-causes-and-remedies>

of looking for a job when you have been unemployed for a year or a year and a half. The re-employment rate is much lower. Active policies cannot wait for this situation to occur", affirms Bentolila.

His research shows that having a low level of education and qualifications is also a factor, but the rotation of temporary contracts mitigates this to a certain extent. Therefore, in spite of the slump in construction, people who have lost their jobs in this afflicted sector have no more probability of being unemployed for two years or more than people from other sectors. Six out of ten construction contracts have a duration of less than three months (the average in other sectors is 44%). "Temporary contracts act as an informal mechanism for distributing employment, allowing people to find work in construction, even though it may only be for a short period", states Bentolila.

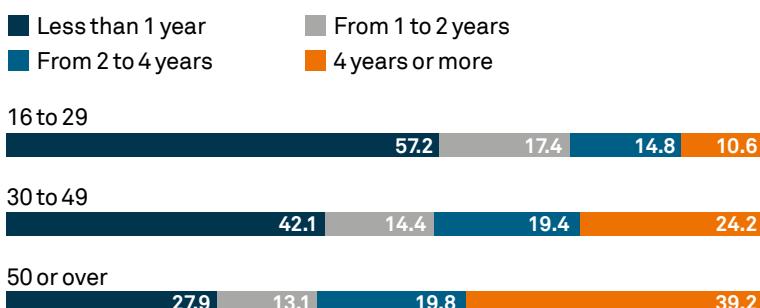
In Barcelona, 57.8% of long-term unemployed people (a total of 30,516 people) are women⁵⁰.

People over the age of fifty

One of the clearly vulnerable groups in terms of unemployment is that of people over the age of fifty. A document from the BBVA Foundation and the Valencia Institute of Economic Research (IVIE) affirms that 70% of the unemployed population in this age group have been more than a year without work, and 40% of the total have been looking for a job for four years without success⁵¹. The document criticises authorities for not paying the same attention to unemployed people over the age of fifty as they do to younger people.

17. Unemployed population in Spain, by age and time spent looking for a job. 2016

%



Source: BBVA Foundation, using data from the Active Population Survey and the INE.

50 Barcelona City Council. Press Service. 10 May 2017. Available at: <http://ajuntament.barcelona.cat/premsa/2017/05/10/barcelona-comenca-lany-amb-la-xifra-mes-alta-docupacio-dels-darrers-nous-anys/>

51 BBVA-IVIE Foundation, *Esenciales*. 18/2017. Available at https://www.bbva.es/wp-content/uploads/2017/07/FBBVA_Esenciales_18.pdf

Less cover

The economic policies applied in Spain have reduced the level of cover provided by unemployment benefits by 15 percent. Since 2011, this protection, controlled by central government, has fallen from 70% of unemployed people to 53.96% (at the end of May 2017). That means that 1.76 million people depend on benefits and subsidies. This figure includes the 20,744 beneficiaries of subsidies for the group of long-term unemployed people with family responsibilities, provided for in the Employment Activation Plan.

In the case of workers who get a contributory benefit, the average amount they receive is €804.6 a month.

A flood of employment reforms

The reduction in cover, through requirements and obstacles for qualifying for it, is one of the results of the flood of labour-regulation reforms that have taken place in recent years in the European Union. The type of economic and labour policies that have been applied in Spain follow a similar trend. José Ignacio Pérez Infante, joint coordinator, with Santos Miguel Ruesga, of the book *Labour Reforms in the Great Depression*⁵², has counted 90 labour reforms in Europe during the crisis (from 2007 to 2014), 55 of which were explicitly aimed at reducing protection for the salaried workforce. All of these reforms, including the Spanish one in 2012, were presented to public opinion in the countries where they were applied as being the only possible response to the needs of a competitive global economy.

The result of these policies has been a greater flexibility in recruitment, more decentralised collective bargaining and less costly dismissals for companies. However, these changes have not compensated workers with guarantees of security or retraining for those that have lost their jobs.



José Ignacio Pérez Infante, joint coordinator with Santos Miguel Ruesga of the book *Labour Reforms in the Great Depression*, has counted 90 labour reforms in Europe during the crisis, 55 of which were explicitly aimed at lowering protection for salaried workers. They were all presented as the only possible alternative.

⁵² Various authors Coordinated by: Santos Miguel Ruesga and José Ignacio Pérez Infante, *Labour Reforms in the Great Depression*. Tirant Editorial, 2016.

The 2012 reform

The various authors who contributed their analyses to the book maintain that, in the case of Spain, which was the scene of major regulatory activism and where 70% of labour regulations have been approved by decree-law, as if the situation were a permanent “emergency and extraordinary necessity”, the policy applied was dictated by EU institutions “to debtor countries by European creditor countries”, starting with Germany.

Their theory is that the Spanish problem had nothing to do with strict dismissal regulations, but rather with the impact of austerity. And they affirm that, while approval of the reform initially exacerbated the destruction of jobs, it later favoured the creation of a significant number of new jobs, in detriment to their *quality*. The authors therefore link the reform to the general impoverishment of the working class and with opting for a job market that consisted of more self-employed people and small companies with low added value, lacking a strategy for increasing work productivity.

However, the government of Mariano Rajoy showcased the increased “quantity” of new contracts, which brought them praise from Brussels, the OECD and the IMF, although these institutions

have combined this praise with criticism of the persistence of unemployment, the increase in temporary work and the risk of poverty. As if they were unrelated.

The government's only official assessment of the effects of the reform was issued five years after it came into force. The National Programme of Reforms that the central government sent to the EU Commission, together with the Plan for Stability, affirms that the application of the reform helped to increase the GDP by 5.6 percent, as well as increasing employment by 13.3 percent. The translation to reality of the smallest adjustment for job market institutions that would have occurred thanks to the new legal framework

“Antón Costas, the former president of the Cercle d'Economia, does not attribute the slow economic recovery to a lack of flexibility in the Spanish job market, but rather “the poor average quality of business management, the insufficient average size of our companies and the effects that both of these factors have on productivity”.

would be a jump of 6.2 million unemployed people (the highest and most worrying figure, reached in the first quarter of 2013), and the 4 million currently unemployed. Employment grew from 16.9 to 18.4 million from 2014 to 2017, according to the EPA.

The reform's objective was to "facilitate recruitment, with special attention to the segment of young people unemployed for over a year, reinforce indefinite contracts in the face of temporary ones and for dismissal to be the last resort for companies in a crisis". It also sought to "end the rigidity of the job market and lay the foundations for generating stable employment". As we have seen, the rigidity of the job market has indeed been ended. But stable employment seems further and further away, and we have seen that the problems of youth unemployment and long-term unemployment persist, in spite of a lower rate of unemployment.

Was regulation the main problem?

"The big problems of unemployment have been tackled from the perspective of labour regulations, or rather labour deregulation, instead of opting for activities that involve innovation and giving a fresh start to construction", laments Josep Banyuls. Public investment has been very much conditioned by compliance with the Stability Agreement. Nine years after the crisis, unemployment is still double what it was before and unemployment among young people has no comparison in Europe.

Anton Costas, the former president of the Cercle d'Economia, does not attribute the slow economic recovery to a supposed lack of flexibility in the Spanish job market, but rather to the "poor average quality of business management, the low average size of our companies and the effects that both factors have on productivity"⁵³.

In the professor's opinion, the effects of the 2012 labour reform on competitiveness and growth "have been irrelevant", because exports did well when Spanish salaries were growing faster than in other countries and they have continued to do so since, with stagnated or lower salaries. Improvements in competitiveness, e.g. the behaviour of high added-value non-tourist services, which were insignificant in 2008, jumped to €14,000 million in 2016, over a third of the income from tourism, have more to do with capitalisation and the improved quality of business management than the effects of salary devaluation. However, he places the focus of the problem on young people: "In the last century, society and the economy resolved the problem of poverty in older people well. The problem today is poverty among young people and children, and we have to

53 Antón Costas. "The initiation ritual of labour reform". *El País*. 9 July 2017, one of the theses developed in *The End of Uncertainty*, Barcelona, Península, 2017.

be capable of inventing mechanisms that protect them when they have no income”⁵⁴.

Overqualification

Something that is especially serious for young people who are working is the problem known as *overqualification*. This phenomenon normally refers to people who have studied higher education, but who are working in jobs where that level of education is not considered to be necessary. *Overqualification* can be defined as the skills and knowledge of a workforce that is being *underused*, especially if there are business people who have difficulties in finding highly-qualified candidates. This obviously means a loss of valuable productivity and experience. The italoamerican economist Mariana Mazzucatto, an expert in innovation, also emphasises the loss for countries that have invested money in training people who they cannot make use of, or in the best-case scenario, not in their country.

The fact is that a person's training and the skills a particular job requires of them may not coincide, and this can be in a vertical sense, where an economics graduate works as a supermarket cashier, or horizontally, where the same graduate works as a biology teacher. It is therefore not an easy thing to measure.

In the European Union as a whole, *overqualification* in the vertical sense has increased over the last two decades. The EU of 15 members had 2.8 million young people, and 1.9 million other people, who had high qualifications but were working in jobs where higher studies were not considered to be necessary. By 2016, that figure had doubled. The trend is the same the EU when the current 28 members are considered. Furthermore, *overqualification* is affecting more and more women⁵⁵.

In Spain, the Asempleo association, a group of businesses dedicated to temporary work and placement agencies, affirms that seven out of ten people (68%) under the age of twenty-five are overqualified for the job they are doing, a phenomenon that is especially true in the catering and commerce sectors. The number of overqualified people rose sharply by over 12% from 2013 to 2016.

People over the age of fifty-five are also affected by *overqualification*, and according to Asempleo, most of the people affected by this matter are women working in the services sector. This group has tripled in number in the ranks of the unemployed,

54 Interview with Antón Costas for the magazine *Alternativas Económicas*, Nº 43. December 2016.

55 *Employment and Social Developments in Europe*. Annual Review 2017. European Commission, p.75.

according to the UGT's calculations. This is a situation where people easily accept all kinds of little jobs, where "flexibility" eventually turns into a loss of identity linked to the job, to use the term coined by Guy Standing.

The end result is that working no longer guarantees a minimum income that ensures a decent lifestyle. And in that sense, a new factor which has caught the attention of researchers is that social advancement is not working properly. Parents have traditionally considered education to be a means of social advancement, and data on the educational level of people who have lost their jobs supports this idea. "However, the accumulation of degree and masters courses are no guarantee of avoiding the difficulties of social inclusion. Many of these people may be working as waiters. And there is no need to limit ourselves to certain profiles. You can work in a hospital or at the university, and while the hourly pay-rate is not a problem for full-time workers, it is if you are only working a few hours", states Banyuls. "There are people with higher studies among the people earning an annual salary that is below the poverty threshold, due to the new working conditions", he adds.

Poverty and employment

More and more people in Europe are facing situations of poverty.

In Spain, the percentage of the population at risk of exclusion has been calculated at 20.9% (slightly below the 22% average for Europe, according to Eurostat). Romania, Latvia and Lithuania are the only EU member states who are worse off in that regard. The Böckler Foundation's Economic and Social Sciences Institute (WSI) studied the effects that all the measures adopted by EU countries aimed at forcing young people to enter a job market with low salaries had on the Eurozone's job market and social policies from 2004 to 2014. It can be said that 10% of the Eurozone's workers aged between eighteen and sixty-four are poor⁵⁶.

Working and being poor means earning less than 60% of the average income for the country concerned. After Romania (18.6%) and Greece (13.4%), Spain is the country with the highest proportion of poor workers.



According to the Third Sector Round Table, which brings together 3,000 social organisations, 11.2% of workers in Catalonia live on an income that places them on the poverty threshold.

⁵⁶ Böckler Foundation, *Activation policies and poverty*, 2016.

Germany is one of the countries where flexible working has given rise to a greater increase in atypical jobs which pay very little and are not very conducive to inclusion. The figure for the working population at risk of poverty in the Federal Republic doubled in a decade: it jumped from 1.9 million in 2004 (4.8% of the total) to nearly 4.1 million (9.6%) a decade later. Although the situation existed prior to the crisis, the crash made it worse “due to deregulation and reduced social benefits”, with the consequent “pressure (on workers) to take whatever job was on offer due to reduced benefits”, explains the WSI.

“Work is ceasing to be the main solid mechanism for social inclusion, because in order to obtain a minimum living wage, it is becoming more and more common to need more jobs as the amount of part-time work, temporary jobs and atypical kinds of

employment increase. Our production model creates these dynamics. As do our policies of austerity. This is a relatively new dynamic since the 1980s, which has fostered, and is reflected in, the increase in poverty in Spain, not only among people who have been marginalised in terms of employment, but because there are people who earn very low salaries”, affirms Josep Banyuls. Calculations on the scope of the problem vary. CC OO says that

14.1% of the working population is at risk of poverty, due to their employment situation⁵⁷. And in the UGT’s latest assessment of the impact of the labour reform, they say that 18% of the working population is at risk of poverty or social exclusion. In addition to 61% of the unemployed population, of course. Based on the 2014 Salary Structure Survey, which does not take into account agriculture or domestic work, nor other activities that usually pay very low wages, 19% of working people earn low salaries. “But they start from the basis of calculating salaries by the hour. If you look at annual incomes, the Eurostat data indicates 32.8% of the working population”, adds Banyuls.

According to the Third Sector Round Table, which includes over 3,000 social organisations, 11.2% of the working population is on the threshold of poverty in Catalonia.

⁵⁷ CC OO, *The Social Protection System in Spain*, 2017.

This means we are facing a breakdown in the automatic relation we make between employment and income. The fact that you are working does not mean you make enough to live on. Not any more.

The concept of *vulnerable population*

"Now that the Great Recession is over, Spain is currently benefiting from an intense job-creation process. In spite of this, a significant number of people are still finding special difficulties in accessing the job market. These difficulties are expressed in long periods of unemployment, or in jobs where the pay, the contract duration and the working hours keep them in a situation of working poverty".

Starting with these words, a group of employment-economics experts from Fedea and Accenture presented new indicators in March 2017 that aim to more accurately establish the quantification and characteristics of the people affected by a situation of increased vulnerability in terms of employment. By cross-referencing data from the EPA (from the fourth quarter of 2016), data on salaries from sub-samples in the same survey, the Living Conditions Survey and the Continual Sample of Working Lives, the *Specially Vulnerable Population in terms of Employment in Spain* study⁵⁸ concludes that, in Spain, there are four million people in a situation of special vulnerability in terms of employment (PVEA).

This concept includes people in three different situations that make them potentially vulnerable, all of them residents in low-income or low employment-intensity homes.

- ▶ They are people who are inactive but would like to work and are available to do so (a total of 468,000).
- ▶ They are unemployed people who are at risk of not finding work during 2017, or of becoming a poverty worker (a total of 3,04 million).
- ▶ They are people who are affected by job insecurity, because they are outside the regulated education



Of interest
to technical
staff

⁵⁸ Florentino Felgueroso (Fedea), Ana Millán (Accenture Foundation), Manuel Torres (Accenture), *Especially Vulnerable Population in terms of Employment in Spain. Quantification and Characterisation* March 2017.

system, or because they are working without obtaining a full-time, minimum annual salary, who are at risk of finding themselves out of work or in a situation of poverty in 2017 (a total of 1.73 million).

By age groups, the most vulnerable people are those aged between forty-five and fifty-four, 26.2% of the total). But the rate of vulnerability or EVAE rate (over the total number of people of a working age) is higher among people aged between twenty-five and thirty-four (a rate of 17.5%). Most of this group do not receive unemployment benefit. In terms of education, these people have a low level, equivalent to, or lower than, ESO [obligatory secondary education] (62.6% of the total), mostly with primary school education or even lacking that.

Changing the training pyramid

Training is one of the factors that conditions the difficulties of studying the employment panorama, and not in a positive sense. Because in terms of training materials, we are not prepared for the new world that is upon us, and a conversion process is urgently required.

A third of the working population does not even have compulsory secondary education. That is 6.2 million people. But the proportion among unemployed people is 54% (2.2 million)⁵⁹. The most worrying factor is the lack of basic digital skills among employed and unemployed people, as we will see later in this chapter. For a significant part of the working population, with low levels of training, whether they be lorry drivers, shop assistants or waiters, thinking about retraining as an expert programmer is not an easy or obvious move, because of a lack of knowledge, insufficient general basic skills, or a lack of money or time. It is no accident that there is a boom in retraining courses, and especially the free and most readily accessible *online* courses run by prestigious institutions (such as the MOOC). For example, eight out of ten Coursera students have a university degree. In that regard, *The Economist* highlights the trade unions' global vision of industry, as stakeholders who

⁵⁹ EPA data for the 4th quarter of 2016. María Luz Rodríguez, *Platforms, micro-workers and other employment challenges in the digital era*. 2017.

can help governments to identify skills that will be needed in the future, and suggest the needs of low-paid workers for training⁶⁰.

“We have problems with the production model and the employment model, but also in terms of the educational and training model. The retraining process we need affects a lot of people. We have to get our workforce qualified, and what’s more they don’t have enough basic digital skills”, summarises María Luz Rodríguez. Low qualifications lead to temporary work and rotation. The OECD has noted that inclusive growth requires high-quality employment.

In principle, having a higher educational level facilitates access to the job market. This can be seen among highly-qualified people between the ages of twenty-five and sixty-four; who have the highest employment ratio, at 79.8%. The ratio for people who have mid-level qualifications is lower: 69.2%. And the ratio among less qualified people is only 53.9%⁶¹. However, our training pyramid is also different from that of other countries, such as Germany or Denmark, where there is a higher proportion of the active population with mid-level qualifications in relation to those with university degrees. For equal opportunities, everyone must have access to higher education, but many shortcomings in our job market require technical and professional training that has traditionally not received the same social consideration.

In any event, education is not currently a priority for the ruling class. Between 2005 and 2013, during the last years of the boom and the worst years of the crisis, the spending on primary and secondary education per pupil decreased by four percent, while the average for OECD and EU countries (for 22 of them) continued to rise during the same period⁶².

60 “Career planning: Pathway dependency”. *The Economist*. 14-20 January 2017.

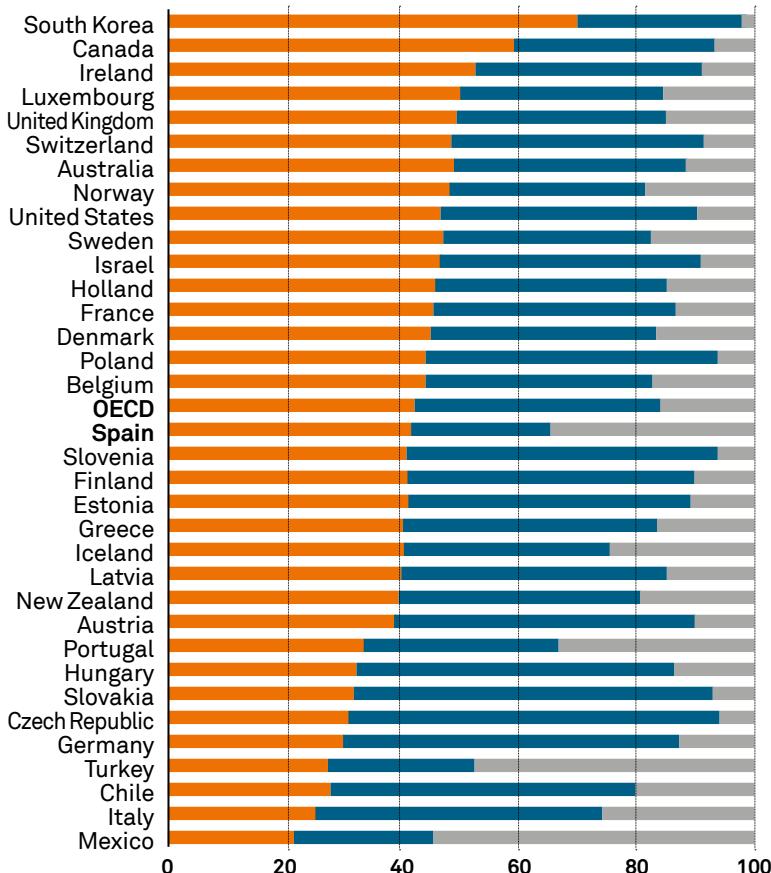
61 *Employment and Social Development in the European Union*. 2017. European Commission.

62 *The Panorama in Education. OECD Indicators for 2016 Spanish report*. Available at: <http://www.mecd.gob.es/dctm/inee/eag/panorama2016okkk.pdf?documentId=0901e72b82236f2b>

18. Higher education among younger generations approaches the OECD average (2015)

Percentage of the population aged between 25 and 34, according to the level of education attained. %

- Higher education
- Basic education (below secondary)
- Intermediate education (secondary and post-secondary)



Source: OECD. Economic Studies Spain. March 2017.

In Spain, in theory, there is a 2013-2020 Science, Technology and Innovation Strategy, which includes making progress in the economy and the digital society, but the results in terms of digitalisation have been mediocre.

A lack of digital skills

According to the Economy and Digital Society Index (DESI)⁶³, Spain is 15th in the ranking of EU countries in terms of digital progress.

63 Digital Economy and Society Index 2017 — Spain.

We come below the European average in connectivity (18), in digitalisation-formed capital (18) and in the use of internet (21). We come above the European average in integrating digital technology (14) and in digital public services (5).

The European Union considers that “Spain shows weaknesses in the area of demand, with low levels of digital skills (only 54% of Spanish people have basic digital skills) and internet use”. This figure is 66% of the population in Germany, 67% in the UK and 72% in Holland. The average for Europe (for the 28 EU states) was 56% in 2016.

Only 3.1% of our workers specialise in technologies (UK, 4.9%; Holland, 5%; and Germany, 3.7%). “We lack a training model that prepares workers for the changes that are coming and a system that would allow us to correct the technological unemployment that will occur”, says María Luz Rodríguez.

One of the challenges that is least talked about is the preparation of teachers themselves. This is what the OECD has to say on the matter: “In order to effectively apply the new teaching models established in legislation and to help students who get the worst results, teachers need to improve training and orientation, so that the reform can improve educational results and reduce early academic failure”. According to the OECD, improving the quality of teaching involves perfecting the selection process for university teachers, improving university education itself and achieving more effective training for the faculty in the workplace.



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4.

The welfare state: failure or renovation?

When everything is affected by work

We may think that future employment, what we can sense on the horizon, is really part of the present, with instruments such as the probationary contract for entrepreneurs. But not everyone agrees. “We shouldn't underestimate the capacity of these *insecure employment* trends for digging a deeper hole”, warns Pau Marí-Klose, a sociology lecturer at the University of Zaragoza, who believes that “now we can see how these trends are becoming established in the First World, but you just have to travel to the Third World to realise that it can go a lot further. Under the pretext of it being better for people to work rather than being dependent on a social income, it is possible that we may tolerate more and more insecure forms of employment”, as is already happening in some collaborative economy initiatives. Up to what point are we willing to put a stop to these processes? “We aren't doing it right. We need to put up political barriers, but this is difficult to do, partly because consumers find that it is to their advantage; everyone likes their food to be cheaper and have it delivered to their homes”, affirms Marí-Klose.

All welfare policies are based on the fact that we work. Since the end of the 19th century, when the social legislation of Chancellor

Otto Von Bismarck in the newly-formed Germany sought a *win-win situation* which brought the working class into line with health and unemployment insurance, education and the right to retire, in order to do away with the misery that appears in the novels of Charles Dickens, the logic of work has always been a key factor that provided access to a series of services. Faced with the ongoing loss of quality and stability in employment, the question is whether, it is necessary to admit that the current welfare state has failed and consider a new social contract where employment is not the basis that benefits are structured on. For that reason, the idea-force of a basic income, which allows everyone to live whether they work or have money or not, is gaining ground.

Higher quality employment is needed

The other option, also supported by a large number of economists who continue to see work as the centre of the system, is to try and repair the holes that make the welfare state leak, i.e. focus on improving the quality of the employment created, and also on improving how it is paid, so that social protection is not negatively affected.

“If a lot of people will never have a job again, and I’m thinking about under-qualified people over the age of fifty who have been unemployed for a long time, the situation is very worrying, because the whole welfare state is organised around the logic of work. This is a pertinent question: if there is no work, will there be welfare?” asks Joan Subirats.

The Universal Basic Income (RBU) has emerged as an alternative to the whole current system. The people who criticise it always argue that we won’t be able to pay for it and wonder up to what point it would *discourage* work. But those that defend it include libertarians with a protestant mentality, in line with business people from Silicon Valley, who call for the elimination of all current state benefits, in exchange for supporting a basic income for everyone. They create an enormous logic of responsibility over people. “If it isn’t accompanied by a fiscal system that redistributes wealth, it’s pointless”, affirms Subirats. Undertaking a profound fiscal reform is exactly the key factor proposed by the sectors that defend it, with a progressive mentality, in order to ensure that it would not be the people with greater resources who would end up benefiting from the universal income, but rather most of the more humble social segments.

“We have a welfare state and a social policy based on regulating markets, and on trying to protect the most unprotected groups,

as well as a fiscal system that tries to be progressive”, says Juan Francisco Jimeno, summarising how democratic social policy has been put into practice. What would happen if machines were responsible for most production? “This scenario is of an incredible magnitude. It would involve the disappearance of the job market and we would have to see how production was redistributed among the people. That is why we are hearing people talk about basic incomes. But, for now, I believe that it is speculation”, says Jimeno.

The debate has intensified for a good reason: the increase in poverty and the risk of social exclusion. The International Monetary Fund and the Organisation for Economic Cooperation and Development have verified that, beyond ethical and social considerations, poverty and inequality have elevated costs for societies, in terms of becoming an impediment to growth and progress. Furthermore, inequitable societies present worse health indicators and life expectancy decreases. Without mentioning the breakdown of social cohesion, social tensions that threaten social peace. The authentic fortresses where the well-off minorities live in many Latin American countries end up being symbolic of the dangers of not seeking the roots of the problem and being satisfied with containing the consequences of inequality. Furthermore, poverty is experienced in a different way these days. It is not completely foreign to the average citizen.

Poverty, getting closer

Marí-Klose, who has studied the problem of poverty and especially child poverty extensively, believes that there has been a substantial change in the general public's perception of the problem. He explains it as follows: “There was already poverty before the crisis. We talked about 25% poverty among children and no one believed it. It was a more latent kind of poverty. When the Sociological Research Centre asked about the groups who deserved to enjoy more protection than they had, children did not even appear as a group that should be discussed. Poverty had become integrated. Only 4% of people said that they were poor and only 8% said that they knew poor people. We suspected that some colleagues couldn't make ends meet, but it was a dignified, integrated kind of poverty. The crisis has changed our concept of the problem. There is political, social and media attention. The EU now says that child poverty is a problem that must be dealt with even if doesn't make financial sense. All around us, we see people who lose their jobs or can't make ends meet on what they earn. Now we are speaking about it a lot because we have the feeling that it could reach the

middle classes. One of the obsessions of the middle classes is *losing social status*⁶⁴.

The cover puzzle

This is the main concern of a society with low spending power. Attempts are made to resolve the phenomenon by covering the costs of social organisations. Each one has their own territorial focus or clear target group; they are fragmented and limited and have their own agenda. “This means that the protective capacity is heterogeneous: we find a mosaic where some areas are covered while others are not. Obviously, it is always cheaper to launch generalised policies that combat poverty. It is necessary to convince the electorate that the authorities are not totally insensitive to the problem”, adds Marí-Klose. A problem that statistics still only touch on. The INE's latest Quality of Life Survey analyses how annual home incomes evolved between 2009 and 2014. The estimated yearly loss of income is €4,000.

The cost of a minimum survival threshold

The main political proposals placed on the table as a possible measure for combating the problem of insufficient income present a serious challenge to governments restrained by the EU's Stability

and Growth Pact, under which they have embraced austerity as a priority for their *macroeconomic* policy. But at the same time, these proposals involve a relatively low cost compared with that budgeted for other concepts. It is worth remembering that last July, the Bank of Spain calculated that the cost of saving part of the banking system had been €77 billion, of which €60 billion was written off.

What is the cost of eliminating poverty in Spain? In January 2017, the Spanish Socialist Workers Party, PSOE, reached an agreement with the trade unions CC OO and UGT on a non-contributory benefit – not linked to employment, or the amount of time a worker has been paying contributions – aimed at those unemployed not entitled to any benefits who comply with the requirements regarding residency and the income threshold, which should be less than 75% of the minimum wage, currently set at €701 a month. The



In terms of social protection and education, healthcare, children, social exclusion and housing, Eurostat says that Spain invests less than the EU.

64 Interview with Pau Marí-Klose for the *White Paper on the Future of Work and Jobs*. July 2017.

benefit would be €426 a month, and the cost of the measure, which envisages that the unemployed people concerned would make a commitment to continue looking for a job and follow an itinerary to do so, was estimated at nearly €11 billion a year. This was a very similar measure to the “minimum living income” previously defended by the PSOE for everyone who had been left without any income (once the unemployment benefit and subsidy had ended) or with insufficient resources. The estimated cost was €6.5 billion (0.6% of the GDP) and 1.84 million people would benefit from it.

Another party, Ciutadans, also proposed a measure to combat poverty in the form of a supplement to total household earnings for workers on the lowest incomes, which do not reach the minimum wage. They said this measure would benefit five million people and the cost would be around €10 billion.

In 2014, Podemos initially embraced the Universal Basic Income (UBI) for all citizens, whatever their economic or employment situation. After debating various possibilities as a first step towards this ultimate objective, they later defended a minimum guaranteed income which, according to the party, would cost €15 billion (1.5% of the Spanish GDP), and which would consist of giving a minimum of €600 to people who had no other form of income and a supplement to the income of workers earning a monthly salary of less than €900. These objectives would benefit 7.8 million people.

Universal Basic Income

The Universal Basic Income, which everyone would have a right to simply for being a citizen, calculated at €622.5 a month per adult (and at €124.5 for minors) would have a net cost of €187 billion, according to calculations by BBVA Research. The figure assumes that this new income would replace other current means-tested benefits. The research department has warned of the long-term consequences for employment and the creation of wealth, although it also admits certain advantages, such as elimination of the risk of absolute poverty, the struggle against inequality and the lack of employment, as well as the introduction of incentives in health and education.

This estimation alluded to the proposal made by the economists who have been the staunchest supporters of the UBI for eliminating “the poverty trap”, namely Daniel Raventós, Jordi Arcarons and Lluís Torrens, who are respectively the president and members of the Basic Income Network, part of a movement that has been in operation for over three decades. All three have defended it under the premise of funding it through a major and very progressive

redistribution of income, so that over half of the population on lower incomes would benefit from higher incomes than now⁶⁵.

The idea is to replace all redundant public financial benefits under the established quantity with the new basic income. However, if the established quantity is below the benefits received, this would be complemented until reaching the basic income threshold. The Basic Income transferred would not be subject to income tax (IRPF) and it would be necessary to design it so that it would not have a negative effect on income tax collection for financing education, health and all other public services.

19. Who wins and who loses with the Universal Basic Income

Application of the Universal Basic Income in euros, from the poorest decile of the population to the wealthiest

Income deciles	Winners	Total gain (millions)	Gain per capita	Losers	Total loss (millions)	Loss per capita
10%	100.00%	14,812.8	6,755	0.00%	0.0	0
20%	100.00%	11,321.0	5,162	0.00%	0.0	0
30%	100.00%	9,237.5	4,213	0.00%	0.0	0
40%	100.00%	6,847.5	3,123	0.00%	0.0	0
50%	90.87%	5,407.5	2,714	-9.07%	-77.6	-390
60%	61.73%	4,449.3	3,287	-38.24%	-601.2	-717
70%	33.84%	3,542.9	4,774	-66.14%	-1,908.2	-1,316
80%	24.11%	1,952.7	3,693	-75.89%	-4,017.1	-2,414
90%	4.79%	213.0	2,028	-95.20%	-7,600.7	-3,641
95%	0.00%	0.0	0	-100.00%	-6,212.2	-5,666
98%	0.00%	0.0	0	-100.00%	-5,655.9	-8,600
100%	0.00%	0.0	0	-100.00%	-9,246.8	-21,084

Source: 4th Basic Income Monograph 'Sin permiso'.

The authors have made projections for Catalonia, Guipúzcoa and Spain, based on a sample of nearly two million tax declarations from 2010. According to their calculations, none of the people with lower levels of income would lose out with the UBI (if we divide the population into 10 segments according to their income, no one in the four low-income segments would lose out). There would be a

65 13/03/2016 Jordi Arcarons, Daniel Raventós, Lluís Torrens, *The unconditional basic income: A proposal for the 21st century*, 2016. Available at <http://www.sinpermiso.info/textos/la-renta-basica-incondicional-una-propuesta-racional-para-el-siglo-xxi-respuesta-a-algunas-criticas>

small loss for the fifth and sixth segments, but the losses would progressively increase for the higher deciles, reaching losses of over €21,000 for the people in the higher-income band.

No one was speaking about this matter ten years ago. Now they are, although there is a perspective that the authors consider to be “dangerous”: the basic income proposed by the *neo-liberal* sectors, who want to use the measure to eliminate the welfare state, instead of reinforcing it. The key factor in a step such as this is to give more negotiating power to the citizens on the lowest incomes, i.e. if they have a basic income, they would be able to stand firm and say that they will not accept a certain job if they are not paid more for it.

The Dutch scholar Rutger Bregman is one of the people defending a UBI, in addition to a fifteen-hour working week and open frontiers. Author of the book *Utopia for Realists*, he maintains that the UBI would cost somewhere between 0.5 and 1% of the GDP of each country, and contrasts this with the real cost of poverty and its consequences, which is three or four times higher.

Division on the left

The left is very divided on this measure, which is also presented as a way of saving a lot of money on bureaucracy and administrative complications. Not only because it is a partial measure, which certainly falls short in terms of paying for housing, either by buying or renting, and especially in Barcelona (the average rental in the Catalan capital was €845.15, according to Incasòl, while according to the property platform Idealista, this price has been surpassed; their studies estimate the price per square metre in the city to be €17.4), but also because it does not necessarily do away with the gender division in employment (there are contradictory opinions on the subject), and there is a risk of making inequality worse, replacing social spending under the pretext of the basic income.

Professor Albert Recio is one of the biggest critics. Not about the concept of the Universal Basic Income in itself, but about the predicted way it will be developed in our country. “Possibly without any bad intention, the basic income creates a dystopia. It could exacerbate the class society. Because I am convinced that the type of basic income that would be achieved in a capitalist society would end up giving everyone a very minimal amount, €500 or €600 a month. With this income, most people would have to look for a second job. This is already happening to many women, who say they are looking for a complementary job so they can reach a living wage. I can already see most people accepting little, insecure jobs to complement their basic income, which is not enough to live on. It

would be another thing if it was really possible to establish the UBI at a really high amount, that would really be enough to live on; in reality it would provide tickets for buying goods and guaranteeing consumption. But I believe that a very high income would be incompatible with how capitalism works. If you give everyone €2,000 a month, it's possible that many people would choose not to work. But the type of basic income that is more and more likely to be introduced in some wealthy countries would create many differences, the majority of people would have to live by doing very low-quality jobs". The UBI is supposed to be accompanied by large-scale tax reform. Recio replies: "If you promise to change everything, change it all now", in other words, he questions why a wide-ranging fiscal reform cannot be carried out now. Recio is also convinced that in today's society "we would always make people who get an income and depend on a minimum income think that they are suspected of not wanting to work". However, in this case he is referring to a minimum income that is not available to everyone, but only to people with fewer resources. As a backdrop, this posture reflects the conviction that if citizens can survive on an income provided by the state, it is logical that they should correspond by doing a service.

Finland and the Netherlands experiment

The first serious experiment in Europe is being carried out in Finland, where, since January 2017, the government has been observing the effects of paying 2,000 people €560 a month, tax free. Although a full assessment requires time, and the programme is due to run for two complete years, after five months it was shown that the beneficiaries had lower levels of stress, they were more relaxed and were looking for jobs more actively. The beneficiaries do not have to prove what they are doing, nor do they have to inform the authorities whether they still need the money or not. As they can find work and continue to receive the basic income, this is a radical change with regard to the systems in operation until now. This initiative does not have the blessing of the Central Organisation of Finnish Trade Unions, who, at the start of the year, considered the experiment to be "incredibly expensive" and that it would induce many people to work less while at the same time increasing the wages for jobs that nobody wanted to do.

The world is experimenting. In the Netherlands, and more specifically in Utrecht, Wageningen, Tilburg, Groningen and Nijmegen, various types of basic income programmes are under way for beneficiaries who have been classified in groups in order to

observe the differences in behaviour when they receive €972.70 a month (if they live alone) or €1,389.57 (if they are living as a couple).

One group can get an additional €125 if they do voluntary work. Others receive the benefit unconditionally, but they are allowed to earn money by doing other jobs. The behaviour of people who remain in employment programmes, as part of the current Social Security system, is also compared.

In Ontario, in Canada, another experiment is being run for three years, aimed at people on very low or unstable incomes, and also for groups of people who survive through social-assistance programmes. There are a total of 4,000 people who receive around €11,400 a year if they are single, and €16,100 if they are living as a couple. They continue to receive any benefits for children or for disabilities they are entitled to.

Other countries where universal basic income programmes have been tried for some time include the USA (specifically Alaska), Namibia and India.

Guaranteed Citizen Income (RGC) in Catalonia

This initiative was agreed among Catalan political parties just before the summer and approved by the Catalan Parliament on 12 July 2017. It involves the creation of a guaranteed income for people in a vulnerable situation which will be introduced gradually until 2020 and will be €664 a month.

Unlike the Universal Basic Income, this measure is aimed at a specific group of people and not the general public as a whole. It is paid on condition of complying with certain requirements. It involves an investment of up to €600 million and it is thought that 62,000 families will receive the benefit by 2020, according to calculations made by the Generalitat. The beneficiaries are people who, up to now, have received the Minimum Inclusion Income (RMI), an autonomous-community subsidy for people in a situation of poverty, which will be replaced by the new RGC.

If a beneficiary receives a job offer, they lose the income.

One significant new feature is the fact that 7,000 single-parent families with part-time jobs and an earned income of less than €664 (€955 if the nuclear family has two members) will also qualify



As there is no in-depth balance, which requires time, because the programme is due to last two complete years, it was observed in Finland that after five months, the people receiving a basic income show less signs of stress, they are more relaxed and they look for jobs in a more active way.

as beneficiaries. In other words, the subsidy aims to be compatible with low wages from an insecure, part-time contract, although initially it is only for single-parent homes.

Its gradual introduction, initiated in September 2017, will be completed by 2020. It is aimed at any person who does not reach the subsistence income threshold for Catalonia.

The Catalan Employment Office (SOC) administers the benefit, which people can receive from the age of twenty-three, provided they have been residents in Catalonia for at least two years, that all their unemployment benefits have run out and that they have no property, except the dwelling they live in.

Pilot project in Barcelona

The Catalan capital has already initiated a guaranteed minimum income experiment involving one thousand families in Eix Besòs, which in principle will run for two years. Barcelona is one of the 15 cities chosen from 400 candidates to launch a programme as part of the European Union's Urban Innovative Action. The initiative has the support of organisations and institutions such as The Young Foundation and the GOP, among others, including Barcelona's Autonomous University (UAB) and the University Polytechnic (UPC). The pilot project will cost €13 million, with nearly €5 million coming from the EU, to pay for the corresponding studies and impact assessments.

The one thousand families chosen to receive this municipal income are divided into four different groups. In the first group, the study involves seeing what they do if they find a job and therefore have another source of income. We are speaking of a limited income: their subsidy is on the condition that they take part in socio-occupational inclusion activities, and if they find work, the subsidy is withdrawn. In the second group, the income is limited, but there are no conditions established for receiving it. In the third group, the income has no limitations, so that the subsidy is maintained under any circumstances, but on condition that the subjects take part in work-inclusion plans. In the last group, the families have no upper-limit for income (if they find work, they can add the salary to the municipal subsidy) and they don't have to take part in any reinsertion plan either. At the end of the process, what has happened in each group will be compared, in order to provide empirical proof of the extent to which having a minimum income means that people do not look for a job.

The estimated amount of this income is €525 and, considering the lack of housing in the city, it has to be combined with other

public policies, because it is considered to be insufficient for living in the city. The income will be combined with four public policies: participation in municipal employment plans co-produced with neighbourhood third-sector organisations, social entrepreneurship plans, support for renovating flats in order to promote co-existence programmes and shared housing and collaboration in community activities. The idea is therefore to seek comprehensive solutions.

No job, no welfare?

Some economist groups are not enthusiastic about the intense debates on the right to have a minimum subsistence income threshold. Instead of focusing on possible social-protection instruments – although that does not mean that they do not believe it cannot be improved – some people, such as Florentino Felgueroso, call for the focus to be on the job market, on the quality of jobs and improving salaries. This is a way of redirecting discussion towards the current ways of funding our welfare state.

In order to have a welfare state that guarantees the provision of social, educational and health services to its citizens, someone has to pay for it. The general public funds it. It seems obvious, but this is not always so. “We can denounce a job market so insecure it is hanging by a thread, but at the same time we aren't interested in entering a debate on how to protect our dependent people. We just want to protect them, we don't want to investigate the situation of the service offered to migrants who are subjected to the informal economy, who we only turn to when we need them”, says Pau Marí-Klose, highlighting the contradiction.

In the same way, governments speak of increasing Social Security contributions as a sign of optimism in the recovery. “They always talk about the people who pay contributions, but it is necessary to speak about how much people earn, how much they can contribute”, says Albert Recio. Under current circumstances, more people registering to pay Social Security does not necessarily mean more income for Social Security.

In that sense, Samuel Bentolila is very critical of the effects of contract bonuses and flat rates, not so much for the rate for entrepreneurs who set up a business, which may make sense, as the ones proposed for contracting workers. “All of these initiatives have a big impact on Social Security funding. We have to rethink how it can be financed, considering that it depends on the employment rate. We could turn to a system where people are not unemployed for so long, a system that protects people who work rather than specific jobs. This would help to make a more sustainable system.

I am in favour of taking steps to ensure that the employment rate rises", he affirms.

There are proposals to use taxes, given the shortfall in Social Security resources, so that the current quotas are used less and less to cover the cost of paying for unemployment and pensions. But employing VAT is regressive and there are fewer and fewer products that can be placed under reduced rates. When taxing capital is mentioned, the threat of it moving elsewhere immediately surfaces. It looks like taxation on property and against pollution will go up over time. But before we think about raising taxes to resolve the problems of Social Security, Bentolila is convinced that we need to eliminate the loopholes that are caused by initiatives such as *flat rates* or rethinking widows' pensions now that women have joined the job market en masse.

All bonuses are income that does not enter Social Security. In the past, the difference was covered by public budgets. "A total of €110 billion was not paid into Social Security due to a variety of bonuses", calculates Albert Recio, who is a strong critic of the attempts to make self-employment more attractive. "There is an enormously wide range of people who contribute as self-employed workers, some who earn a lot of money and some who earn very little. It is a figure that involves a lot of tax evasion. I believe that everything that makes being self-employed more attractive contributes to the deterioration of economic conditions", he affirms.

This is not a domestic debate. The whole of Europe is considering the need to modernise their welfare states to keep them efficient, able to deal with situations of need and prevent new situations of social exclusion from arising. The unique feature of our welfare state is that its coordination began later on and the cuts have decimated it. Are we facing the dismantling of the welfare state?

Stagnation of the Welfare State

Marí-Klose is reluctant to talk about dismantlement. "It's better to talk about a stagnation of the welfare state growth, because the services it involves have never existed in Spain". Normally these services are taken care of by the women of the family, or at most by foreign women who take care of them informally for really low wages. "This is the function that society attributed to women and the one that women assumed. Until women started to work and a new space opened up for services that are not covered by the welfare state", he adds.

We have the old needs relatively well covered: unemployment, cover during illness, retirement pensions. "But when the need

arises to expand the system to include new services (because senior citizens are living longer and need more supervised care, or when services are needed to take care of children due to the new policies favouring a work-life balance) we discover that the economic cycle is not long enough and that we have not elected governments that favour this expansion for long enough, and this happens at a time when it is difficult to collect more money”, explains the sociologist.

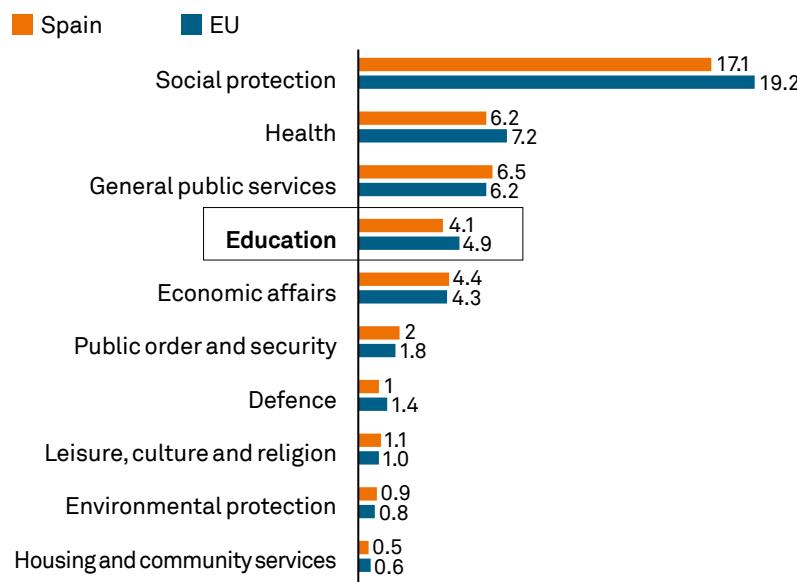
Compared to the European Union, Spain invests less money in public spending in relation to the size of its economy: it is below the EU average both in terms of social protection and investment in education, healthcare, children, social exclusion and housing, according to Eurostat data for 2015.



Before considering raising taxes to resolve the Social Security system's problems, Samuel Bentolila is convinced there is a need to put an end to the loopholes caused by initiatives like 'flat rates', and to rethink pensions for widows now that women have massively joined the job market.

20. Investment in education and social protection in the EU and Spain

Social spending as a % of GDP



Source: Eurostat.

The difference with Europe exists even after the steep rise in spending on unemployment benefit and pensions during the crisis. This is because during the crisis, EU spending on social protection

went up by nearly 18.5%. Finland, France and Denmark are the countries with the highest social spending in relation to their GDP. If it is compared in relation to population size, Luxembourg has the highest spending. Spain remains below average. For spending on education within the EU, the statistics show that Denmark, Sweden, Belgium and Finland stand out.

The Nordic countries expanded their social services, such as those for dependency, caring for children and the need to retrain throughout one's professional career to remain *employable*, when there was a greater consensus on the advisability of doing so. Life expectancy was lower and spending on pensions was contained. It was therefore easier to launch services such as public nurseries. "When you are spending 12% of your GDP on pensions and 8% on healthcare, it is more difficult; it depends on political will, but governments are exposed to the reaction of part of the population that doesn't want taxes to rise", says Marí-Klose.

Lower tax burden

The tax burden in Spain is lower than in the EU (in relation to the GDP, 34.6%, compared to an EU average of 40% and a Eurozone average of 41.4%). It is not so much that the spending on pensions or the tax burden in Spain are very high, but that Nordic countries developed dependency and child care services when there was a lower tax burden, and it is much more difficult to abandon already-existing services than launch new ones to cover new needs". We have also

seen this with the cuts: in spite of the *de facto* loss of pension purchasing power brought about by the last reform, pensions are more difficult to change than a subsidy for the emancipation of young people or a cheque for eviction victims.

If the funding of the State and Social Security are not *reformulated*, being able to afford existing services would appear difficult, let alone new ones. "And to the extent that we do not have public solutions, we expand the insecure job market, and if we do that, we undermine the opportunity to create public structures because we are

eroding the state's taxation base", concludes Pau Marí-Klose, who is convinced that we will maintain the welfare state because it is

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Compared to the EU, Spain invests less in public spending in relation to the size of its economy, it is below the EU average for both social protection and investment in education, health, children, social exclusion and housing, according to Eurostat data for 2015.

highly valued, but that it will only take care of basic healthcare, education and pensions.

Any revision of the welfare state must include training policies that are available to the general public throughout their lives, not only during the initial stage, as well as programmes that provide opportunities for women and men in the job market, more guaranteed minimum-income programmes.

"I am sure that a minimum income is necessary, because this crisis has left us with insufficient state cover. We need to define who, when and how much, but the minimum income is necessary. It is not only a social question, it's economics. We cannot allow these levels of poverty. Academic failure is future poverty", notes Begoña Cueto, the employment policy researcher from Oviedo. In her opinion, if the figure created continues to be conditioned by employment "part of the population will always be excluded". She predicts that it will be important to "make it compatible with low salaries, because I don't see why we should discourage people from working".

As we have seen, access to social protection (the system of public health, public education and public pensions) is through employment, with its gender implications. "The welfare system was designed with the needs of the male workforce in mind. It was designed for active, healthy men who, if they suddenly lost their jobs, would have access to benefits, and when they retired, to a pension. The male productive logic is clear", emphasises Sara Moreno. This logic has given rise to the black hole in care. "No one considered how to cover care needs, because the family, the women, took care of it".

Not increasing the tax wedge

Whatever decisions are taken, Professor Miguel Ángel Malo insists: "We need to work towards a welfare state that doesn't function as a kind of tax on employment. In some aspects, ours functions exactly like that. It should be based more on general, universal income, although there must be a certain amount of modulation, because if it is closely related to contributors, then it can end up functioning as a tax on employment".



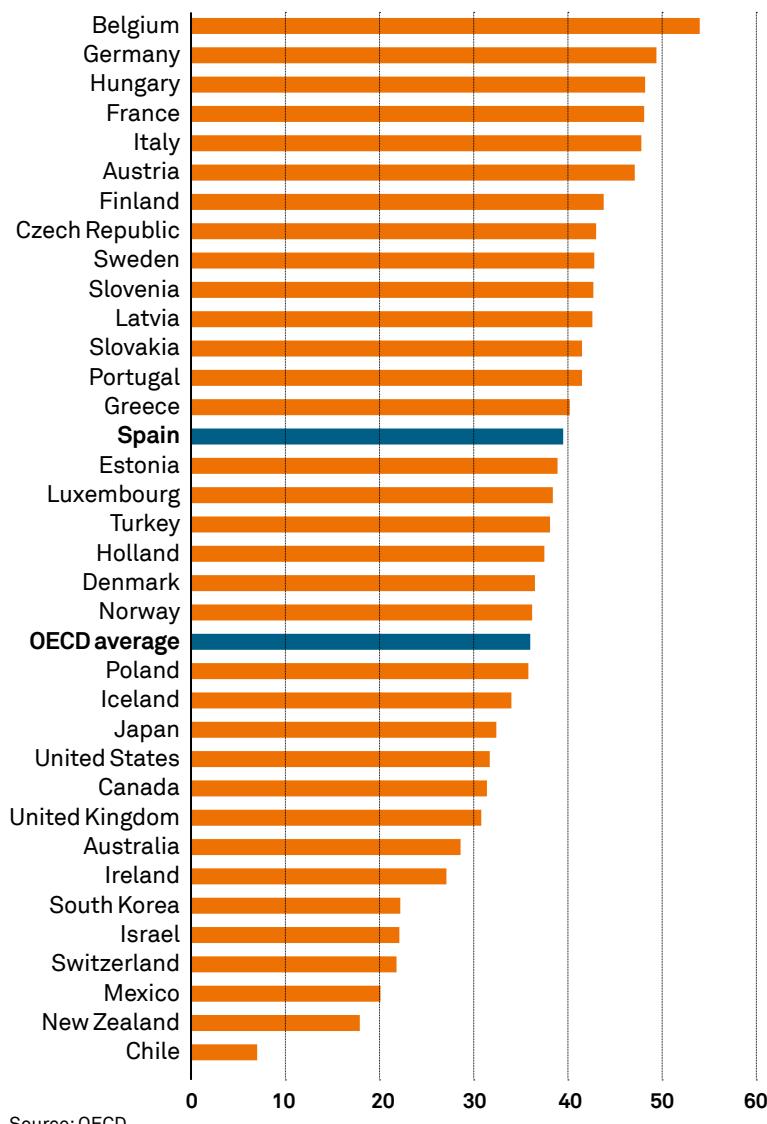
Professor Pau Mari-Klose predicts that we will retain the welfare state because it is highly valued, but that it will only be responsible for basic healthcare, education and pensions. If it is revised, training throughout people's professional lives, programmes that provide job opportunities and plans for a guaranteed minimum income must be considered.

Malo is in favour of reducing the tax wedge, which, apart from what workers earn, focuses on how much the workers cost the company that employs them. It focuses on what part of the total labour cost is made up of contributions and salaries. The average tax wedge measures to what point taxation on employment income discourages the creation of jobs.

“The Spanish *tax wedge* is one of the widest, we have gradually been opting for this path, when I believe that we could place a greater charge on VAT, because foreign producers also pay it. We need a new balance”. But this balance, says Malo, should not renounce the current commitment of one generation to the next. “I believe that this component provides social cohesion and it would be a good idea to maintain that aspect”, she affirms.

But the commitment is shaky. Years and months of contributions are required for access to benefits. “Look at the contracts that people have these days. It will become more and more difficult to accumulate the years needed to get the money. This means that people will be left with non-contributory or minimum pensions. The social dimension of the problem is terrible. The system is not solvent. The imbalance between quotas and benefits is irresponsible”, says Bentolila. There is no easy solution. If you raise the business quota, the company will try to offset the rise to prices, but this offset will be limited by the company's competition. The other option is to pay lower salaries. If you increase the burden by 1%, 60% of that will be transferred to the general public as consumers and workers, and in part it is paid by employment.

21. Comparison of the tax wedge in the various OECD countries.
 % of total employment costs, 2016



Source: OECD.

5. Active labour market policies

What are active labour market policies?

Passive policies aim to give social protection to people who have lost their jobs. There is a certain amount of confusion regarding active policies. In themselves, they do not create employment. If they are well designed and well implemented, they reinforce the training of unemployed people who wish to work. The idea is to observe where there are job opportunities, guide people towards these opportunities and train them to improve their access to the job market with new skills. Depending on how they are developed, they also serve to improve the supply-and-demand intermediation systems.

“When someone approaches the employment services, do they implicitly believe that they will give them a job? The Administration doesn't have work to give out. But if you don't know what the job market is like, we will explain it to you. If you lack training, we will train you. If you don't know how to sell your personal skills, we will help you defend yourself better. However, we never ask people who are suffering from unemployment what they think we should do”, says the economist and consultant Eduard Jiménez, summarising the situation.

Active labour market policies touch on four areas:

- ▶ Professional and vocational training and the accreditation of professional skills.
- ▶ Supporting unemployed individuals who are actively looking for work, in such a way as to improve their positioning in the job market.
- ▶ The acquisition of professional experience by people looking for work, which is directly related to fostering employment.
- ▶ Local development policies which aim to stimulate demand.

Jurisdiction among administrations

Who is in charge of all of this? Jurisdiction over labour market policies is divided into those related to unemployment benefit, which is the responsibility of central government and is therefore not transferred, and active policies, ceded to autonomous communities. But what is effectively ceded is not the defining of what active policies should be, which in reality is still decided by the Ministry of Employment and Social Security, but the implementation of those policies, which is carried out by the autonomous governments.

This reality does not flow smoothly. That is because employment policies are transferred, but the funding, the resources needed to put them into practice, are the responsibility of the State Employment Policy Service (SEPE). “This means that the autonomous governments are very conditioned in terms of the labour market policies they end up applying depending on when they receive the money, so that courses are set up according to this calendar. The timing is not appropriate, because the funds are sometimes received in July or September and actions have to be organised for December. “It isn't easy to plan things in three months”, affirms the economist Sara de la Rica, whose team has worked with the Basque government. The OECD also calls for better coordination from the various administrations involved. They advise focusing “on procedures more than results”, and also the “weak cooperation with national authorities”. The autonomous governments call for a multi-annual budgetary framework in order to better calculate and plan expenses, such as stable contracts for employment counsellors.

Jurisdictional tensions explain why, for example, the recent ruling by the Constitutional Court in July 2017 concerning *Plan Prepara*, which declares as unconstitutional and annuls part of Royal Decree 1/2013, of 25 January, because it considers that centralising unemployment subsidies in the State Public Employment Service (SEPE) when unemployment benefits run out goes against the distribution of jurisdiction in employment matters⁶⁶. *Plan Prepara* was launched in 2011 in response to the increase in long-term unemployment. This is a six-month programme that has been extended on various occasions. Regulations provided for the plan's automatic extension until unemployment dropped below 20%, and then in 2016, this limit was lowered to 18%. Now that the Spanish unemployment rate has dropped below that (16.55% for the fourth quarter of 2017, according to EPA) there is now no automatic extension. The autonomous communities have had to give permission, to put it one way, for the central government to extend the programme one last time. In a new ruling issued in January, the Constitutional Court (TC) confirmed that the employment services of the autonomous governments shall administer the subsidy of €426 for long-term unemployed people.

Measures for a variety of situations

Although the post-crisis panorama is showing a recovery of activity, it is also exacerbating social inequalities and is made up of a wide variety of situations. "The road we're driving on is different to the one we were on before we entered the tunnel. There are new roads, with new requirements. The companies that weathered the crisis better are those that have internationalised themselves and diversified markets, but this is a very demanding process and they have to adapt", emphasises De la Rica, who distinguishes between four groups:

- ▶ People who have not lost their jobs, for whom job insecurity

“

Jurisdiction over labour market policies is divided into those related to unemployment benefit, which is the responsibility of central government and is therefore not transferred, and active policies, ceded to autonomous communities. But what is effectively ceded is not the definition of what active policies should be, which in reality continue to be made at the Ministry of Employment and Social Security, but the execution of those policies, which are the responsibility of autonomous governments.

66. Constitutional Court Ruling 100/2017 of 20 July. Available at http://www.elderecho.com/actualidad/CCAA-solucion-gestion-plan-PREPARA-sentencia-TC_0_1124250001.html

is something that only exists around them, although their salaries have either been frozen or reduced. Their working conditions have not improved and have often deteriorated, but they have remained relatively stable.

- ▶ People who lost their jobs during the crisis and have found another one afterwards, but with a significant loss of purchasing power, mostly due to the labour reform. Nowadays, companies are hiring under worse conditions.
- ▶ People who have found new (or not so new) forms of employment that are emerging, often with only a purely mercantile link to the business person who orders the work. In these cases, like those in the so-called *gig economy*, contracts by the hour and a whole world of underemployment. There is insufficient regulation. Young people are especially affected by this situation. Furthermore, rotation makes it more difficult to accumulate contribution time, which in turn gives them the right to benefits.
- ▶ Workers who lost their jobs during the crisis years and have not been able to find a work inclusion opportunity, and who are subject to a high risk of social exclusion because their benefits are running out. This segment includes groups that are particularly difficult to place. They have lost their right to benefits and they look for support from social organisations and NGOs. Four out of ten subsidy beneficiaries are over the age of fifty-five and their contributory benefits have run out.

“We need to adopt different measures according to the segment of workers we are talking about”, underlines Professor De la Rica, “and the administrations have a lot on their hands, even penalising companies that have terribly insecure working conditions, especially if they are making a profit, through public procurement or discounts”. The key is combining short and long-term actions.

These years of austerity are a factor that must be taken into account. The level of cover for unemployed people has dropped sharply, as we saw in the last chapter: in 2008 there was cover for 73.6% of the unemployed population, while by June 2017, this had dropped to 55.6%. And out of the people who benefit from benefits and subsidies (1.76 million), 672,474 of them receive a contributory benefit because they made contributions for a sufficient period of time. The other 60% get financial support, whether it be a subsidy,

an active inclusion income, an agricultural subsidy or temporary subsidies for situations of long-term unemployment.

Contract more than right

However, Samuel Bentolila notes that “Active policies are more than a right, they are a contract”. “A contract which means that the public sector makes a commitment to help people, so that it’s easier for them to find a job, but that person has to make the commitment to look”, he says. He explains that in the United Kingdom the job seeker allowance is referred to in this sense. “It is clear that if you lose your job there should be a benefit to help you maintain a decent lifestyle, but when designing policies, and although many people would take what I’m saying as being idealogical, it’s obvious that when an unemployed person’s benefit runs out, they have to find a job. Full stop. He adds that for this reason, active policies should intervene from the very first moment, not during the lasts six months, because the ratio of people finding employment rises when the end of their benefits draws near.



According to the calculations of Marcel Jansen, a Fedea economist, less than 1% of unemployed people with low qualifications get access to training programmes.

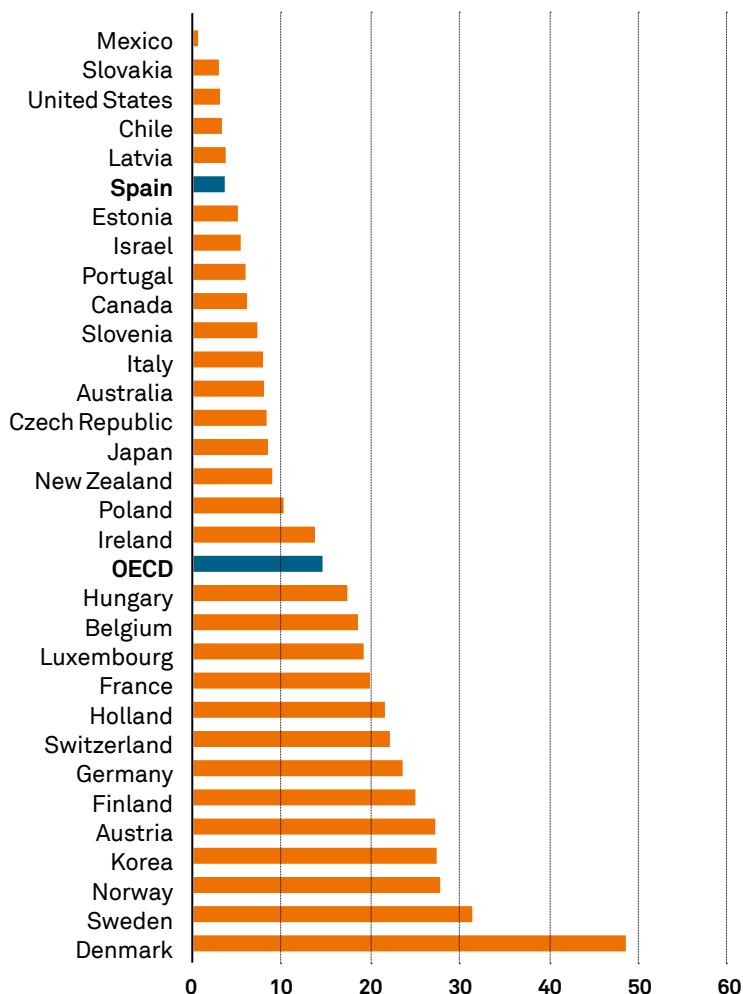
66% regression in funding

According to the European Commission's 2017 Spain Report, from 2008 to 2013, during the worst years of the crisis when unemployment in Spain affected 6.2 million people, according to the Active Population Survey (EPA), the spending on active policies per person who wished to work decreased by 66%. This calculation, produced by the Fedea economist Marcel Jansen, was the most significant drop out of all EU countries during that time. Furthermore, according to the same source, less than 1% of all low-qualified unemployed people had access to training programmes.

The Organisation for Economic Cooperation and Development also called for the Spanish government to “strengthen its active labour market policies”. In this sense, it cites improvement to Vocational Training (VT) and reinforcing “the skills and efficiency of public employment services”: The resources per inhabitant that Spain allocates to employment policies does not reach a third of the average for OECD countries.

22. Beneficiaries of active labour market policies

% of the GDP per inhabitant, latest available data



Source: OECD, *Labour market programmes: expenditure and participants*, 2016.

The trade unions have long been denouncing the lack of SEPE resources. Like other public institutions, SEPE has been the victim of the amortisation of jobs which disappear from the catalogue with each retirement. The UGT estimates that in this way half a million public-sector jobs have disappeared.

The Independent Central Civil Servants Union (CSIF) estimates that there is one civil servant for every 440 unemployed people, and that they attend each one for an average of ten minutes.

The CC OO affirms that the OECD's contrasted figures for 2014 indicate that every person employed as a civil servant attends 268 unemployed citizens, while this figure drops to 36 in Denmark and

47 in Germany. This is not an exact calculation, because the union specifies that the figures include people who attend the services belonging to autonomous communities.

A Deloitte report for the Ministry of Employment states that there were 29,821 people on the staff of the National Employment Service in 2016. With the 3.7 million people who were then requesting unemployment benefit, it comes to 129 people per civil servant. But this ratio is not valid either, because 13,511 members of that staff belong to the autonomous communities. Deloitte says that for the 709 offices it has in the territory, 7,193 people are directly responsible for aspects of unemployment benefit administration.

According to the 2017 budgets, since 2011, investment in labour market policies decreased by €3,323.43 for every unemployed person to a figure of €5,363.14 (-38%, while the number of unemployed people fell by 3.5% for the same period). Of those €5,363.14, only €1,265 were allocated to active policies, which means a drop of 24% over six years.



According to the 2017 budgets, since 2011, investment in labour market policies for each unemployed person has been €5,363.14 (-38%, while the number of unemployed people has fallen by 3.5%). Of that €5,363.14, only €1.265 is allocated to active policies, which is 24% less. All the experts criticise the fact that efforts are concentrated on providing contract discounts.

Discounts or covert subsidies

In relation to 2016, the amount of money allocated to active policies (€5.575 billion) means an increase of 6%, but most of this increase can be explained by the fact that an extra €233 million was allocated to financing discounts for hiring unemployed people, as well as an allocation of €130 million for the programme aimed at people who were no longer entitled to unemployment benefit.

One of the sharpest criticisms, unanimously expressed by all the experts consulted, was precisely the concentration of employment policy efforts on discounts for contracts: in practice, these policies cheapened the jobs that they had been responsible for creating. This is what economists call *dead weight loss*. In relation to the GDP, our spending on labour market policies reached 0.7% while, in spite of not having our unemployment problems, Nordic countries invested over 1% or 1.5%, according to the country", compares María Luz Rodríguez, who is very critical of the fact that "nearly a third of what we allocate (to employment policies) goes to

funding practically indiscriminate reductions of Social Security contributions, such as contract discounts, of which there are 43".

"Generalising discounts makes no sense, because as an active policy, it only make sense for some specific groups, such as people suffering from disabilities", confirms Miguel Ángel Malo, who is in favour of a new boost for active policies.

Discounts tend to favour large companies, and not smaller ones. "Our unemployment policies have been reduced to support policies, in addition to there being less cover, and the indirect subsidising of companies to hire unemployed people, or making self-employed contributions less expensive with *fixed rates*. If we consider that self-employment has increased only a little, we see that the welfare state is worse off, while the result in terms of employment is more than discreet", comments Begoña Cueto.

Reforming training systems

There are nearly two million unemployed people that need training. But not any old training. They need courses that affect their capacity for adaptation, their capacity for improvisation, and so on. Everything that makes them different to machines. No one would dare to affirm that everyone will be able to get back to work. This raises the urgent need to combine training and guaranteed minimum incomes, if only to deal with some years of transition towards a future that is not completely clear at the moment.

There is also the generalised opinion that in spite of achieving some success, our training systems are overstretched, especially in terms of the challenge posed by the digital world. The fact that training is still expensive (for the people who pay for it and also for administrations in cases where they pay for it) means that we need a system to assess the impact that it has as precisely as possible, not so much in the short term, but in the medium and long term. Making various training institutions compete with each other, and paying them according to results makes sense as long as those results are not limited to comparing who has found a job after a few months, but what the trajectory of that person is after that.

"Most training resources have been allocated to social stakeholders, who more often than not, have organised their courses without taking into account the needs of the job market, and in these cases, the end result is of no use to us", criticises De la Rica.

It is normal practice to count how many people in a course end up finding a job, but there is a downside to this. The people who do these courses tend to be more motivated and aware that they

need to undergo training. The techniques for measuring the impact of training have become more sophisticated. The results need to be compared with people who may have wanted to train in the same field, but who were not selected.

In that sense, Eduard Jiménez reflects on the obsession with people who have undertaken a training course getting a job immediately or soon afterwards. “We have a need for results, but there are very good programmes that focus on ways of doing things, on creating self-confidence and awareness of one's own capabilities and that is important, because it is of medium and long-term use”:

23. Average spending on employment policies in Spain and the EU. Euros per unemployed person

% GDP	Employment policies	Incentives	Training	Active policies
GDP>150%	6,665.8	4,463.4	2,529.4	13,658.6
GDP>100% and <150%	4,511.7	391.6	2,578.0	7,481.3
GDP>60% and <100%	377.6	503.2	450.5	1,331.3
Spain (2013) R	360.6	128.5	257.5	746.5
GDP>40% and <60%	510.5	139.0	78.2	727.8
GDP<40%	650.0	179.0	29.3	858.3
European Union	1,906.5	506.2	1,083.9	3,496.6

Source: Eduard Jiménez. Presentation (March 2016) of *Innovation in Local Employment Policies*.

Analytical capacity and English

“Young people who were born in the digital era and generally have a high capacity for absorbing information, have to acquire digital skills, they have to be very good on networks: above all, they need to be able to analyse information, manage it and interpret it”, suggests Sara de la Rica. Big Data ensures that there will be an enormous quantity of information available. However, we need to know how to make use of it. “That does not mean that everyone should study engineering, because people who study sociology or history need to have more analytical and interpretive skills”, adds Bentolila, who is in favour of allocating more money to primary and secondary education even if it is in detriment to universities. At the beginning of September, the UGT denounced that only 23% of companies train their personnel in digital skills, and that “investment in training in

the business world is at the level of Madagascar or Tunisia". He added that the Ministry of Education allocates 2% of its spending to new technologies⁶⁷.

Mastering English has been a requirement for years. The question now is not so much being able to understand and defend yourself in a conversation, but reaching a high enough level to speak and write it fluently. "Being good in languages, mathematics and English would be a revolution", sustains Samuel Bentolila, referring not only to students, but to the level of the teachers themselves, who lack any stimulus for retraining. In fact, the learning system used by the education service from infant school onwards is being questioned, because it is not a matter of memorising things, but of understanding in order to assimilate. "We already know how the profitability of the AVE high speed train turned out. The amount needed for investment in education is 10% of that", he affirms.

We need to consider that, according to projections made by the World Economic Forum (WEF), 65% of the children who are starting primary school today will end up working in jobs and/or carrying out functions that do not exist at present. "Most of the existing educational systems at all levels offer the same training as in the 20th century, which impedes the progress of today's talent", assures the WEF, which calls for a rethinking of educational systems.

Lifelong learning

One of the consequences weighing down the educational systems is the dichotomy between humanities and sciences, and also between pure and applied education, apart from the extra prestige associated with forms higher of education, rather than the content of that education. "Companies should work with governments, the education-supply companies and other bodies in order to imagine what the curriculum for the 21st century could be like", notes the WEF, which calls for ongoing training throughout people's working lives. Some experts reason that if the required skills are becoming more and more cross-cutting, more philosophy and humanities could be included in the central curriculum.

Denmark allocates funding for two-week training courses for adults, and places a lot of importance on training employed people, which explains the high mobility levels of its workforce. Seven out of ten of working people think that a transition half way through their career is "a good thing", while in most European countries, the average does not rise above 30%.

⁶⁷ UGT. Press release issued on 10 September 2017. Available online at: <http://www.ugt.es/SitePages/NoticiaDetalle.aspx?idElemento=3129>

24. Future employment strategies in various sectors

% of most common responses that assure that they will continue with every strategy

Invest in reskilling current employees

65%

Support mobility and job rotation

39%

Collaborate with educational institutions

25%

Target female talent

25%

Attract foreign talent

22%

Offer apprenticeships

22%

Collaborate with other companies and other sectors

14%

Collaborate with other companies in the same industry

12%

Target talent in minority groups

12%

Hire more short-term workers (temporary jobs)

11%

Source: World Economic Forum (WEF). *The Future of Jobs*.

“Denmark and the Nordic countries prioritise training during people’s working lives, as well as training for the unemployed”, says Consuelo Chacártegui. People are trained automatically, and those that lose their jobs immediately have someone to guide them, to assess in what ways they could have been left behind, in order to overcome the situation. “The Danish job market is flexible, but the state facilitates a revolving door for entering and leaving the job market, so people find new jobs quickly, as well as offering a high level of social protection”, notes the expert in employment

rights. "Concern for training the general public is what separates a developed country from the rest", she affirms.

In the English-speaking world, specialisation is attained by studying a postgraduate or masters course. Prior access to college is still a means of reinforcing generic skills and core knowledge. However, in Spain, when someone is preparing to do social work, they study that specific field. They do so thinking about working as a social worker. If they lose their job, at a certain age, they find it difficult to catch up, retrain and start studying something like information technology. This is one of the reasons why it is less common to find people over the age of forty or forty-five in masters and postgraduate courses, which is more common in the United States. Here, the postgraduate course is part of the stage where people train for their future working lives, and if there is no job on the horizon, they take as long as they can.

Generic skills and academic failure

However, one requirement needed in order to attain a situation where training is not just something that belongs to the initial stage of people's lives, i.e. that everyone acquires generic skills, is not satisfied in Spain, a country with such a high level of academic failure. For example, for people at the age of thirty-five who lose their jobs, it is only possible to retrain or change their professional trajectory if they have already acquired certain mainstream skills. "We are speaking about being able to maintain attention, to sit down and not get up, of being perseverant and constant, things that are acquired in the education system, in addition to cognitive skills", affirms Pau Marí-Klose. The studies that tackle the skills required for working in the future deal with relational skills, capacity for empathy, knowing how to communicate, flexibility. And, of course, self-esteem.

For that reason, Marí-Klose believes it is essential for children to follow a high-quality education system for the maximum period of time. If this cannot be lengthened at older ages, then it can at least be done at early ages, from infancy, because by six years old there are already learning gaps. In many cases, this is to do with the type of education they get at home. Another of his recommendations is to try not to label students in categories, as if the *clever ones* will do compulsory secondary education (ESO in Spanish) and the rest vocational training (VT). Separation usually creates inequality. "This shouldn't involve a separation by classroom or group, and it can be done by keeping them together in core subjects during the common basic education, which may last until the age of fourteen;

the idea that VT students only do mechanics while the others do purely academic subjects is over.

Combating academic failure, combating child poverty and promoting ongoing training are the two essential recipes proposed by this sociologist, who is an expert in child poverty. This means resources and imagination, especially for how to finance the stages when adults need new training (with low-interest loans, for example, or by multiplying the number of grants for educational transition). “The idea is to activate people who can be activated, educating those that can be educated, so that training efforts reach everyone”, he says.

The people who are in need of training include the owners of many small and even medium-sized businesses. This is a factor that rarely appears in the discussions on employment, and it is introduced by Professor Josep Banyuls: “The general level of training is a problem that has been clearly seen in sectors such as construction or furniture manufacturing, where a clever person who works as a bricklayer or salesperson is able to build up a business that may grow, but they have no management skills or any idea of innovation, because all they do is find an adviser to look after the accountancy work. They can be driving a Mercedes without knowing how to write”.

Imbalance between supply and demand

At the 2017 Davos Forum, its founder and president, Klaus Schwab, gave a speech on the future of employment. And he did so to warn: “There is a need for more talent in certain work categories, at the same time as instability in the skills needed for all work categories. The end result of this combination is the existence of challenges when hiring personnel and a scarcity of talent, something that has already been demonstrated over the last five years”, he added.

As a way forward, Schwab proposed “creating pools of qualified talent by means of collaboration among companies in the same sector”, as well as “*multi-sectoral* training agreements that make the most of collaboration models supporting the business changes brought about by technology”. He also encouraged companies to invest in the retraining of their personnel, and to ensure that their workers maintain a “proactive” attitude towards ongoing training throughout their lives. He also asked governments to create the conditions needed to facilitate this.

Career guidance

Unemployed people need a lot of information on the job market situation, on where the opportunities for getting back to work are, the specific skills they are lacking and how to overcome this situation. Some of the people who work in career guidance come from the third sector; they are social workers. Others are trained in education, psychology and coaching. “But working in guidance isn't for everyone; not everyone has what it takes. You need a combination of knowledge about future trends and sensitivity with other people. It is essential for them to be highly qualified. It is a very demanding scenario. The training of career guidance officers in Germany is exemplary. Only a good guidance officer can make a good diagnosis and set out a personalised itinerary. Even with this, many companies would have closed down during the crisis anyway, but a lot of people wouldn't have been unemployed for so long”, affirms Sara de la Rica.

Achieving high-quality career guidance is difficult when there is a quantitative problem right from the start. During José Luis Rodríguez Zapatero's government, when the crisis began, steps were taken to promote this kind of guidance service, by hiring or by assigning existing staff to this function, in the same way as autonomous communities like Catalonia. Paradoxically, the subsequent cuts made by Mariano Rajoy's government and insufficient resources in the autonomous communities left thousands of the people doing this job unemployed.

“Without a doubt, the work of supporting unemployed people is more important than intermediation”, assures Eduard Jiménez. However, the empathy required by people working in career guidance is not always guaranteed in public employment services. Nearly three quarters of local spending on policies fostering employment is invested in personnel.

When unemployed people go to and register in a Catalan Employment Service office, the staff process the benefits or subsidies they are entitled to. In spite of efforts to improve, in general, unemployed people do not expect to find a diagnostic of their situation which explains why they have lost their job, how they can get themselves up to date or how they can prepare themselves for future job interviews. When the active labour market policies were transferred to the autonomous communities, this basically involved the reassignment of administrative staff. No matter how good they were, they had never worked in training or guidance.

“So we have a lot of people who need guidance and training, and services that are not prepared for meeting that challenge”, adds De

la Rica. The crisis has led to thousands of unemployed people doing courses without knowing what skills they need most urgently.

Career guidance does not have the same impact on all groups of people. According to Eduard Jiménez, active labour market policies have a greater impact among women and the long-term unemployed, compared to those aimed at young people and older people. Well-designed training courses, and in some cases, discounts, work better for the long-term unemployed, but career guidance has few positive effects.

A study by José Ignacio García Pérez, from the Pablo de Olavide University in Seville, published by Fedea, concludes that it is “essential” to assess what areas to focus investment in active policies on. After following the trajectories of 250,000 unemployed people registered as looking for work between June 2011 and June 2015, the results indicate that the job-seeking techniques and career guidance services are the ones that are of most help to unemployed people, far ahead of personalised itineraries and individual tutorials. But each group may require different measures.



In Germany, training in career guidance is considered to be exemplary. Highly qualified people are needed, with knowledge about future trends and the ability to empathise.

Relationship with the company and networking

One of the main challenges in employment matters is the insufficient connection between public-employment services and businesses. Normally, companies do not contact public services, which are unaware of their needs. “Public services should understand that companies are their clients. They should know what profiles companies need. If not, it is even difficult to plan training courses”, laments Eduard Jiménez.

“There should be workers who are suitable for the available job vacancies, while on the other hand, there have to be job vacancies available for the workers. Various levels of government currently intervene in the first direction, ensuring there are trained, skilled workers for the available job vacancies, although under what conditions is a subject of debate. But there is often no investment in active job-market policies aimed at creating jobs for the workers”, notes Mateo Hernando, head of the Local Economic Development Service, which is part of the Catalan Employment

Service (SOC). “We need to work on the demand side of things, and it is a strategic mistake that we aren't doing so. I suppose this is a consequence of each public policy specialising in their specific area of responsibility”, he reflects⁶⁸.

Administrations, traditionally more inclined to work with rigid systems linked to bureaucracies, are faced with the challenge of changing how they work, because collaboration in the governance of Active Job Market Policy (PAMT) construction processes are done online, bottom-up, and not the other way round. Hernando insists on this point for ensuring that the network of production, associations, education and social work moves forward in the same direction, based on the needs expressed in the territory. “All of this means that administrations need to have a new way of perceiving problems; they have to see urban areas not just as a set of urban planning problems, but as a space made up of a network of physical infrastructures and social and economic structures, on which action can be taken with the aim of promoting local development and creating jobs”, explains this SOC executive.



From the SOC, Mateo Hernando says: “Where we are now intervening, although we could argue under what conditions, is in ensuring that there are skilled workers available to fill job vacancies. Where we don't usually invest is in active policies that work towards creating jobs”.

need to begin active policies for expanding productive structures, expansive monetary policies, taxation policies with specific objectives, improving access to credit for solvent SMEs, fostering innovation and new activities, which do not necessarily need to be in the field of new communication technologies. All of this requires time and money”, states Josep Banyuls.

Administrations have approached public policies as if it were possible to respond to each problem with a solution enshrined in a public policy. “In fact, reality has been broken down into problems.

⁶⁸ Interview with Mateo Hernando for the *White Paper on the Future of Work and Jobs*. August 2017.

We encounter policies and institutions with a very narrow focus, because we shut people away in a room until they are seventeen or eighteen so they can study, and then we make them enter the next room, which is employment. And then you suddenly see that there is no work and many of them are left in limbo, and as an administration, you end up *blaming them*, you tell them they're not sharp enough or they're not making enough effort to invent their own jobs... You have to adjust to the new panorama. This is not easy, and furthermore, it has to be done in close proximity to the affected people", emphasises Jiménez.

The great forgotten

In the opinion of Gemma Garcia, an economics lecturer at the UB, "active labour market policies are the great forgotten policies of the labour reform, which you can be radically opposed to or in favour of, but what is clear is that, in a country with such a high level of unemployment, this key question is not being dealt with".

It should be said that these kinds of policies, even when they are well set out, show clear limitations when there is a downturn at a company that a lot of jobs depend on, and more so if they are all concentrated in the same territorial area. An extreme example of this hypothesis is the closure of a group like Seat (Volkswagen), which directly employs 14,000 people, and indirectly supports tens of thousands of people, mainly in Martorell. It would be difficult for a good activation plan to overcome an employment and social crisis of this magnitude.

Using contacts

In reality, when we analyse how the job seeking process is carried out, we see that, more than ever, the route of using contacts, friends, parents or trade unions has become more common than it was before the crisis. The use of personal agendas is by far the most common way of looking for work, followed by sending an application directly to a company, sending a curriculum and responding to company job offers on various portals. Contact with a public employment office, which was the most common way of looking for a job fifteen years ago, according to the National Statistics Institute (INE), is ranked in fourth place.



One of the challenges is the insufficient connection between public employment services and companies. The public policy consultant Eduard Jiménez warns: "Public services should understand that companies are their clients. They need to know what profiles are needed".

Some studies even note that eight out of ten job offers are never published in open, transparent processes. For this reason, the outplacement company Lee Hecht Harrison, which belongs to the Adecco Group, speaks of a “hidden market”. As María Luz Rodríguez corroborates, “nowadays, most jobs in the country are obtained by the age-old system of word-of-mouth”.

Public-private collaboration

Central government has been keen to get cooperation between public employment services and private intermediaries going. Collaboration between companies to reintegrate unemployed people into the job market works in other European countries. This has been the case in Holland since the 1980s, and agreements are reached locally according to the area's needs. It has been used in the UK since the 1990s. It reached Germany a decade later, although Germany has taken a step back in terms of private intervention, because it wanted to regain control. The idea was not for the agencies to place the people who were easiest to place and charge money for it, but rather that they were paid to reintegrate the more difficult cases and this did not

depend on finding them work, but on how long the work lasted.

The result is difficult to measure. In fact, to date, there is no official assessment. The participation of private intermediaries was taboo for many years. In Spain, the PSOE took the first step in 2010, but it was the PP that aimed to establish it through a framework agreement in 2013. Eighty private placement agencies were selected as part of this agreement. There were €200 million available to support the companies, which would earn more money if the profiles were more complicated (over the age of fifty,

little training and being unemployed for over two years).

An initial SEPE contract aimed at long-term unemployed people became problematic: the list of contractors changed four times due to the conflicts (and resources) between small training companies and large temp agencies (ETTs). Subsequently, SEPE introduced another contract for different groups, which was awarded to: Adecco, Manpower, Eulen and the Salesians. At the

same time, the autonomous governments set their own conditions for the lots tendered in their territories. At first, 14 autonomous communities took part (not Catalonia, the Basque Country or Andalusia). Subsequently, the Valencian Community considered opting out and Catalonia made a “verbal commitment” to take part.

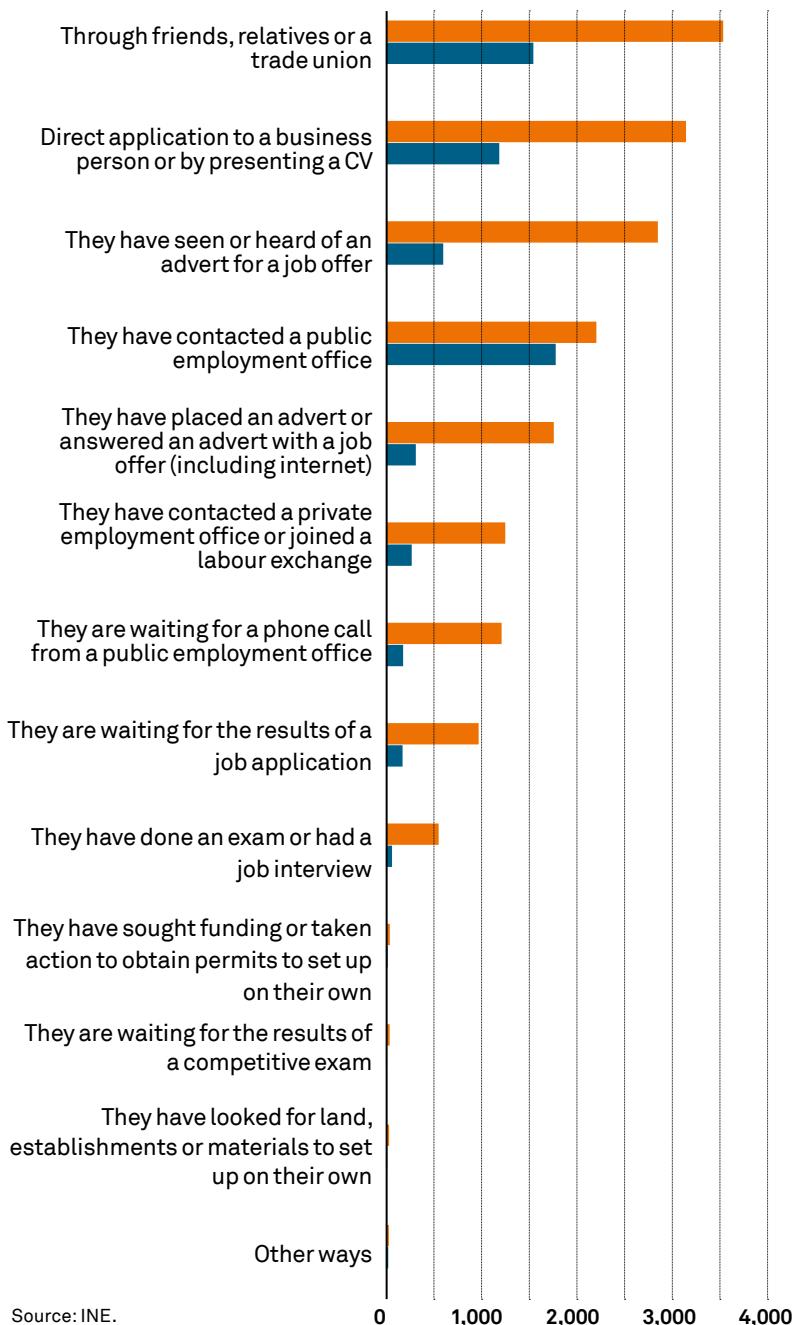
Lanbide, the Basque Country's public employment service, obtained a ruling that annulled the contracting of private agencies in its territory for encroachment of competences. Mercè Garau, the director of the Catalan Employment Service (SOC), explained a few months ago that experimenting with these agencies “is not helping to facilitate integration much”, and that the SOC only uses them for groups of people who are very difficult to reintegrate. Garau says that the level of placement was 5.9% out of 11,017, when it was hoped to place 3,000. It was possible to reintroduce 31% of the same interviewees into the job market by other means⁶⁹.

⁶⁹ Telephone interview with Mercè Garau, director of the SOC, for *Alternativas Económicas*. April 2017.

25. Unemployed people according to the way they look for jobs

In thousands of people 4th quarter of 2016 and 4th quarter of 2002

█ 4th quarter 2016 █ 4th quarter 2002



Source: INE.

Trade unions were exasperated by contract renewals with agencies in the summer of 2016, when an evaluation by the Ministry

of Employment to see how the experience had gone was still pending. They called for a thorough analysis of the percentages of placement, the types of contracts signed and how this related to the subsidies received by the agencies. They also criticise the fact that funding allocations for modernising public employment services were reallocated to the private agencies (€140 million in 2015 and €175 million in 2016, according to CC OO).

“Collaboration with the private sector has been a disaster. Firstly, for the way the agencies were chosen, where some representative of the employers’ association or a trade union was always present...”, criticises Samuel Bentolila. “The fact that the PP government wanted private collaboration while the active policy was in the hands of the autonomous communities, who were not always in favour of the initiative, was also a problem. In the end, the private agencies have mostly been paralysed. If things aren’t designed well, it’s almost worse to do them”, he affirms. In September 2017, as part of the Sectoral Employment Conference, the central government, with the support of 10 autonomous communities, agreed to stop using collaboration with private placement agencies as an incentive among the indicators taken into account for distributing public funds between the various autonomous communities for the purpose of employment mediation. The decision was celebrated by the unions (CC OO and UGT) and criticised by the employers’ association (CEO-E).

Without the agreement of the autonomous communities

In the opinion of Begoña Cueto, the private collaboration experiment suffered from “bad management, bad coordination and bad communication”.

“If the government launches measures without coordinating with or considering the autonomous communities, they are wasting money. Collaboration cannot be considered as way of competing because the end result is a mess”. Furthermore, the public services, who have the most experience with the most difficult cases, handed them over to the private agencies.



Active labour market policies have to be integrated with development policies for the territory.

It is therefore necessary to consider what framework they are to be applied in. What is the economic policy, the policy for industry, for infrastructures, energy, healthcare, housing, agriculture, taxation, spending, etc.? It is also a good idea to analyse what the policies for promoting competition among companies in certain sectors affect, because that may also affect the level of employment.

Most of the autonomous communities rebelled not only against the way the collaboration was carried out, but also against the *training vouchers*, which the central government wanted to allocate to young people under the age of thirty who neither work nor study. This was because, as things were organised, it was wide open to fraud, and because they would be allocated without giving the people any prior guidance⁷⁰. These points of friction, partly technical and partly political, found a victim: the unemployed forced to witness the blocking of funds for their reinsertion into the job market.

There are also private companies that refused to take part in this collaboration strategy because they disagreed with the payment conditions. “It isn't ethical to pay for contracts that would be signed anyway”, declares Gregori Cascante, head of the Daleph consultancy. Cascante also criticises the *apriorism* of the administrations, who close the door to resorting to the help of the private sector for activating, guiding, training and finding companies where young people and other people in a vulnerable situation could gain experience. “We have placed nearly 3,000 people through social inclusion programmes that have proven to have real possibilities of inclusion, those we have developed for Càritas Diocesana Barcelona”, he underlines⁷¹.

Decentralisation and coordination are two constants that always arise when speaking with people who study labour market policies. “Employment regulations are made by the state, but it is always positive when employment policies are adapted to territories, and not the other way round”, affirms María Luz Rodríguez, who believes that “in employment activation policies, you can decentralise as much as you want and as much as you can”.

Towards German employment centres

However, the former head of the central government's labour market policies believes that the framework, the institutional structure that we have, is the problem. “Without a doubt, we need a new one. While respecting the jurisdiction of the autonomous communities, we have to think about a network of centres in the style promoted in Germany, where the employment responsibilities of all administrations are brought together. They even had to amend their Constitution to do it. And no one questions their federal political model. It isn't a question of making individual offices, but rather bringing everyone's responsibilities together”, he explains.

70 “Pressure from the communities kills the training voucher for young people”. *El País*. Published on 19 December 2016

71 Interview with Gregori Cascante for the *White Paper on the Future of Work and Jobs*. October 2017.

Local development

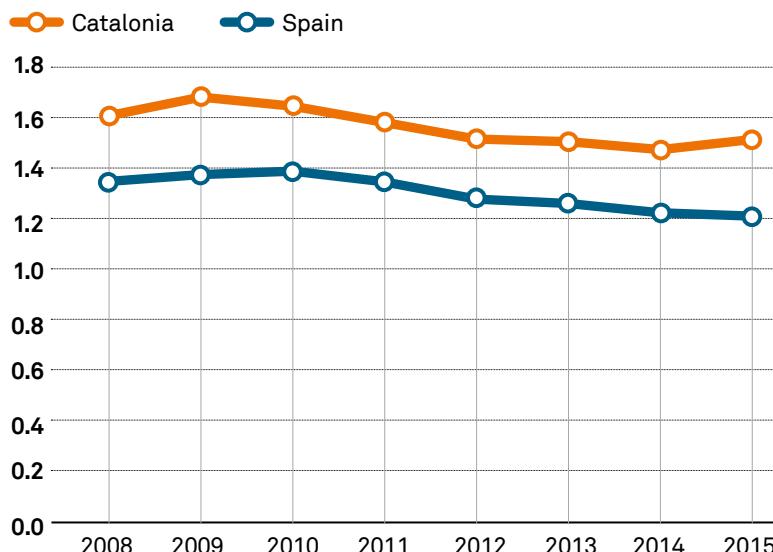
Along the same lines, Banyuls remarks that “an employment policy that does not take into account the territory's specifics, its production model, the competitive position of its businesses, the type of regulations and so on makes no sense. Cross-cutting policies are no good when they come up against a territory's particular features”.

Going one step further, Mateo Hernando has no doubts: “An employment policy cannot be an active policy if it doesn't form part of a local development policy. They have to be integrated”.

This belief forces us to widen the focus and consider what framework is applied to labour market policies. The nature of the policy regarding economics, industry, infrastructures, energy, health, housing, agriculture, taxation, spending and so on. The policies for promoting competition among the companies of certain sectors also condition levels of employment. “Employment rates and competition often go hand in hand, because the countries that create most business opportunities are where most employment is generated”, says Bentolila. And the same goes for policies for promoting research, development and innovation, which have suffered major cuts in Catalonia under the pretext of the crisis, and even more so in Spain as a whole.

26. Evolution of investment in research and development (R&D) in Catalonia and Spain, 2013-2015

As a % of GDP



Source: Idescat.

Ensuring quality of employment

In the current context, the objective of full employment comes up against the fear of rising prices. The neo-liberal influence on economic thinking means that, when inflation reaches a certain level, no more labour market policies are set in motion, in order to avoid inflation rising still more. In fact, unemployment has never been below 8% of the active population, even during the years of intense Spanish GDP growth prior to the crisis.

Furthermore, the need to overcome the crisis through so-called orthodox economic recipes means that employment is tackled from a quantitative perspective. According to Eurofound's data, 20% of all jobs in the EU are low quality⁷², and it calls for not throwing in the towel in the struggle for better working conditions, in order to prepare for an eventual pension crisis. It also expresses "concern" for the effects of digitalisation on working conditions.

It is noteworthy that in countries with a more *deregulated* and flexible job market, such as the United Kingdom, the government has commissioned a committee to research into how to improve its citizens' lives in terms of employment. In the published report's conclusions Matthew Taylor, who chaired the committee, calls for "the country to commit itself to the ambition of all employment being good" and demands that "high-quality jobs for all should be a national priority" because bad working conditions have a negative effect on people's health and happiness, the same as when they are unemployed⁷³.

The report defends flexibility as one of the cornerstones for keeping unemployment at 4.75% and an increasing level of participation in the job market, especially for people over the age of fifty. But it also calls for greater focus on the quality of work, because it establishes that in spite of 63% of jobs having indefinite contracts (two decades ago it was 64.5%), there has recently been "a swing towards more flexible overtime formulas, with changes in the levels of self-employment and part-time work" and an expansion of "atypical employment":

Zero-hour contracts

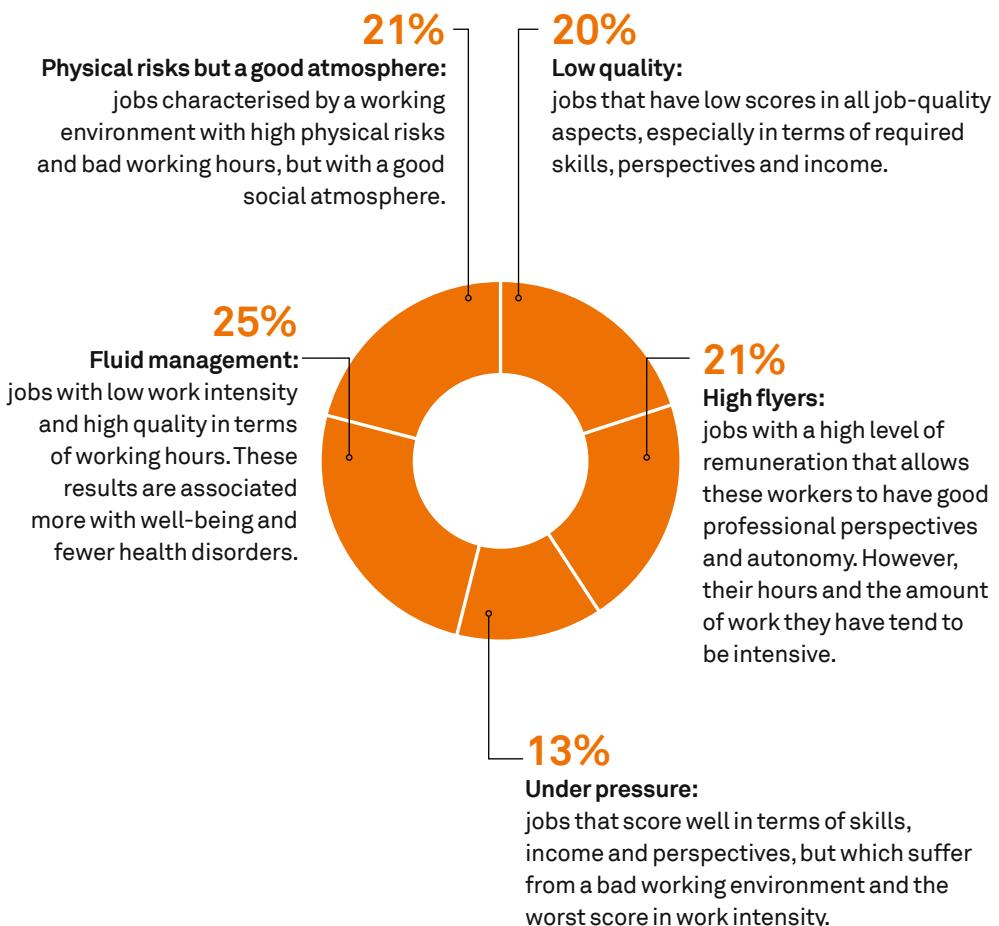
Over a million people have a second job (3.5%), a figure that does not include collaboration with online platforms (according to McKinsey Global, between 20 and 30% of the population at a

⁷² Eurofound. *Living and working in Europe 2016*. Available online at: <https://www.eurofound.europa.eu/publications/annual-report/2017/living-and-working-in-europe-2016>

⁷³ *Good Work*. The Taylor Review of Modern Working Practices. July 2017. Accessible online at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/627671/good-work-taylor-review-modern-working-practices-rg.pdf

working age do so independently, including *gig economy* formulas). The CIPD Institute estimates that 4% of all employment in the United Kingdom uses applications to offer their services. And we must not forget the 910,000 people who work on so-called “zero-hour contracts”, 65% of which are part-time. People who work under these conditions have to be always on-call for when the company calls them. And they have no guaranteed minimum hours.

27. Classification of employment according to quality of work



Source: *Living and working in Europe*. 2016. Eurofound.

Taylor and his committee warn that 15 million working hours have been lost due to stress, anxiety and depression, and for this reason, they propose a tool for assessing to what point employment is quality employment.



Of interest
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Job quality indicators

According to the *Taylor Review*,⁷⁴ the indicators of job quality are as follows:

- ▶ **Salaries.** It is necessary to consider salary levels in relation to the national minimum wage and the training required. Any variable income component is also taken into consideration. Another factor considered to be relevant is the disparity of wages within a single company or a sector. In that sense, it is suggested that people who wish to have greater job security will also have less autonomy when deciding on their work. Or those who call for more autonomy will have fewer opportunities for training and advancement within the company. It is important that all workers decide what factors are more important for them.
- ▶ **Job quality.** This includes whether the job is permanent or temporary, what job security is given to workers, the opportunities for internal promotion, up to what point working hours during the week can be predicted and the involuntary presence or absence of jobs on an hourly basis or work that goes over the established working hours.
- ▶ **Education and training.** It is necessary to measure the training opportunities offered by the job, the quality of the training provided and the impact of that training.
- ▶ **Working conditions.** This takes into consideration everything from the work safety environment to the variety of tasks, and includes the autonomy of the workers or the intensity of the work they carry out.
- ▶ **Work-life balance.** The working hours, the number of hours worked and the degree of flexibility that workers have in terms of controlling their working hours or the possibility of having time off for personal necessities.
- ▶ **Collective representation and consultative participation**

74. *Ibid.*

One of the Taylor committee's recommendations to the British government is to step up efforts to measure the quality of employment: better information and agreement on the elements for carrying out this assessment are required. Special care must be taken with certain sectors, such as the *gig economy* or economy on demand.

Consequently, the report states that responsibility for the promotion of job quality should be at a ministerial level in the government, in the same way that there is responsibility for employment in quantitative terms. In the case of the UK, it separates accountability for job creation in itself, in the hands of the Secretary of State for Employment and Pensions, and proposes that the Secretary of State for Business, Energy and Industrial Strategy should assume this responsibility, referring to the idea that the economy of the country "should be based on the principles of quality employment".

Work sharing

One of the measures constantly discussed by a significant proportion of progressive employment experts is work sharing. The idea is simple: if there is not enough work for everyone, why not share it among people so that everyone benefits while also having more free time? This idea –rejected by orthodox economists who see employment as being a limited pie that can be shared out, when what is needed is a bigger pie– was part of the debate on the fight against unemployment one or two decades ago. However, the experience in France, the only country that promoted it through legislation, led by the former minister Martine Aubry, and where it has now been progressively neutralised through the regulation of more overtime and agreements among companies, has led to work sharing largely disappearing from political discussion.

Public opinion has been informed that this initiative was a failure, and this is repeated over and over again by the media and among the business and political class. However, a report commissioned two years ago by the French National Assembly on the effects of work sharing during the years it was in force offers radically different conclusions. From 1997 to 2001, while the thirty-five hour working week was being introduced, more hours were worked than ever before in France. In just one year, from 1999 to 2000, there were 350,000 fewer unemployed people. And part-time work, which had been constantly increasing since the 1980s, started to decrease, according to Barbara Romagnan, a speaker for the Parliamentary Investigating Committee on the impact of the 35-hour working

week in France⁷⁵. The official statistics from Insée corroborate this affirmation.

Detractors of the reduced working week attribute the higher number of contracts and hours worked to economic growth, which was accompanied by a decrease in contributions as a concession to employers. However, the report demonstrated that, in fact, the thirty-five hour week was the key factor because the number of jobs created per percentage point increase in the national GDP between 1997 and 2000 was the highest ever, while reductions in company costs have also been in force during periods with steep reductions in employment. One of the worrying aspects of the French experience though was the stagnation of salaries, as well as an intensification of work for some groups of salaried workers (where working time is calculated in days), with the consequent need to protect a certain amount of time off.

Learning from the experience of the thirty-five hour week

Apart from the case of France, in a business world with an increasing demand for work flexibility, and faced with massive unemployment, it is incomprehensible that research on similar measures is not even being considered. One idea could be to create periods of time which would allow staff to take a paid sabbatical, instead of reducing the working hours of everyone. This would be another way of sharing out the work. Something all the experts agree on is that the reduction of working hours can only be achieved gradually and with agreements tailored to the circumstances of each country. In Spain, Florent Marcellesi favours organising the economy by reducing working hours until reaching a twenty-four hour working week, as promoted by the New Economics Foundation (NEF).

“Sharing out work is one thing, and sharing employment, paid jobs, is another. The former means that all the activities we carry out to cover our needs have to be shared out, while the latter is sharing employment arising from mercantile activities. I believe that we have to share everything, as we have reasons for reorganising society as a whole and we a serious problem with our work-life balance”, emphasises Albert Recio.

Working hours and work-life balance

Society, and to a greater extent women, suffer from this problem and international institutions are beginning to realise that the

75 Interview with Barbara Romagnan, a socialist MP and speaker for the Investigating Committee of the French National Assembly on the impact of the thirty-five hour working week in France. *Alternativas Económicas*, Nº 22. February 2015 Dossier “The reduction of the working week, under discussion”.

consequences of underusing women's talent are damaging to their own companies. "Gender equality is based on a question of values, but there is an imperative economic element which calls for the comprehensive inclusion of women into the world of employment", affirms the World Economic Forum in its annual *Global Gender Gap Report*. In spite of a greater inclusion into the job market and having the same or better training than men, women have 28% of the opportunities for getting an executive post as men, the report states. Furthermore, even if they get the post, they still get paid less than men. "Companies no longer see this as a social matter, but rather as a question of economics", add the Davos elite⁷⁶.

28. Why we need to reduce the gender gap

Most common responses as a %

Justice and equality

42%



To foster innovation

23%



To reflect the company's consumers and/or user base in terms of gender.

23%



To foster decision-making

22%



To expand the talent pool

16%



It's a question of reputation, of external pressure

16%



To comply with regulations

10%



Source: WEF. *Global Gender Gap Report 2016*.

In this regard, Mateo Hernando states that, apart from creating employment, trying out formulas for sharing out work would make it possible "to discuss the living and working conditions that most of the population have, the organisation of production processes, overtime and the population's income".

⁷⁶ World Economic Forum, *Global Gender Gap Report 2016*. Available online at: <http://reports.weforum.org/global-gender-gap-report-2016/>

City councils do not have the jurisdiction to change the length of the working week. Nor for resolving many of the obstacles mentioned above. It is therefore essential to analyse how much room for manoeuvre a city council has in employment matters.

6.

Employment in the future



Skills that are gaining importance

The skills that are considered to be important when assessing a person in a work team change over time. The human resources consultancy agrees that in the economy of the future, the lead will be taken by highly-qualified people with a high level of creativity who stand out for their ability to adapt and their flexibility, for their ability to speak various languages, for handling various projects (even companies and sectors) at the same time, for knowing how to cultivate a “personal brand” instead of forming lifelong links with a single company, and because they change careers through ongoing training, as well as being constantly willing to change the city or country they live and work in if necessary.

Some of the characteristics of ideal workers for 2020 are identified in the study *The Future of Jobs*⁷⁷, which speaks of a 35% change in the skills that were highly valued in 2016 and which reinforces the value of what are known as *soft skills*, in addition to technical knowledge and skills. The report highlights the following:

- ▶ Being able to resolve complex problems
- ▶ A capacity for critical thinking

⁷⁷ World Economic Forum. *The Future of Jobs. Employment, Skills and Workforce Strategy for the Fourth Industrial Revolution*. January 2016. Available at: http://www3.weforum.org/docs/WEF_Future_of_Jobs.pdf

- ▶ Creativity
- ▶ Knowing how to manage people
- ▶ The ability to coordinate and form a team with others
- ▶ Having emotional intelligence
- ▶ Knowing how to make decisions
- ▶ Being geared to service
- ▶ Having negotiating abilities
- ▶ Having cognitive flexibility

In one way or another, the prospective studies all talk about the same thing: the increasing importance of skills and abilities in addition to the technical knowledge that can be studied. Being able to make sense of, or reach the deeper meaning of, what is expressed becomes an essential factor in creating a perspective prior to making a decision. As well as social intelligence and knowing how to connect with your team in order to detect certain reactions, as well as encouraging them. This means having the ability to quickly assess the emotions of the people around you, and knowing how to create trust with words and gestures.

Another example of this philosophy, which focuses more on the skills and abilities of workers than on the circumstances and structures responsible for there not being enough jobs. In its study *Future Works Skills 2020*, the Phoenix Research Institute⁷⁸ proposes the following blocks of skills:

- ▶ **Adaptive thinking** or looking for solutions and responses beyond the dictates of routine. Innovation and creativity require people who are able to leave their comfort zone.
- ▶ **Intercultural skills** or being able to work in various cultural environments, which involves speaking languages, but also knowing how to respond to new and changeable contexts. Human groups of various ages and genders, i.e. diversity, gives better results.

⁷⁸ Phoenix Research Institute. *Future Works Skills 2020*.

- ▶ **Computational thinking** or being able to translate a lot of data into abstract concepts. Understanding reasoning based on data. We will have more and more data, and being able to manage and make sense of it is a key factor.
- ▶ **Literacy in new media** or being able to develop content that uses new forms of communication media (video, social networks, blogs, platforms, etc.) and knowing how to achieve persuasive communication.
- ▶ **Transdisciplinarity** or being able to understand concepts through various disciplines. We are speaking about an ideal T-shaped model which has thorough knowledge of an area, but with the ability to converse in the language of various disciplines. That not only involves a highly-developed sense of curiosity, but also a willingness for ongoing training.
- ▶ **Design mentality** or being able to develop workplace tasks and processes with the aim of achieving a result. It is necessary to know how to plan appropriate ways of thinking for each task and favourable environments to improve levels of success.
- ▶ **Managing the cognitive workload** or being able to filter important information from the growing body of information in circulation, the background noise, through various techniques.
- ▶ **Virtual collaboration** or being able to work by encouraging participation and teamwork in a productive way, whether this be working physically side by side, or at a distance.



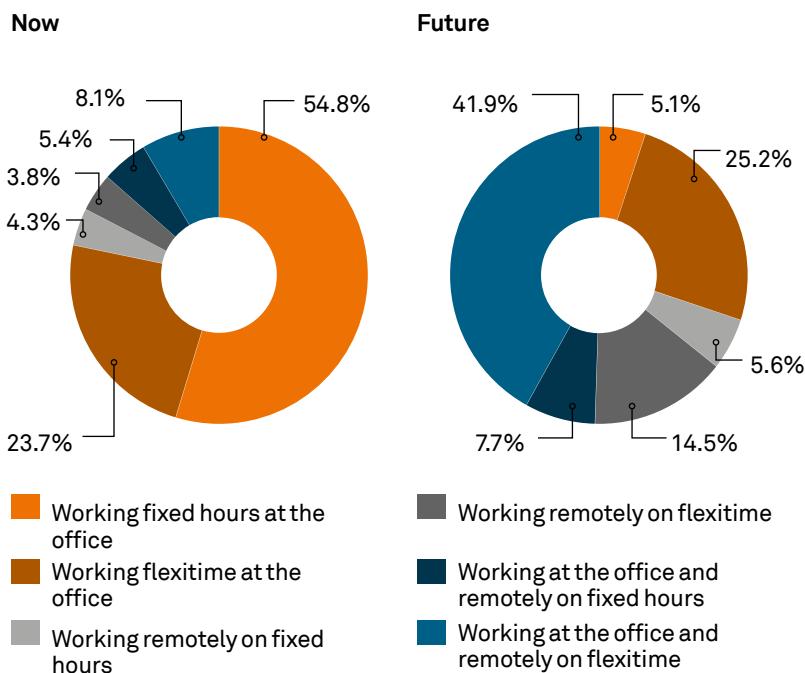
Shortages and obligations

Getting accustomed to a mobile work environment, having initiative (for launching a business idea, but also for self-learning), knowing how to communicate and demonstrating social-emotional skills are other demands that are added to the list by the PricewaterhouseCoopers (PwC) consultants.

However, in the case of Spain, PwC warn that the country is lacking in languages and specialised knowledge relating to operational professions", as well as "lacking in innovation, entrepreneurial

spirit, adaptability and flexibility”⁷⁹. In their prospective work, the company affirms that “the training received in training centres does not adapt well to these new requirements” and that “Spain has to close this gap and guarantee the employability of its citizens”. The culture of “presentism” is an obstacle in the improvement process.

29. The opinion of human resources departments on the predominant ways of working in their organisation, now and in the future



Source: PwC. *Working in 2033. 2013-2033*.

Polarisation of employment

It is obvious that people who respond to the above-mentioned characteristics will navigate the new waters well, but it is also true that not everyone, or even the majority of people, respond to this profile and may therefore be left behind. This is the reason for the painful polarisation of employment which, as all employment experts agree, is neither a new phenomenon nor unknown, but it is something that will become more extreme in coming years, according to the think tanks that study the world of employment.

⁷⁹ PwC. *Working in 2033. Spain 2033. 2013*. Accessible online at: <https://www.pwc.es/es/publicaciones/espana-2033/trabajar-en-2033.html>

“Since the beginning of the 1990s, Europe, like the United States and the United Kingdom, has experienced a polarisation in employment, i.e. an increasing disproportion of highly-paid work and low-paid work”, say the authors of the study *Job Polarization in Europe*⁸⁰ in reference to the most advanced countries. And they continue: “Technologies are used more intensively in non-routine tasks concentrated in very well paid and very badly paid service jobs, in detriment to routine tasks concentrated in administrative work and in the manufacturing industry. The evidence for alternative explanations for the increased polarisation (such as decentralisation, the importance of the services carried out and even educational level) is much weaker”.



Extreme jobs increase

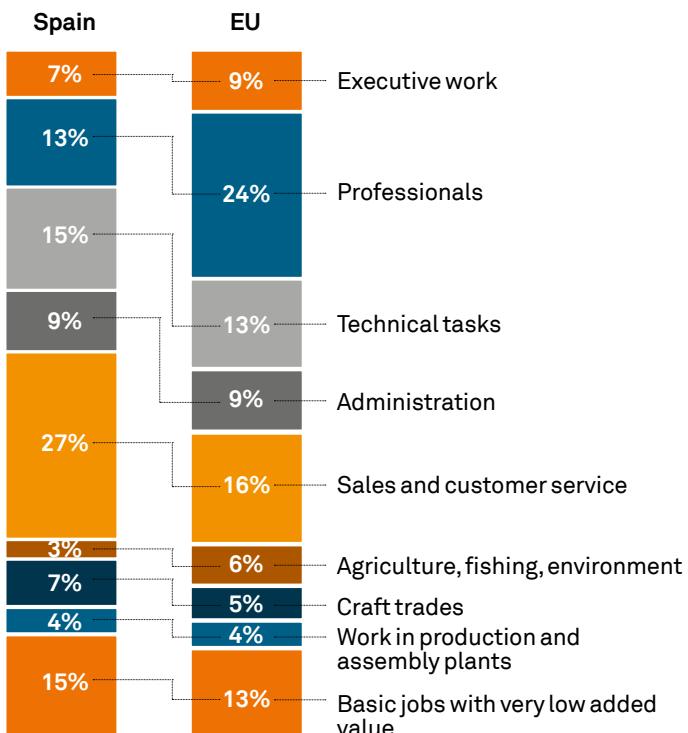
From 1993 to the year before the international financial crisis (2006), on average in the European Union, the four worst-paid jobs made up 22% of the total, while the eight best-paid jobs made up 32%, with the nine average ones accounting for 46%. Between 1993 and 2006, the first group increased by 1.58 percent. The best-paid jobs increased by 6.19 percent. The average jobs decreased by 7.77 percent.

Spain also followed this trend, although less intensely than in the United Kingdom, Sweden, Holland, Greece, Germany, Belgium and France. The proportion of hours worked in the average jobs fell by 7.04%, while the same figure for the best-paid jobs rose by 6.07%, with a slight rise (0.96%) for the worst-paid jobs.

People who study the job market agree that polarisation is not just a risk for the future, but that it is already part of our working environment, although it will tend to become worse. “Polarisation already exists, and it's been around for some time”, says Sara de la Rica. The construction boom had a lot to do with this, as the benefits were shared by both business people and construction workers. The crisis displaced some of the people working in the average upwards band (such as those working in architecture, for example). In addition to salaries, the differences are revealed by a person's ability to control what is going on, explains Josep Banyuls. “Most people in vulnerable, insecure and uncertain jobs are clearly unable to control their lives”, he says.

⁸⁰ Maarten Goos, Alan Manning and Anna Salomons, “Job Polarization in Europe”. *The American Economic Review*, Vol. 99, No 2, Documents from the 121st meeting of the American Economic Association (May 2009), pp. 58-63.

30. Breakdown of all job opportunities by type of employment in Spain and the EU. Projection from 2013 to 2025 %



Source: Cedefop. *Spain: Skills forecasts up to 2025*, 2015.

In the same 1993-2006 period in Spain, the jobs that gained most importance out of all the employment in the country were for business executives and managers, along with other independent professionals, in engineering, mathematics and physics, while there was also an expansion in personnel working in social services and selling to the public. The middle band, with people in charge of operating industrial plants, administration personnel and drivers, decreased.

In the future, the digitalisation of employment involves an enormous potential for creating a bipolar employment structure between an economic and professional elite linked to the technological development of the economy and a mass of people who work without professional consideration for very low salaries. This is a panorama where workers with average qualifications do not have relevant role, as envisaged by María Luz Rodríguez: "At the top there will be those I call the heads of soft engineering, such as programming, or other highly-qualified professionals and management personnel who will be in the top brand of the star system, with enough talent, prestige and creativity that a guarantee

of job stability isn't going to be very important. And at the bottom, the *hard working class*, people who will be able to carry out *micro-jobs* on an online platform, cyclists, cleaners who wait for an order on an application, drivers or people who install networks and technology, with low salaries paid per project. There is also a mass of workers who are unable to get digital skills or relocate, on short-term contracts and poverty wages".

However, it is not entirely clear if the Spanish job market will end up being as polarised as the one in the United States, in the opinion of Miguel Ángel Malo. "Polarisation means that there are more well-paid jobs and more horrible, badly-paid jobs. And in Spain, the problem is concentrated in the non-qualified low-paid jobs", he comments.

However, due to his work on *Job Insecurity*, Guy Standing belongs to the group who are convinced that it is not possible, at a political level, to keep on promising to create jobs. "You can't guarantee jobs unless they are of a low level (...) And if you don't want to clean roads? I can believe that an active life may be interesting, but that is not the same thing as making everyone do low-level jobs... Apart from the negative effects on the salaries of people who do similar jobs in the job market. I'm not against making social policies, or even active labour market policies, but guaranteeing a job is unrealistic. And that's without mentioning people's freedom and autonomy", says the man who defends the UBI⁸¹.



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According to CEDEFOP's provisions for supply and demand for skills, "it is expected that economic growth will only have a limited effect on employment growth in Spain, and employment is not expected to reach pre-crisis levels until 2025".

Different projections compared to the EU

Now let's look to the future, with the studies of the European Centre for the Development of Vocational Training (CEDEFOP)⁸². According to this organisation's provisions for the supply and demand of skills, "economic growth is expected to have only a limited effect on the growth of employment in Spain, and employment is not expected to reach pre-crisis levels until 2025". This is a lower provision than the one affecting the EU as a whole. The European average for reaching pre-crisis levels of employment is 2020. This is the same date that the Spanish government talks about.

81 Interview with Guy Standing for *Sin Permiso*. 13 May 2017.

82 CEDEFOP (European Centre for the Development of Vocational Training), *Skills forecasts country report-Spain. 2015*. Available at <http://www.cedefop.europa.eu>

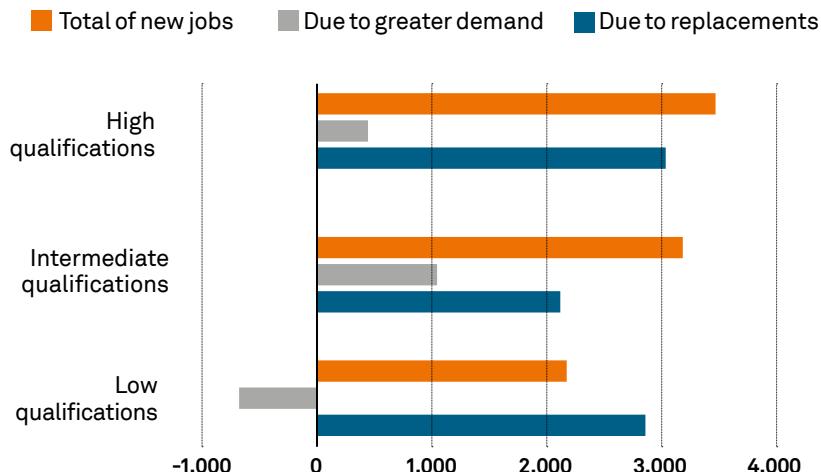
While the crisis that began in 2008 affected construction and manufacturing above all, in coming years, employment growth will be centred on services, especially transport, distribution and finance, according to CEDEFOP. Today, in June 2017, we still have to recover nearly 40% of the jobs that were lost during the crisis.

When employment opportunities are projected, we have to take into account the needs arising from an expansion in demand, but also those that come about because we have to replace people who are either leaving the job market or leaving their jobs because they have found another one. CEDEFOP states that, in the case of Spain, given the low level of growth in employment, the expected trends in employment mobility and an ageing workforce, the demand for replacing personnel will offer nine times more jobs than those arising from the expansion of economic activity.

In Spain, more sales and services by 2025

By 2025, 27% of job opportunities will concern workers employed in sales and other services. This ratio is only 16% for the European Union as a whole. The percentage of highly-qualified professional opportunities (engineering, medicine, finance, academics) will constitute about 13% of the total. However, this group of professionals will be much more important in the EU, with a ratio of 24%. This means that polarisation will occur in Spain, but it will show a different curve from our EU neighbours.

31. Job opportunities according to qualifications Projection from 2013 to 2025. Spain In thousands



Source: CEDEFOP. *Spain: Skills forecasts up to 2025*, 2015.

Future polarisation is also projected when the calculations take into account the demand for professionals in 2025, according to their qualifications, because although most opportunities will require high-level qualifications, there will also be some for the low-qualified.

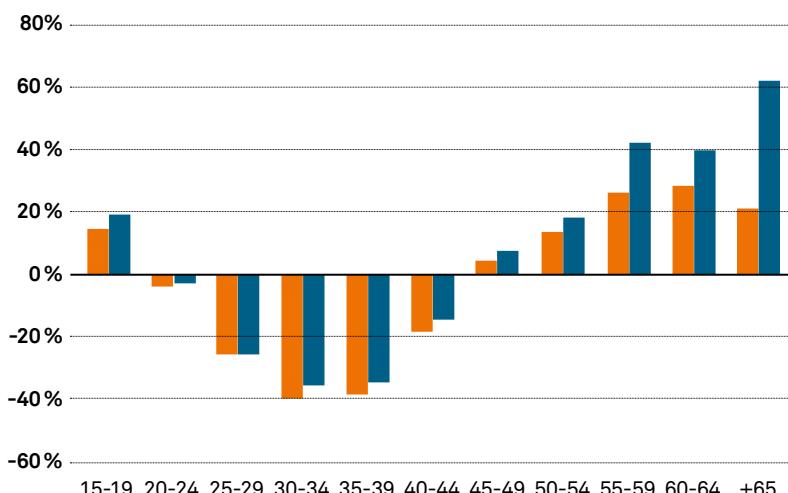


32. Changes in an increasingly old society and workforce.

Spain. Projections from 2013 to 2025

By age, in %

■ Changes in the population ■ Changes in the workforce



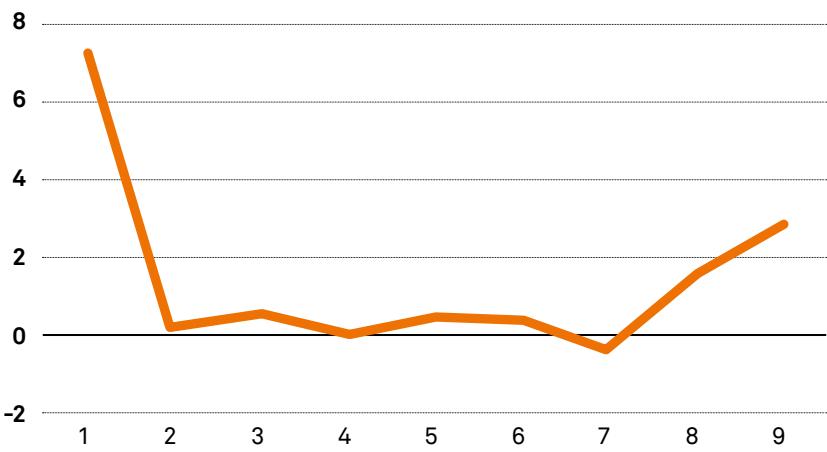
Source: CEDEFOP, *Spain: Skills forecasts up to 2025*, 2015.

In order to calculate these trends, we have to take into account the evolution of the working-age population, effective participation in the job market and how quick and accessible it is to acquire higher job qualifications or retraining. According to Eurostat data, by 2025, the working-age population in Spain will have fallen by 1%. Participation in the job market will fall from 58.5% (2013) to 54.4% by 2025, below the predicted European average (55.5%). And in terms of age, the biggest increase in the workforce will occur in the segments with people aged fifty and over.

We are not only seeing, and will not only see polarisation in terms of the proportion of jobs that are created. Samuel Bentolila warns that this trend will be equally reflected in two other aspects: the polarisation of salaries (only the higher and lower ends will gain purchasing power, while the salaries of those in the middle will stagnate, according to statistics for the pay of main jobs, where the average real salary in Spain in 2015 was 4.3% lower than the previous maximum, although this must be observed by decile) and the polarisation of working

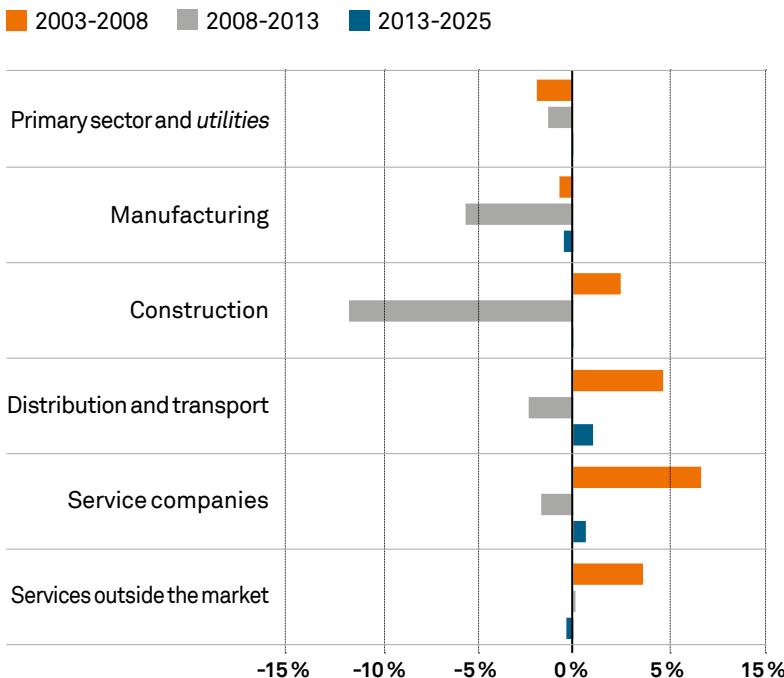
hours. The higher the responsibility, the longer the working hours. This is what the Fedea economist describes as the “triple U”.

33. Real salary variation by deciles in Spain during the recovery Evolution 2013-2015. %



Source: Samuel Bentolila. 'Salaries during the recovery. Polarisation?' May 2017

34. Employment trends by sector. Average annual growth. Between 2013 and 2025. Spain %



Source: CEDEFOP, Spain: Skills forecasts up to 2025, 2015.

"I don't believe technology will do away with employment, but it will change it. Highly-trained people will be needed, but what we understand by training will also change. Fifty years ago, someone with a primary-school education could be integrated in the job market easily. Nowadays, someone with a primary-school education may be at risk of exclusion. Today, someone who serves tables needs to know how to use technology to pass on orders, people assisting customers in a shop need a computer. The state needs to intervene, because there are people who are aware they need to get training, and there are also people who realise that, but who exclude themselves", says Begoña Cueto.



Polarisation is one more step towards an inequality that already exists, and which has increased the difference in salaries between certain professions according to parameters that are not always logical in terms of their contribution to society (a teacher may earn 300 times less than a bank executive, for example). During the crisis, the reduction of salaries imposed by companies mostly affected some of the lower-qualified professionals (with real reductions in purchasing power of over 20%, according to trade union studies, much higher than for the better-paid segments).

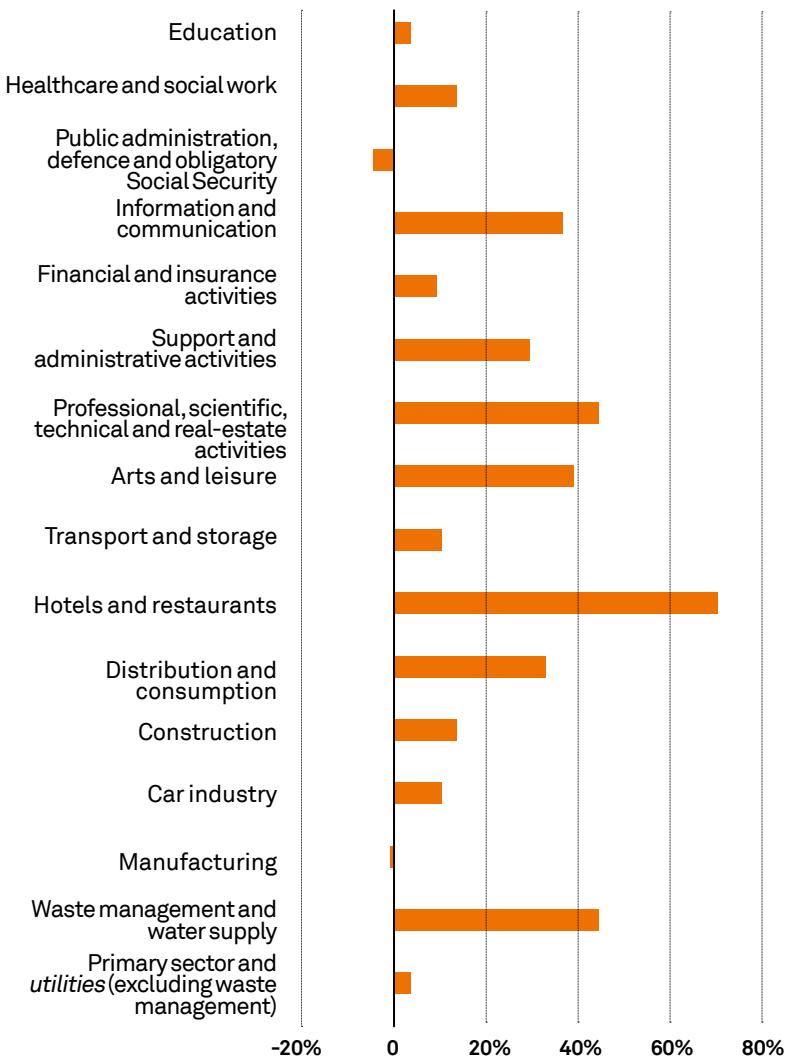
Emerging sectors in a confused future

The problem is knowing exactly what jobs will emerge. As Juan Francisco Jimeno confesses, "it is clear that we have to make people more employable in terms of the new jobs, but it is difficult to design active policies to do this, because we don't really know what tasks will need to be carried out, as we are at a moment in time when we know something is going to happen, but we don't know what, although we are aware of the great potential of robotics". Jimeno does suggest that, in the approaching new scenario, it would be a good idea to promote "sectors related to the production and management of knowledge, as well as sectors related to caring for people".

According to the European Centre for the Development of Vocational Training (CEDEFOP), while the crisis that began in 2008 mostly affected the construction and manufacturing sectors, in coming years, the growth of employment will be in the sectors of distribution, transport and business services⁸³.

⁸³ CEDEFOP. *Country Forecasts. SPAIN. Skill supply and demand up to 2025*. 2015.

35. Growth in employment in various sectors from 2013 to 2033



Source: PwC. *Working in 2033*.

In the route map of what should happen, rather than the predictions of what will happen, the academics repeatedly talk about the need for a change in our production model. “Spain’s previous production model was based on seeking competitiveness through prices, i.e. making things cheaper. In the next cycle, we will have to compete for added value, i.e. making things better”, warns Carlos Mas, president of PwC at the beginning of the consultancy’s above-mentioned prospective study⁸⁴.

⁸⁴ PwC, *Working in 2033. Spain 2033*. 2015. Available online at: <https://www.pwc.es/es/publicaciones/espagna-2033/trabajar-en-2033.html>

This prospective work covers the next fifteen years. PwC forecasts that by 2033 there will be fewer people working (new jobs will be created at a rate of 1% a year, but there will be more unemployed and inactive people in relation to employed people than now, due to population ageing; the figure will rise from 1.05 to 1.17 for each employed person).

Sixty-six percent of the active population will belong to the *millennial and post-millennial* generations, i.e. those born from 1984 to 2000 and those born from 2001 onwards, respectively. “They will see the world as their employment portal and they will be used to creating and managing their own personal brand through social media, having done so since they were very young. They will be more international, with greater intercultural abilities and a greater capacity for adaptation compared to the professionals in 2013. Above all, they will be more inclined to entrepreneurship”.

In this context the SMEs will continue to play an essential role, as more than half the active population will work in them. In this sense, PwC advises an increase in the size of SMEs in order to favour their access to technology, innovation and training resources, which they will need even more than now in the new job market.

The sectors that will have an increased demand for professionals worldwide, due to the growth that PwC forecasts for them, includes:

- **Tourism.** Far from being a mature sector, employment in activities such as accommodation and catering will increase by 69.6% in the next twenty years. This is considered to be vital for global growth. The World Tourism Organisation (WTO) believes that the number of international travellers will double in the years to come, and that Europe will continue to be the top region in terms of outgoing travellers (47% of the total), followed by Oriental Asia and the Pacific, which will overtake America in second place.

Some of the most notable functions include: planning tourist destinations, cultural management, strategic sales management (revenue manager) and social network management (community manager) on travel portals. There will also be experts in local economic development who know



“

Due to the low growth in employment, the expected trends in employment mobility and an ageing workforce, the demand for replacing staff will offer nine times as many jobs as those provided by economic expansion.

how to bring order to the debauchery and opt for sustainable tourism.

Accommodation and catering are the activities where employment will grow the most from now to 2033, with regard to Spain.

- ▶ **The environment and renewable energies** The demand for professionals will increase by 44%, partly because, in spite of the planet's needs, global energy consumption is expected to rise, but also because of the vital gradual replacement of polluting energy sources by clean, sustainable energy. Specialists will be required for green energies, which provide innovation, capacity for internationalisation and competitiveness, as well as waste and water management. There will therefore be more opportunities for people trained in engineering relating to renewable energies, in physics and chemistry, specialists in waste management and energy-efficiency counselling. So there will be a greater demand for experts in environmental engineering.
- ▶ **Information and communication technologies (ICT)** The need for jobs will rise by 37%. According to the International Data Corporation (IDC), the gap between the demand for professionals specialising in ICT and network systems and the supply of professionals with these skills has been widening. There will be a need for a lot of expert workers and the demand for people who are able to program will grow.
Degree courses related to technologies, communication and internet will be increasingly in demand.
- ▶ **Civil engineering.** Due to continual changes in urban centres and the development of the world's underdeveloped areas, there will also be a need for qualified civil engineers, who will be responsible for new infrastructures.
- ▶ **Medicine, mental health, psychology.** Population ageing and the concern for physical and emotional well-being from childhood will bring these fields to the fore. And even more so in a society with problems linked to stress, phobias and addictions.

- **Languages.** The need to interact with companies and professionals from other countries will create a need for professionals who are able to master various languages. There will be a need for translators and interpreters, although the capacity for translation by algorithms is being perfected.



Of interest
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36. Strategic sectors in Barcelona, Basic indicators

4th quarter of 2016

	Employment (1)	Weight /total (%)	Companies with salaried workers	Weight /total (%)	Weight/GDP-city 2015 (%)
Commerce	149,468	14.1	16,367	21.9	14.6
Tourism (hotel trade)	83,911	7.9	7,974	10.7	7.4
Manufacturing Industry	62,048	5.8	2,844	3.8	4.4
Creative sectors	123,076	11.6	8,569	11.5	n.d.
Information and communications	60,984	5.7	3,742	5.0	7.4
ICTs (2nd quarter)	49,790	4.9	2,481	3.4	n.d.
Green economy (2nd quarter)	26,638	2.5	847	1.1	n.d.
Environment (energy, water, waste)	12,096	1.2	124	0.2	2.4
Health and bio (without medical instruments)	85,711	8.1	3,038	4.1	6.7

(1) Affiliated to general and self-employed Social Security regimes.

(2) Social Security contribution centres.

Source: Department of Studies, Manager's Office of Economic and Local Development Policies at Barcelona City Council

In general, PwC believes that the evolution of employment demand means that the biggest area of growth in coming years will be in the training needed for mid-level qualifications, while in the EU as a whole, it will be for the high-level qualifications segment, due to the fact that the mid-level segment has further to go in Spain than in other countries, such as Germany.

Industry with fewer people but more women

Eduard Jiménez is of the opinion that, in the future, most services will be developed around care services for individuals and groups, and on the border between industry and commerce. "Industry will generate more added value, but it is unlikely that it will employ

many more people: the sector will experience a maker or digital fabrication movement, but in quantitative terms, relatively few people will be able to make a living from that. It won't take up many more working hours than it does now", he explains.

Jiménez affirms that one of the positive factors regarding the new industries is that they offer women "a certain amount of reconciliation with industry when we speak about Industry 4.0, because the industrial sector is very masculinised".

Strategic sectors for Barcelona



Of interest
to technical
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The manufacturing industry is one of the sectors that Barcelona City Council regards as being strategic for the city, where strategic means the areas that are most relevant to the municipal economy due to their “economic importance and their leading role in urban dynamics”⁸⁵.

Although services represent 90% of the gross added value (GAV) of the city's economy (and 78.8% of the economy in the Metropolitan Area) and Barcelona's strictly productive structure accounts for only 7% of the GAV, the manufacturing industry's activities are considered to be highly significant, because if they are measured in terms of employment, the ratio rises to 14.2% in the Metropolitan Area (5.8% in the city, at the end of 2016). Furthermore, temporary work is lower in the industrial sector compared to the economy as a whole, while the rate of salaried workers is much higher, with above-average salaries (€38,405 compared to €28,861 a year, respectively). It is also of interest because of its high capacity for exports.

The industrial branches that employ most people in Metropolitan Barcelona are those related to metallurgy and the manufacturing of electric and electronic machines and equipment, the chemical and pharmaceutical industries and food. These are followed, some way behind, by transport equipment and metallic products, graphic arts and textiles, leather, clothing and footwear.

However, the city is making an effort to foster Industry 4.0, through the promotion of Big Data, the initiatives and companies relating to 3D printing and the attempts to introduce digital fabrication to schools, the entrepreneurial community, companies and the various communities. Poblenou aims to be the laboratory for experimenting with a new industrial policy that the City Council calls *Maker City*, defined as an open, collaborative, democratic, productive, innovative and circular city.

⁸⁵ Barcelona City Council. Department of Studies, the Manager's Office for Economic Policy and Local Development, *Report on Barcelona's Strategic Sectors*. March 2017.

The second area which the city is placing its hopes on is **digital entrepreneurship**. The number of people employed by the information and communication technology (ICT) sector has been increasing since 2012, rising from 38,388 to 51,510 at the beginning of 2017. This increase is three times bigger than for the city's sectors as a whole (6.4%). And half of the contracts signed in this area are indefinite, while the city-wide average for this is around 13.8%. They also get paid 21% above the average. It is therefore employment of the highest quality.

In its favour, Barcelona has the fact that it is the top city in Spain for the number of *start-ups* and it comes fifth among European cities in terms of this criteria, while it comes ninth as the “most attractive European city for digital entrepreneurs”, according to the 2016 European Digital City Index.

The third type of significant activities identified by Barcelona are **the creative industries**, which include traditional ones like publishing, fashion and cinema, among others; non-traditional industries such as the design and manufacture of video games, new forms of advertising and creative research and development (advertising, video games, electronic publishing).

Since 2008, the year the crisis started, the number of social security affiliates in these activities, which provide work for 12% of the city's employed people, has risen by 7.2%. However, it should be said that while traditional creative activities are losing jobs, the non-traditional creative activities have compensated for this loss through the progress they have made. The same thing has happened with the number of companies, which has risen by 21% among non-traditional activities and decreased by 12.6% in traditional ones. The latter (traditional) have an increasing percentage of self-employed workers in relation to Barcelona's economy as a whole, representing 27.1%. This is not happening in the non-traditional industries (10.6% self-employed workers out of all employees).

The green and circular economy is Barcelona's fourth choice, which aims to become an international benchmark in this area. In terms of employment, it is an area that lost ground during the first years of the crisis and because of changes to Spanish legislation that impeded the development of renewable energies, but the future prevailed, and from 2014 onwards the trend has been reversed.

In Barcelona, there are 88 research, development and innovation units related to green energy, with high levels of scientific production, which indicates that this is a clear vector for innovation. Furthermore, green patents make up 6.6% of those requested in the city in 2014 and 2015.

Mobility, defined as a set of economic activities involving management, manufacturing, sales and rentals related to transport, makes up 4.4% of all social security affiliates in Barcelona. In this fifth strategic industry, the importance of the motor vehicle, trailer and semi-trailer sub-sector is notable, due to the presence of Seat and Nissan in the business. In contrast to these large manufacturers, the companies involved in selling and repairing vehicles are mostly small and medium-sized ones.

This is considered to be one of the sectors with the highest potential for development in the green economy, due to the environmental impact involved in the need to increase public transport, bicycles and mobility on foot. The promotion of electric vehicles involves developing the necessary infrastructure, starting with recharging points (an increase of 196.7% was recorded between 2011 and 2015, according to the ICAEN Institute).

The health and bio sector includes 85,000 workers and 3,000 companies with salaried workers in Barcelona. Most of them are involved in healthcare activities and social services relating to care for the disabled, as well as the work of nurses. But we should not forget the biotechnology industry and biomedical research, where the trickle of new companies never stops.

This is one of the sectors in Barcelona where most contracts are signed (14% of the total). However, not all of the jobs are of high quality. In the pharmaceutical industry, which is highly internationalised, a third of the contracts signed in 2016 were indefinite, while in associated healthcare and social services, indefinite contracts made up less than 4% of the total.

The increase in life expectancy and the ageing population has boosted demand for healthcare services and the pharmaceutical and biotechnology industries.

The social and solidarity economy represents 2.8% of all the companies in Barcelona, with 53,000 contracted employees, 100,000 volunteers, half a million consumer members and nearly 113,000 mutual associates. This includes cooperatives, but also



workforce-owned companies, third-sector organisations and community economies.

The largest concentration of companies and initiatives in this area is in the Eixample, mostly because of commerce, followed by Sant Martí, Gràcia, Ciutat Vella and Sants-Montjuïc.

These kinds of initiatives, with alternative forms of production, distribution, consumption, financing and/or management of the activity, can be found in all kinds of sectors, including healthcare, energy, food, domestic work, care work, finance, monetary exchange, digital innovation, the media, engineering, mobility and culture. Due to the social and economic innovation involved, and also because of its values (participative management, sustainability, employment stability and being rooted in the area, among others) they form an ecosystem we should continue to foster. In ad-

dition to the Coòpolis project, which aims to give a boost to this kind of economy through venues and high-quality training, which consolidate social and solidarity economy experiences while involving public stakeholders, cooperatives and communities. As a complement to Coòpolis, the municipal facility FAR, in Barceloneta, is also aligned with the social economy.



The social and solidarity economy represents 2.8% of all the companies in Barcelona. As a whole, this sector includes 53,000 contracted workers, 100,000 volunteers, half a million consumer members and nearly 113,000 mutualists. This includes cooperatives, worker-owned companies, third-sector organisations and community economies.

Other sectors where jobs will be created

Together with **protecting the environment** – maintaining rural areas, the local recycling of waste, water treatment and purification and the fostering of clean energies will all require more specialists in environmental health and natural areas, electric vehicle mechanics, sustainability coordinators, energy-efficiency consultants and climate change assessors, among others – most of the experts consulted for this *White Paper* agree on the urgency of putting care for people on the agenda.

The jobs **related to care**, which require very valuable qualities because they are all about dealing with people, often end up being an extension of low-qualified domestic work, and are carried out in denigrating working conditions (salaries, of course) which are often left to immigrant women whatever their qualifications may be.

“Doing away with the unpaid work and the submerged economy at home, which often falls to women, and which is often duplicated when they work outside the home, requires a lot of resources, but above all, a lot of planning by administrations”, warns Eduard Jiménez.

One of the obstacles for doing this in a serious way is the still pending transformation of social structures and family relations, as well as further increasing the presence of women in the formal job market.

Many of these services can be offered at public centres, as a way of bringing care for people into the formal economy. Home care assistants for senior citizens and disabled people, healthcare specialists, nutritionists and cooks, people who can do domestic tasks but also carry out those same tasks in residences and day centres are employment profiles that will be needed more and more, although we do not know to what extent they will be valued on the market.

The Alares Foundation, which promotes care for senior citizens, speaks of “a lack of professionals” for caring for people, a field where new technologies are predicted to form a basic part of the ongoing training of care personnel. They also specifically warn of the lack of personnel trained in dealing with people suffering from dementia, (social work, nursing, physiotherapy, occupational therapy, psychology, law, medicine, etc.).

Similarly, other local services that will become more important include looking after pre-school-age children, or school-age

children after school hours, including the journey from home to school, or providing reinforcement for school work in various fields.

The challenges of education and training are vital, and sooner or later they will have to be tackled, in view of a society undergoing ongoing retraining. Cultural industries and the audiovisual sector also have ground to cover.

Healthcare personnel – doctors, healthcare personnel, nursing staff (and nursing assistants), ambulance crews – and psychology personnel will also be essential. Without a doubt, this will also be true of biotechnology experts, both for healthcare and medical technology.

At the Catalan Employment Office (SOC), Mateo Hernando also mentions the importance of logistics, especially in terms of the *boom* in electronic commerce. The transportation of goods, storing and handling products, planning purchasing and supply operations will all have an increasing role to play. “Another possibility would involve the *remunicipalisation* of public services that have been *outsourced*”, he remarks.

Reconstructing construction and tourism

This mostly concerns the rethinking of sectors that are already well developed but which need to reinvent themselves for the future and which require professionals who know how to do that. The two most obvious cases are construction and tourism, which have formed the binomial that has powered the Spanish economy in recent decades.

“As we have already said, we need to have a clear idea of the production model we want to promote”, insists Josep Banyuls, who believes in reorienting the construction sector by the book. “Spain’s model resembles the British one, and they are both different from the German one, where practically everybody who works in the sector is qualified. They are trained specialists in control of quality, environmental impact and energy saving. You need more training to renovate buildings than you do for construction”, he explains. By simply changing the materials required for construction, it is possible to improve energy efficiency and noise insulation, as well as aspects like safety. And this will also encourage a more sustainable sector, and more so in terms of the needs of the social rental housing stock (120,000 dwellings, according to various calculations).

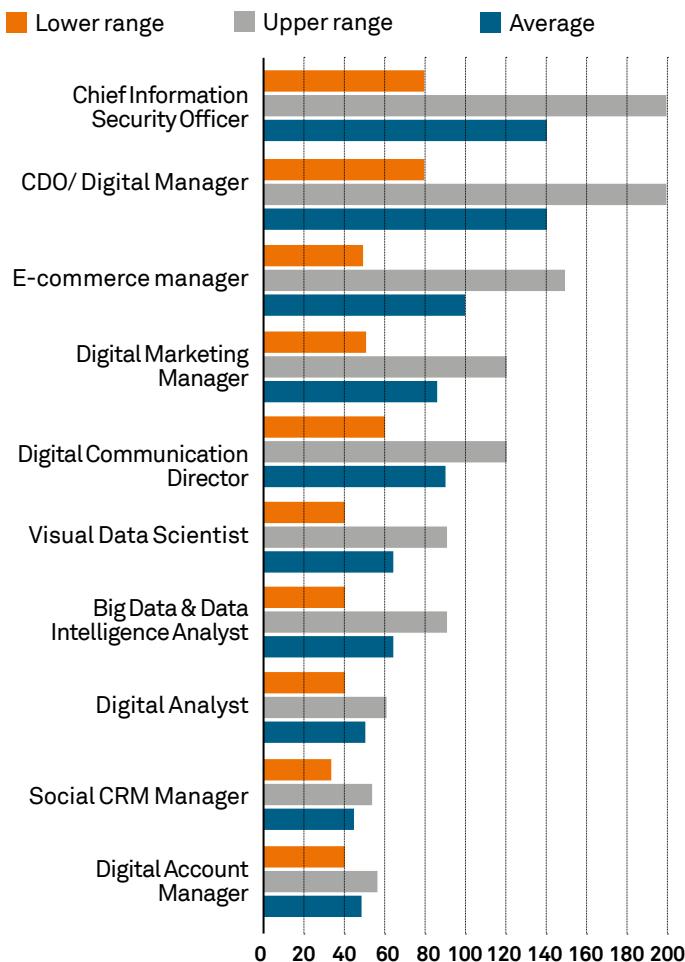
In spite of the difficulties of reorganising the tourist sector, any action must include qualitative aspects in the analysis, instead of

limiting it to just quantitative factors. “The environmental impact and insecure working conditions cannot be ignored”, adds the Valencian academic. We are already exploring (and exploiting) specialised tourism, with proposals that go beyond just leisure and beaches, to include culture, business, sport, cuisine and health.

New digital profiles

We have already talked about the new industries (Industry 4.0 and the research involved in its development). And in this context, digital profiles will be much in demand. The headhunting company Indigital Advantage , which seeks digital professionals and people with executive qualities, says that this profile will be essential in order to earn higher salaries. Last year, in this market, the most in-demand offers in Barcelona and Madrid were for the position of Digital Marketing Manager, followed by that of Community Manager, Social Media Manager, Content Manager and Chief Digital Officer (CDO)/Digital Manager. In that order. However, the best-paid posts don't necessarily follow the same order. In fact, the best-paid position is the person in charge of Information Security. By contrast, the post of *Community Manager* does not even make the best-paid-job table (the job offers that were processed cited a gross annual salary of around €26,000). This is the table presented by Indigital Advantage:

37. Annual remuneration for new jobs in the digital sector In thousands of euros



Source: Indigital Advantage (2017, 2016 data).

These posts may appear to be a minority within the job market. And in fact, they still are. However, it must be said that the Infojobs portal, which administers two million job vacancies a year, affirms that it has noticed the existence of nearly 24,000 job offers for posts that did not even exist a decade ago, according to the annual report the company produces in collaboration with the ESADE business school. This is the case for website development (back/front end), mobile application development, responsibility for cybersecurity and agile or *agile coach* methodology professionals, market leaders in agile work and teamwork methodologies, especially for websites, in order to respond to the needs of their clients.

Other studies highlight the importance of digital-content management, as well as experts in digital marketing, cloud-computing specialists and search-engine positioning specialists (SEO and SEM programmers).

We know that in the future new jobs will arise that we have not even heard of today. This has already happened in the past. From the first Industrial Revolution at the end of the 18th century and the beginning of the 19th, where crop rotation and craft production gave way to automation and heavy machinery, to the Age of Knowledge, which included an incredible technical revolution in the 20th century that was marked by the expansion of infrastructures and telecommunications, and the Digital Age, in the last third of the last century, involving the internet.



10 jobs for the future

We offer ten professional profiles that may be important in the future⁸⁶:

- ▶ **Specialists in digital banking and cryptocurrencies:** Electronic transactions and the growing flow of operations using digital currencies (which currently function in an alegal way) without intermediary institutions or the support of central banks (such as bitcoin, ethereum and over a thousand others) will need a new generation of technology experts who also understand how banks and the financial system work.
- ▶ **Specialists in data hosting:** People, companies, hospitals and all kinds of institutions will increasingly need people with knowledge about privacy and security for protecting and managing their data.
- ▶ **Specialists in food engineering:** The population continues to grow and we need to find out up to what point we can develop new ways of feeding it. This branch of engineering deals with the transformation and processing of raw materials used for human consumption, as well as the innovation of products with a longer shelf-life, based on chemical, biological and physical phenomena. For example, guaranteeing the conservation of food for longer without any loss of nutritional value.
- ▶ **Specialists in 3D food printing:** Although this sounds like science fiction, research is being conducted all over the world on the possibilities of making food products using 3D printing.
- ▶ **Managers of new business colonies:** If self-employment is the philosophy that is gradually dominating the business world, it makes sense to think about new forms of organisation, called business colonies, which

⁸⁶ Source: canadianbusiness.com, available at: <http://www.canadianbusiness.com/lists-and-rankings/best-jobs/10-jobs-of-the-future-you-need-to-know-about-right-now/>

bring together skills, projects and venues (virtual and/or physical).

- ▶ **Chief Data Officers:** These people are much sought-after by companies because they are increasingly trying to offer more personalised services, thanks to the flood of data they get from their clients. They need experts who know how to extract value and turn it into a competitive advantage.
- ▶ **Specialists in privacy:** People who are able to prevent messages sent by telephone or bank accounts from being hacked.
- ▶ **People who are able to design human organs:** Research is already being carried out on reproducing human organs through the use of living cells. It will require biotechnicians who make organs that do not work properly.
- ▶ **People who are able to organise *crowdfunding campaigns*:** Crowdfunding processes have become very popular, for obtaining money for all kinds of causes and projects. But not everyone knows how to organise a business strategy or work with promotional texts and videos for social networks, in order to run a successful campaign.
- ▶ **Avatar designers or people responsible for relations with them:** In the virtual world, *avatars* are common. Some people think that it is only a matter of time before they also exist in the real world, maybe life-size. Who knows if, by using holographic images, they will speak for us at work meetings or social events. Someone will have to control their public image and manage their relations.

Along the same lines, Thomas Frey, the author of *Communicating with the Future* and the chief executive of the Da Vinci Institute, predicts a creative destruction where the loss of thousands of jobs will create the opportunity to



invent or reinforce new jobs. In 2014, Frey, one of the futurists most followed by Google and other companies, made a list of 162 professions where there is sure to be work in coming decades⁸⁷. Some may be anecdotal and seem unlikely. We reproduce the growth sectors named by this author, which show which way the wind may be blowing:

- ▶ **Fast personal transport systems**, because technology will allow high-speed mobility. This will require new infrastructures, because the current ones will quickly become obsolete.
- ▶ **Water scarcity: we will have to get it from the atmosphere**; human beings will need to collect it on a daily basis in the middle-term.
- ▶ **Creating the God Globe**, a sort of centralised command centre able to watch over the forces of nature.
- ▶ **Collaborative consumption**, because we will increasingly share more taxis, homes and means of transport. Access will be more important than ownership.
- ▶ **A quantified self**; the flood of data opens up the possibility of being able to increasingly explain human beings through figures, which would help to prevent illnesses, manage them or anticipate problems.
- ▶ **Future sports people**; advances will allow us to deal with physical activity in another way.
- ▶ **The commercial drone industry**, a new way of seeing how this type of device will take care of everyday logistics.
- ▶ **The future of the trillions of sensors**, or devices that are expected to create a powerful industry.

⁸⁷ Thomas Frey. Da Vinci Institute. Available online at: <http://www.futuristspeaker.com/business-trends/162-future-jobs-preparing-for-jobs-that-dont-yet-exist/>

- ▶ **3D printing**, which will make a significant number of the objects we use.
- ▶ **The internet of things**, because by 2020, there will be 75,000 million appliances connected to internet (9.4 appliances per inhabitant of the Earth), according to Morgan Stanley.
- ▶ **Big Data**, in order to manage huge quantities of data.
- ▶ **Alternative financial systems**, because *Bitcoin* is only the beginning and many people are predicting the end of money in cash.
- ▶ **Conversion to microgrids**, because the current electrical network will have to be dismantled and replaced by other smaller ones.
- ▶ **Manufactured contoured homes**, because by using 3D printing, new buildings can be obtained in one day and existing buildings can be renovated and improved.
- ▶ **Driverless vehicles**, starting with cars, which, according to Frey, could become commonplace within the next decade.
- ▶ **Biofactories**. A revolution in the chemical industry is expected, because new processes will make it possible to create substances and products that nature cannot offer, at a low cost.
- ▶ **Micro-universities**. Frey believes that the current university system, featuring credits and hours will be surpassed, and universities will become cheaper and more flexible.
- ▶ **Senior citizens** faced with the ageing of the demographic pyramid (in the most developed countries).
- ▶ **Agriculture of the future**. All the tools needed for the harvest will be replaced by a wide variety of automated machines, robots and drones, and someone has to make them and also make them work.



- ▶ **People in charge of transforming the institutions of the old world**, with the challenge of allowing the new world to emerge without excessive social upheavals.
- ▶ **Extreme innovation**, so much so, that it will seem like science fiction.

According to Frey, the **essential skills needed** for developing jobs like this are:

- ▶ Transformative abilities, with leadership to open up the way forward.
- ▶ Capacity for expansion in a changeable environment.
- ▶ The ability to get the most out of processes, situations and opportunities.
- ▶ The ability to find the variables that produce the best results.
- ▶ The ability to know how to identify the turning points of processes and make it happen before the rest.
- ▶ The ability to dismantle pre-existing systems (sectors, training systems, etc.) without social upheaval.
- ▶ The ability to create closed-loop feedback systems.
- ▶ The ability to counter the criticisms of new-technology detractors.
- ▶ The ability to solve the general dilemma of technology, which according to Frey, is that technology reaches a point where its benefits decrease when it attempts to reach the final user.
- ▶ The ability to understand the environment in which each new technology will be operating. Or experts in context.
- ▶ Experts in ethics, for facing the increasingly complex questions that will be raised by new technologies.

- ▶ Experts in philosophy, who will help companies and organisations to impose their philosophy and view of the world.
- ▶ The ability to lay the groundwork for new products.
- ▶ Professional people who will be concerned about the nature of the horizon or legacy we leave for future generations.

Delors' new sources of jobs

Frey's list, which seems like science fiction, has the virtue of making us think about possible new needs that may arise concerning technologies that will also destroy many jobs. We are certainly talking about a minority of the working society.

However, as surprising as it may seem, if we widen the focus and think about most of the population, we find that the vertiginous evolution of technologies and economic activities has not affected the validity of the proposals raised two decades ago by Jacques Delors, the former president of the European Commission, in his *White Paper on Growth, Competitiveness and Employment. Challenges and Ways Forward into the 21st Century*.

The new information and communication technologies already appear, albeit tangentially, in this reference document, which sought to anticipate which areas governments would have to get to work on. However, ICTs were just one of the four areas where future needs were detected. The other three concerned local services, security, cultural heritage and the environment.

The Delors Report steered Europe towards the world of services, as if industry had nothing left to offer. And in terms of services, it identified four main areas that, as labour economics experts emphasise, still make sense today.

- ▶ **Everyday services:** home delivery, caring for children, senior citizens and young people with difficulties, with a major contribution from ICTs. Without forgetting mediation and advice services for resolving conflicts.
- ▶ **Services for improving people's quality of life:** improved housing, security, global collective transport, making the best use of urban public areas and local commerce.
- ▶ **Cultural and leisure services:** beginning with tourism and continuing with the audiovisual sector, involving cultural heritage and the development of local culture.
- ▶ **Services related to the environment include:** waste treatment and recycling, water management, the protection and maintenance of rural areas and the regulation of pollution. The conservation of natural areas is one of the policies that

suffers during periods of cuts and where the private sector looks for opportunities.

In *The New Sources of Jobs: The Challenges of Creating Employment in the Territory* (Icària, 1998), Eduard Jiménez emphasised in 1998 that the concept of *new sources of employment* should not be confused with the expansion of new professions, many of which are linked to new technologies. The production activities or services linked to production processes are therefore left out of the concept, because “the new sources refer to covering the personal or collective needs that show potential for creating jobs, due to their territorial concentration”⁸⁸. This does not mean renouncing the use of technology in developing these new sources of jobs.

However, the new sources of jobs in the *Delors Report* aimed to cover new needs in order to improve people's lives, in markets that were considered to be “incomplete”, as well as allowing the definition of a local area of production or service provision, in areas where a potential for intensive job creation was detected. It focused especially on care at home or in specialised centres, which are needed by dependent people, as well as men and women's expectations of a good work-life balance.

In his book, Jiménez warned of the convenience of “placing emphasis on the quality of activities and services if what is really required is that they respond to covering social needs” and counterposed employment in the strict sense with “ways of obtaining income by doing something”. He considered the latter to be “a path towards non-qualification”.

The local factor and development

The *Delors Report* also introduced a key concept: the local factor as a vector for development, a vital subject that we tackle in the next chapter. In reality, his suggestions for which services to promote



As surprising as it may seem, advances in technology and economic development have not rendered the recommendations of the Delors report on new employment sources of jobs out of date.

⁸⁸ Eduard Jiménez, Fernando Barreiro, Joan-Eugenio Sánchez; in collaboration with Llorenç Pou and Antoni Rivero, *The New Employment Sources: The Challenges of Creating Jobs in the Territory*. CIREM Foundation. Editorial Icària, 1998. Available online at: https://books.google.es/books?id=T_InaxkgHM0C&printsec=frontcover&hl=es&source=gbs_ge_summary_r&cad=0#v=onepage&q&f=false



were not far removed from the efforts that had already been made in the local world, to a greater or lesser extent, in the various territories (from work on environmental protection to internal tourism, and from recreational activities to infrastructures). The new approach was to provide coherence for all of these activities and “steer them towards job creation”.

“I maintain everything we said in the book”, says Jiménez today, as an expert on public policies, “because the vast majority of our predictions on employment have come to pass; social services didn’t exist twenty years ago, and nowadays there are large companies concerned with caring for people”.

7. Creating jobs in local environments

Europe contemplates the territorial factor

After providing a framework for the main trends that are reshaping the world of employment and the impact that they are having on our welfare state, we turn to the level of administration that is closest to the general public: what scope for action can a city council and its dependent institutions have for local development with the aim of creating employment?

The local dimension of employment has been established for over two decades in the European Union's strategy on the matter. This is based on the principle of subsidiarity recognised in the treaties, by virtue of which, it is more effective for the each local problem to be dealt with by the nearest administration. This principle can be translated as decentralisation.

The White Paper on Growth, Competitiveness and Employment. The Challenges and Ways Forward into the 21st Century, known as the *Delors Report*, which we have already discussed in the previous chapter, paid much attention to the need for the decentralisation of the “employment sources of jobs” it wished to encourage, while making it the responsibility of central governments to control the quality of training and the flexibility for being able to jump from one speciality to another. It also called for a



The Lisbon Strategy for Growth and Jobs insists on assessing the local aspect of creating high-quality jobs with good working conditions.

decentralised focus to turn the regulation of working hours into an asset for the competitiveness of companies.

Europe 2020 Strategy

The Lisbon Strategy for Growth and Jobs insisted on assessing the local dimension of fostering high-quality jobs and doing so with good working conditions. The same outlook was taken up by the Europe 2020 Strategy currently in force in the European Union, which aims for the benefits of growth in economic activity to be felt everywhere.

“These directives are addressed to the Member States but the Europe 2020 Strategy should be applied in association with all local, regional and national authorities, closely involving parliaments and social stakeholders, as well as representatives from civil society, who will contribute to the production of national reform programmes, to their implementation and communicating the strategy”, the European Union stated, literally. The EU has various sources that co-finance territorial development projects in accordance with the specific problems they pursue, the regulation of which

also takes into account the local aspect.

It is true that when international institutions speak about the local development of employment, understood as actions that improve local economic activities and job markets, they are not referring exclusively to city councils. It depends on the context. Sometimes they are but on other occasions they may be referring to actions on a regional scale or involving various administrative levels. Furthermore, the initiatives carried out, which are executed in a specific area, are based on the commitment of both public and private institutions, with a common interest in developing the area in question.

Bottom-up initiatives

We need to understand that the territorial administrative structures of different states are not equivalent. But beyond this truism, local development policies can involve various levels of administration, agencies that may represent public employment services and/or local development agencies, as well as chambers of commerce,

local businesses, non-governmental organisations (NGOs) and non-profit organisations that contribute to their inclusive development.

The key to success, which local development consultants agree on, is that any economic and social initiatives that may be carried out and require funding should be bottom-up, instead of being planned in offices. However, in practice, this is difficult to find, because although actions can be developed locally through *partnerships*, they are normally planned by a distant power that is unaware of the specific needs of the area.

The fact is that this kind of *partnership* has not always been transposed or found a legal setting in the institutional machinery, even though they work in practice.

For example, in Poland, Romania and Greece, it was not until 2004 and 2005 that a legal basis for this kind of public-private territorial agreement was established.

In Germany, Sweden and Austria, agreements of this kind have been carried out regularly, but with a central design, although they are managed by local or regional authorities, with some bottom-up actions. In France, this kind of decentralising initiatives have made very slow progress. Denmark has used a lot of public-private *partnerships*, often on the initiative of the private sector, but seeking financial support from various public sources.

While Finland and Latvia have not used them, in other countries, such as Ireland and the United Kingdom, local public-private employment associations have been very active. It mostly depends on tradition. There is a widely-held belief among the British public that local stakeholders are in a better position to determine what employment and economic policies are best for their area, due to a long tradition of budget decentralisation in the public sector, which began in the 1980s⁸⁹. Above all, they have been used to focus on groups that are difficult to integrate, such as the long-term unemployed or young people.

Malta has applied local employment agreements, but launched using a top-down approach. By contrast, in another small country like Luxembourg, although labour market policies are the responsibility of central government, a whole series of bottom-up initiatives of this kind have been put into practice, whether the funding to pay for them comes from the Ministry of Employment or not.

⁸⁹ Eurofound. Document: *Joint public-private local partnerships for employment to cope with the recession* (February 2011). Accessible online at: https://www.eurofound.europa.eu/sites/default/files/ef_files/pub-docs/2011/051/es/1/EF11051ES.pdf

In the case of Spain, Eurofound's assessment of local policies of this kind places Spain in the group of top-down initiatives, which are run by regional institutions. "Funding based on projects also means that many initiatives are not sustainable in the medium and long term", it says. This is what happens when, instead of having a strategy and acting in consequence, projects are conceived in order to opt for European funding. When they are finished, they are often no significant or lasting changes in employment and development matters.

Lack of academic research

Local development has its classics, starting with Antoni Vázquez Barquero, who, to counter the current crisis, clearly opted for local development "as a way out". In this academic's opinion, focusing on production adjustment from a territorial perspective allows specific solutions to specific problems, by making use of the potential for development which is not used precisely because of the crisis. The author maintains that local development aims to make investments more productive and integrates the desire for social progress with sustainable development. "Therefore, two questions condition the results of the actions: the existing potential for development in each area and the organising ability of the local stakeholders"⁹⁰, he writes. Vázquez Barquero gets to the heart of the matter when he says: "The development of a place or area requires that the public and private stakeholders carry out their investment programmes in a coordinated way". Other renowned authors in the field of local development include Francisco Alburquerque, María Dolores Pitarch and Joan Noguera.

However, the same sector recognises something that is a little surprising, the relative scarcity of academic work on local economic development to be found in the country. The way local economies work has not been studied much, relatively speaking, to the point where Oriol Estela, at Barcelona's Strategic Metropolitan Plan (PEMB), calls for a different approach to the concepts of *economy* and *economic policy*, recommending that social-science methodologies be applied to them, as opposed to the traditional approach, using mathematics⁹¹.

With the aim of filling this gap in research, Barcelona Activa has promoted the creation of a professorship for Local Economic Development at the Pompeu Fabra University (UPF). The initiative

⁹⁰ Antonio Vázquez-Barquero, *Local development, a strategy for times of crisis*. Universitas Forum, Vol. 1, No. 2. May 2009.

⁹¹ Interview with Oriol Estela for the *White Paper on the Future of Work and Jobs*. June 2017.

has an allocation of €118,000 a year from Barcelona City Council and €60,000 from the UPF. The idea is for the lines of research that are set in motion to lead to specific policies that improve the general public's quality of life.

Knowing how the local economy works

“The priority for a city council must be knowing how its local economy works, what is wrong, who creates jobs, who invests, who takes the profits outside the area, who has connections with local production companies, what are the relationships among those who act as intermediaries in transactions, the nature of the economic and geographical relationships. The important thing about the economy is what resources we have and what profit they bring us, and how we can create a multiplying effect. Normally we limit ourselves to measuring the unemployment rate, the active and employed populations, based on data that may not always be reliable. The economy consists of collaborative relationships to satisfy needs and consumption. When we know how our economy works, we also know what we want to change and are able to think about how to do it”, explains Estela.

Only then will it be possible to design a strategy, a cross-cutting strategy that is not confined to an economic promotion or employment programme. “The strategy is reflected in how the **budget** is used, as we can see the government's priorities; how we use **taxation**, if we use it with the intention of promoting a specific economic activity; **urban planning**, which is a key city-council instrument as an economic mainstay, but only for creating added value, not as a strategic tool, and even as a source of added value, we were unable to negotiate with the private sector for the return of added value during the property bubble, for the good of the cities' economic activity; cultural policy, because inviting three artists from outside is different from promoting certain local activities, and labour market policy, according to the economic activity being promoted”, affirms this local economy expert. Economic promotion and employment policies can be conditioned by the funding available from Brussels, the Catalan government or Spain. And policies cannot be made only according to available funds.

Organising the economy opens up a wide range of possibilities and requires looking around to observe the range of relationships that occur within the area.

This approach partially undermines the idea that austerity ties the hands of municipalities. Money is essential, but what is needed above all is decisive policies.

The impact of pre-distribution policies

The first economic development policy that a local administration can make concerns **housing**, in as much as, on average, it accounts for a third of Catalan family incomes (basic supplies included). “A policy to recover energy sovereignty or the *remunicipalisation* of water can decrease this amount from 33 to 20%, and this means freeing up a lot of resources for families”, claims the director of the Barcelona Metropolitan Strategic Plan (PEMB), based on the fact that housing is a major conditioning factor on our decisions, such as types of consumption, the caring economy and types of travel.

Another important policy is changing the criteria for public procurement. Up until now, it has been totally conditioned, almost held hostage, by the variable of price, due to the necessities of austerity. “Commissioning a job from a multinational can turn out cheap in the short term, but commissioning a local company can also help to resolve a social problem”, adds Estela.

This is a way of affecting economic and labour market policies that do not come directly within the scope of city councils. The advantage of proximity that local administrations have means that taking action or not depends mostly on how proactive they are, their will and interest in an area where they are not obliged to intervene and where municipal governments often get involved according to whether they have money available or if they can use money from a programme.

Eduard Jiménez describes this problem in the following terms: “Most public policies are boxed in. Public policies suffer from the temptation to exploit problems and even use them as a standard. Each one has a priority, such as housing, for example. What is needed is cross-cutting policies, especially in terms of transforming employment. It used to be organised in a certain way, into hierarchical units. But nowadays, we don't really know what we are talking about. Are Google and Amazon companies? And the lady who owns a shop? And the digital collaborative network? And the co-working establishment in the city? Who is responsible for all that? In reality, no one. And local administrations can and must take on the responsibility for these matters, because no one else does. There are people meditating on it, at an intellectual level, but they don't do anything. With the cuts in active-employment policies, if most city councils hadn't maintained municipal services for education, employment and social services, the situation would have become really dramatic”.

Knowing the territory

Overcoming problems of jurisdiction or the lack of jurisdiction and being proactive is essential when it comes to economic development policies and, above all, job-creation policies at a local level. For a simple reason, which is explained by Professor Begoña Cueto, from the University of Oviedo. “There is obviously a place for making local employment policies. On a local scale, they have more knowledge about a territory's potential and weaknesses, as well as the characteristics of the unemployed population. However, a vital condition must be fulfilled in order for this knowledge to be of any use. There must be coordination among the various administrations and they should even seek synergies between the initiatives launched by each one. If they act in an isolated way, all of their efforts are normally in vain”.

Cueto believes that one of the big problems in Spain is that, in the best-case scenario, the things that are done overlap and in the worst-case scenario, come into conflict. When things work, the results come straight away. As an example, she sites the municipality of Avilés, with 80,000 inhabitants, not because they have invented a magic formula, but because every time an initiative is launched, it has been agreed with social stakeholders, the local business network has been involved, training institutions play a role and the administrations and everyone else all seem to be rowing in the same direction. “There is a framework, a previously-agreed common strategy, which is fundamental for knowing where you are going”, she emphasises.

The integration of training policies, labour market policies and Avilés social services is mirrored in experiences in the Basque Country. “Getting the support of the autonomous community when, in theory, the municipality does not have the ability to make employment policies is really important. The policies carried out have to be related to the economic fabric of the city. And when an initiative is launched, it must have the support of every institution, every company, every school and every association, if it wants to be successful. And being successful means getting people out



One important policy is changing the criteria for public procurement. Up until now, it has been totally conditioned, almost held hostage, by the variable of price, due to the necessities of austerity. “Commissioning work from a multinational may be cheaper in the short term for getting a job done, but commissioning it from a local company may also help to solve a social problem”, affirms Oriol Estela.

of social exclusion. This is a long-term process where everyone collaborates and the programmes that are developed are designed in collaboration with the autonomous government”, emphasises Cueto, who studies the results of labour market policies on local job markets. They have also followed this line of action in Gijón, but the results have been less clear than in Avilés. The trust and collaboration of the higher administrative authority is therefore clearly a key factor, because a lack of coordination “costs a lot of money”.

Short term, long term

Cueto's recipes therefore require coordination among administrations and preliminary work, which consists of outlining an idea for the city, making it possible to draft a strategy to achieve it, because by definition “you can't be good at everything and you need a clear and specific objective”.

The political class usually thinks in the short term because they need results that can be seen in the short term. “I'm talking about small-scale initiatives that add up, about small-scale actions that may help a hundred people, rather than a million. People often talk about very ambitious large-scale programmes. I don't trust them. With a few exceptions, the bigger the scope of a programme, the less chance it has of success, because it has been shown that each group of unemployed people suffer from different problems. And precisely when we find ourselves with the disadvantage of every group needing different solutions, we discover the advantages of local initiatives that adapt better to the needs of each group. Small-

scale programmes have an impact where they are really needed. But they obviously need a clear strategy, resources and time”, concludes Cueto.

Speaking of time, one of the subjects that comes up in every conversation with employment experts is the obsession with the short term. It has been nine years since the start of the property crisis in Spain, and there is no sign of there having been an orchestrated change in the production model, in spite of everything that was

said and written regarding a country that lives off tourism and construction. The problem of academic failure comes up in every interview. As it did in our conversation with Begoña Cueto. “We



Begoña Cueto, an expert in employment plans, says that, except in some cases, the bigger the scope of a programme, the less chance it has of success. Every group of unemployed people suffers from a different problem.

have always known that academic failure turns into future poverty and unemployment, and even more so in the near future, so we need to start at the bottom and in this sense, austerity policies are completely short-sighted”.

Joan Subirats is especially insistent on this point, that of looking further ahead, which brings us to dealing with *pre-distribution policies*, instead of considering the so-called “end of pipeline” policies (e.g. it is not as relevant to be good at waste management as it is to be good at not generating waste), according to the thoughts of the Yale academic Jakob Hacker. Applied to employment, this involves acting in such a way that it is not necessary to focus actions on reducing queues in employment offices where people sign on.

One of these policies has already been mentioned, and it involves housing, and in particular, the existence of a rental social housing stock, taking into account that three quarters of all evictions take place in rental housing. The lack of affordable social housing, and the fact that the few examples of protected housing that have been built are for ownership, makes any policy in any other terrain more difficult.

New types of housing

The calculations made by Carme Trilla and validated by Barcelona City Council show that only 1.5% of the city's stock are social flats, a figure that contrasts with those of 20% or more for other capitals, such as Berlin, Amsterdam and Copenhagen (in the latter case it is not owned publicly but rather by work cooperatives). Experiences such as the recently constituted tenant unions could be of use, as prices rise, together with the creation of benchmark price-increase indicators like those in Paris and Berlin. However, we are lagging far behind, if we take into account that in Sweden there have been tenant unions for nearly a century.

The social transformations themselves have diversified the existing needs, and the standard public model, with its limited catalogue of possibilities, is not always able to respond. In that sense, Eduard Jiménez is in favour of more community-oriented local perspectives. “Shared day centres, or shared residences, or shared rooms, have a lot of possibilities if we can focus them on future needs and which to some extent have a lot to do with population ageing, because we're running out of options”.

This does not mean that there should not be a level of standardised public services, because the general public tends to demand transparency and equal treatment from public services.

“But in addition, we can promote **co-produced, shared services**, making use of flexibility according to people's needs, and they can have public support even though they are not public in themselves. Providing these services is also a niche for creating jobs”, comments Jiménez.

Acting from childhood

However, *pre-distribution* policies, go back to early childhood. “It has been well researched that children's abilities and level of knowledge up to the age of six allows them to find jobs of greater quality when they are adults. We have this question well in hand between the ages of three and six, but not from zero to three”, warns Subirats.

In the opinion of Chelo Chacártegui, this need coincides with those of parents, especially mothers, when, outside nursery school hours, they do not have high-quality centres where they know their children will be well looked after if they have problems at work or tasks that can be planned but cannot be done with children.

“Denmark is a pioneer in creating public municipal centres, which children can attend for a few hours. Parents don't have to face this situation on their own. They can turn to their local authority, which is the closest one to people for that. The centres meet all the conditions and requirements needed for looking after children. They are a sort of day centre. Do you know how many jobs can be created in centres like these, especially at a time when many women are joining the job market?”, asks Chacártegui, suggesting that we copy them in this country. She says it is not really important who has jurisdiction over them. “Sometimes an administration takes no action because it thinks it's someone else's responsibility, or perhaps it really is the other administration that has the corresponding jurisdiction. In any event, doing something spurs the other administration into action”.

Along the same lines, Subirats recalls that city councils have no jurisdiction in education or healthcare, but Barcelona has still constituted healthcare and educational consortiums with the Catalan government. “The point is to meditate on initiatives, think of things that may make political sense, whether they have the formal jurisdiction to do so or not. It's a question of imagination”, he says.

The potential of universities

Imagine what, for example? Subirats affirms that the city is home to a renowned university hub “one of the most important in southern Europe”, but that Barcelona City Council has taken on a limited role in relation to its universities, as have other municipalities. “They decide things like where a university should be located, in the Besòs area or in Poblenou”. He implies that, in addition to public spaces and the revitalisation of areas involved in choosing a physical location, the authorities should also make more use of what happens inside the classroom. He explains that in City University, the only public university in New York, there are 250,000 adults who do a wide variety of courses to reinforce various abilities, so that they can gradually retrain themselves.

This could be a way to better coordinate public universities, or part of the universities, for training solutions or pilot projects which could be launched to see if a certain initiative that needs recycling works or not.

It would be a good idea to organise production initiatives, which are ways of organising the economy, on a territorial basis, in neighbourhoods, insists Jiménez.

Anchor institutions

With regard to developing local strategies Neil McInroy, who runs the Centre for Local Economic Strategies (CLES) in Manchester, raises the importance of having anchor institutions that can act as a cornerstone for an area's activities. Universities, like hospitals and research centres, can become anchor institutions according to how they are involved in the life of the city. “To what extent do councils, hospitals, universities or other organisations provide support for their local economies?” asks McInroy.

For example, research carried out by CLES indicates that local spending by three hospitals on the boundary between Birmingham and Sandwell, in the West Midlands, amounted to £150 million, and that in terms of contracts worth over £100,000, only 15% was returned to the local economies in some way.

As a result of these figures, various institutions (Midlands Metropolitan Hospital, Manchester Council localised procurement, Belfast Council's Innovation Factory and Glasgow Council SME procurement strategy) agreed to locate a new hospital. Before the first brick was laid, they made a commitment to provide training opportunities for people from the most disadvantaged locations in the surrounding area, and they encouraged the creation of social companies, to which the new hospital would allocate contracts. Local catering companies were also invited to be suppliers.

“Local administrations play a key role in creating networks that foster partnerships among anchor institutions and public sector organisations, local businesses and representative community organisations”, says McInroy. Having public or private organisations that share the need to serve the area and its development is important.

Social innovation

The search for anchors is just one of the ten moves that can be carried out to achieve the economic transformation of a good city⁹². McInroy defends the concept of a “good city”, understood as a city that looks to its own resources to move forward in order to overcome the traditional perspective, based on growth and outside investment, which has already revealed its limits. “The future lies in more local investment and less global investment”, he writes ⁹³. “The irony is that our cities are not lacking in wealth. But while a minority of people and areas enjoy enormous benefits linked to economic success, many others do not”, he warns. The way to do away with inequality and poverty is “to make wealth flow”. In order to do this, he opts for “a more active local policy, which is more concerned with looking after society than in being innovative and experimenting”.

Innovation is only produced bottom-up, insists this local development expert, who promotes transformational initiatives in the cities of Bristol, Liverpool, Glasgow, Cardiff, Sheffield, Belfast and Leeds, in addition to Manchester. It will no longer be the elites who design how local development should be carried out, he warns. “We need new participatory democracy experiments, with citizen debates, and more solutions produced within the community (...) The links between social organisations, local businesses, organised groups and the general public create confidence and allow the transfer of knowledge.

We need local public institutions with a broader vision, who think about their economic role, who redirect their purchasing power to buy the products and services of businesses that are progressive from a social point of view”, he affirmed in a conference-talk, as a guest of the PEMB. And also to make small businesses aware that they not only sell products or services but they also fulfil a social role, sponsoring a local children’s football team. Corporative social

92 CLES. *10 Steps to a Good City Economy*. Available online at: <https://cles.org.uk/news/what-is-a-good-city-economy/>

93 “Local development for the economy”. An article by Neil McInroy written for *Alternativas Económicas*, Nº 44. January 2017.

responsibility should not be the cherry on the cake, but rather central to business action. New technologies are not only a new sector, they are also a way to make the economy more democratic. Investing in growth is not a cost, it is an economic investment in the future productivity of people, the community and the area. CLES works to ensure economic initiatives that take into account social and environmental aspects are not just a “nice to have” supplement but mainstream, the main flow of activities⁹⁴.

Employment launchers

One of the new initiatives that has emerged due to the crisis, and which has yet to be fully explored in Catalonia, are what are known as employment launchers. The idea came from José María Pérez, *Peridis* – artist, humorist, architect and writer – who was promoting the idea of workshop-schools thirty years ago and who has thought of a new focus for work integration policies.

Briefly, a launcher consists of bringing people together so they can help each other. A *coach* guides the group and the administration can feed the dynamics. It is a call from the people affected for companies to follow them and collaborate. The idea is to go from passive behaviour to committed and proactive work that allows unemployed people to recover their hope and discover what abilities and skills they have.

Coaching techniques have a role to play. The coach, who helps to develop the potential of each member, is in charge of guiding the team. According to the promoters, the Santa María la Real Foundation, since the first launcher was set up in Aguilar de Campoo (Palencia) and in four locations in Cantabria (Torrelavega, Castro Urdiales, Astillero and Santander) thirteen years ago, with the support of the Profesor Uría Foundation and the Cantabrian government, respectively, at one time or another 362 launchers have been initiated, involving 7,000 people. The initiative's expansion has led to 50% of the participants having either found a job or started to work on their own initiative, or taken up studies that they had previously abandoned⁹⁵. The good results have meant that various public administrations and foundations linked to large companies and banks (including Telefónica, Barclays, Caja Burgos and Obra Social La Caixa) have given their support.

94 In order to read the full reports on the initiatives being carried out in 10 British cities, go to:
www.newstartmag.co.uk

95 Available at: <http://www.lanzaderasdeempleo.es>

In recognition of the project, the European Social Fund will have helped the Santa María de Real Foundation to set up over 500 employment launchers by the end of 2019.

“I like the initiative in that it turns the problem around and you get out of going to an office, where they give you an interview, you get a paper and when it's your turn you can do a course or have another interview for a job. Here, a group of people analyse what their own problem is, why they have it and who they can ask for help”, says Eduard Jiménez.

Sara de la Rica also approves of this new focus on employment, but she stresses that the results are very different depending on who is responsible for guiding or coaching the group, which brings us back to the need for reinforcing the training of people responsible for guidance. “There is a call for applications, a lot of people apply, groups of people who don't know each other are formed and, where possible, it is made *multi-disciplinary* with a mixture of younger and older people. Many people know how to guide a group (working on emotional intelligence, communication and creativity, formulating and presenting a CV, job interviews, learning how to position oneself better in the job market), but it is also necessary to know the social and economic reality, the market where these people have to be placed, really well”, says De la Rica.

Some of the groups that have registered the highest levels of integration are those which were set up in Alicante in the spring (18 people out of 22 found a job, and one more is studying a scholarship in the USA, which they obtained during their time in the initiative). Castelló and La Carolina also achieved very high levels.

Two launchers were set up in Cornellà de Llobregat and Sabadell in April 2017.

The Goierri case

One of the transformations that has drawn a lot of attention from local development specialists is the one in the little county of Goierri, which includes 18 municipalities in the Gipuzkoa interior, with 43,000 inhabitants. The economic activity of the area is based on the industrial sector, which employs half of the population and mostly revolves around the metalworking industry. Seventy-eight percent of the employment is spread among ten companies, surrounded by a wide range of micro-companies. Many are working cooperatives, whether they are linked to Mondragón or not. In recent years, there has also been an increase in the supply of tourist services.

Goierrri is the Basque county with the lowest level of unemployment (8.5% of the active population) and one of the highest average incomes. But this does not fully explain the interest it awakens. Over two decades ago, the unemployment rate was 20%. The industrial reconversion came as a hard blow that ended with many redundancies and company closures.

How were they able to turn this situation around, in spite of the recent economic crisis?

“Now everyone is looking at us because there isn't much unemployment, but that transformation has taken twenty-five years, and I've been involved for twenty-one”, explains Iker Galparsoro, who runs Goieki, the Goierri County Development Agency, which was founded in 1993 to set in motion a strategic plan for the area's transformation. Around fifteen people work there, organised into departments for supporting local industry, supporting entrepreneurs, promoting local tourism, the environment and social needs.

“Faced with the seriousness of the situation, the municipalities decided to take action. We didn't have any economic promotion departments, and we created an operational arm, a development agency for each area, which analysed the strong points and resources of each location, and we have been adapting our active policies accordingly. The first priority was to find out exactly what we had in the county. In our case, the challenge was to recover the strength of the industrial sector and achieve more employment for the county”, explains Galparsoro⁹⁶.

Each county makes its own contribution to the budget according to the number of inhabitants, and the municipalities have been making their contributions regardless of what parties were in charge or the years of the great crisis. “Most of it came from the municipalities, although the Provincial Council and the Basque government have also been involved. The political consensus has been maintained throughout. Who could be against local development? In some cases, training has been promoted, in others meetings between technological centres, social stakeholders and companies.



The turn-around of the situation in Goierri, in the Basque Country is attracting a lot of attention. While it had an unemployment rate of 20% two decades ago, it is now the region with the lowest unemployment rate.

⁹⁶ Interview with Iker Galparsoro for the *White Paper on the Future of Work and Jobs*. September 2017.

One of the agency's priorities is to increase the competitive capacity of the area's businesses, through training their executives (in cross-departmental skills such as leadership, communication abilities, creativity and mobility) and activity-diversification processes. One of the ways of achieving this is the Industrial Forum, which large companies, agency executives, schools, the vocational training centre, the university campus, the technology campus and political representatives all take part in. The key factor is the involvement of businesses. Galparsoro admits that it is much more complicated to deal with multinationals, e.g. getting them to use local suppliers and not just look at the cost. A county association has recently been created in Goierri (of which Goieki is a member) with 54 industrial companies. It is responsible for developing projects for competitive products and services and it is where companies give options to local businesses. For example, this agency has been to Mexico, where four large companies from the area have set up business, and the smaller ones went along to see what they might need and assess whether to do business in that country.

And the Basque government? The director of Goieki speaks of complementary tasks. "We don't do training courses for unemployed people, so the government is in charge of that. We analyse what specific needs our companies have now and will need for the future. At the moment, the biggest problem we have is that companies need qualified people trained in electronic engineering and mechanics, while the profiles we have don't meet those requirements. So we transfer that to the county training centres so they can train the teachers first and then the candidates", he explains.

Smart specialisation

Miren Estensoro, a lecturer at the University of Deusto and a researcher at the Orkestra - Basque Institute of Competitiveness explains where the new models of territorial development are headed: the smart specialisation strategies, which have become a central tool for tackling challenges such as the production diversification of a location. "That doesn't mean planning to demand specialisation in a certain industry, but rather providing the means to identify activities in the area that can be reinforced or discover new technological and market opportunities", says the

co-author of the document *Towards a New Model for Territorial Development: the Challenge of Relearning Ways of Working*⁹⁷.

The central thesis of this document, commissioned by the PEMB, is the need for profound changes in the roles of the various stakeholders in the territory and their ways of interacting when integrating the territorial levels into development policies. “These changes do not happen spontaneously, and we need to learn how to learn. In other words, we need a methodology”. To construct dialogue processes in order to build a shared vision. In reality, it introduces a new interaction dynamic, which involves selecting priorities with the private sector, because the idea is to tackle how to develop the abilities of the various institutions and people in a territory in order to carry out the change. In this context, a key factor is the empowerment of local businesses.

Orkestra is a research unit geared to action. It was created in 2006 as part of the Deusto Foundation, but outside the structure of the university's departments. It is organised according to the projects, with the aim of influencing the real competitiveness of the Basque Country and maintaining the connection between the research it carries out and the needs of the public and private authorities in the area.

Bilbao Next Lab is one of the fruits of the university's collaboration with Bilbao City Council to find answers to the question of what the city's own role should be in its competitiveness. They work on how priorities are selected and how to deal with a production transformation, but also on the key subject of governance, as we have seen.

The capillary action of La Garrotxa

Tacit consent is easier when the experiment takes place in confined areas, although it is not obvious why any strategy should be successful in Avilés or the Goierri municipalities. Joan Subirats puts forward the effectiveness with which the institutions of a county like La Garrotxa can cooperate. “The Social Services Consortium, the secondary schools, the local councils, etc., have all created a kind of network. Everyone knows each other and when someone loses their job, everyone tries to see how they can collaborate. Networking can be very effective”, he summarises.

What can local employment services learn from this capillary action? Administrations often question whether they should

⁹⁷ Miren Estensoro, Miren Larrea, *Towards a New Model for Territorial Development: the Challenge of Relearning Ways of Working*. Documents from the Barcelona Metropolitan Area Industrial Agreement, Nº 2. December 2015.

centralise or decentralise their activities in the search for effectiveness. I believe that both things are compatible: the organisation has to have very, very powerful centralised IT systems, because it can't allow any loss of control over anything that happens. On the other hand, they could take management closer to the neighbourhoods, network resources and people better, because there is a greater degree of integration when people get to know each other better and are aware of the specific needs of the businesses in each location”, proposes Joan Subirats.

“Every neighbourhood is a world in itself. For example, in Barcelona, Sants is nothing like 22@. In Sants, we have Coòpolis and a lot of work is done with cooperatives, we can invest there to create a fabric, a synergy between the neighbourhood schools and businesses. We experiment there. If the most important and most interesting initiative that has ever been carried out in Barcelona, 22@, is in Poblenou, then surely it is worth maintaining and reinforcing that project, but not just from the logic of locating certain companies there and hope that someone like Indra or Telefónica comes along. Parents ask if their kids will be able to get jobs if they don't know how to program. And we find inventions in the area like the Fab Lab Makers. Maybe agreements can be reached for some neighbourhood schools to program. There could be pilot programmes, trials, experiments. In every neighbourhood, depending on what synergy you might find there”, says Subirats.

All cities have their own specific problems, but in the opinion of Mateo Hernando, “they can all learn from experiences like these, a way of doing things, networked governance, which involves the development of local companies and carrying out decentralised planning of local development at a neighbourhood level”.

In Europe, there are examples to follow closely, such as Hamburg, a city identified with industry that has experienced years of cuts in the shipping sector. Three years ago it opted for sustainability, through the Green Network (Grünes Netz) programme. The plan aims to connect the city centre with the outskirts, with car-free routes, a port undergoing transformation and the setting for new avant-garde architectural projects.

The reinvention of Nottingham, seriously affected by the decline of its manufacturing industry, especially textiles, has recently featured initiatives that aim to break down the usual barriers between organisations (companies supplying healthcare services, the National Health Service, social services and local institutions), and therefore improve the quality of the city's health and social well-being. It has also featured the regeneration of parts of the

city centre (the area round Broadmarsh) in order to create public spaces as well as cultural and commercial facilities.

Initiatives in Catalonia

In Catalonia, the Conca de Barberà County Council has reached an unprecedented agreement with Tarragona, Reus, Vandellòs and Hospitalet de l'Infant which favours employment and local economic development. The agreement affects an area with 611,444 inhabitants. It has been opened up to more municipalities in an effort to create favourable environments for the creation of new entrepreneurial projects. The idea is to create a public sector and private sector network, in order to pool employment and training services and for all territorial stakeholders to work together.

Another example is the Camp de Valls-Alt Camp Industrial Park Agreement, which aims to consolidate the county as a business hub through joint projects. It brings together a dozen municipalities that have created a place where administrations, businesses and economic and social stakeholders work together to attain objectives which include fostering business competitiveness, attracting investment, promoting training and improving infrastructures on the industrial estates. They have seven million square metres of industrial land on 18 estates. The Agreement has encountered some political resistance from the Candidatura d'Unitat Popular (CUP).

Barcelona's strategy

The Catalan capital has begun a policy change in line with this philosophy, and is therefore no stranger to it. The Barcelona Employment Strategy (EOB), which was presented to the fifty organisations and institutions that sit on the Barcelona Employment Committee in September 2016 and looks ahead to 2020, takes into account some of the considerations raised by the experts we have spoken to.

From the outset, the EOB has been based on the need to place employment at the heart of municipal policies. One of its lines of action provides for the creation of a body that is responsible for planning, whose mission is to ensure the objective of employment is at the centre of all the City Council's areas of operation. This is the Standing Strategy Committee.

Recognition of the need to row in the same direction is shown by the timid attempt to set up a phase of collaboration with the Catalan Employment Service (SOC). Since the reform of the SOC in 2015, Barcelona Activa's aim has been to "work towards the

integration of actions and policy decentralisation". The municipal company is even planning to set up a consortium with the SOC. For now, the 2017 Annual Plan for Action on Employment (PAO) provides for greater co-responsibility and coordination, with the work of a bilateral committee.

The EOB is also considering the convenience of extending the strategy's scope to the Metropolitan Area "if possible".

In terms of bringing the municipal company's actions to all corners of the city, Barcelona Activa has reconsidered its model of local employment offices and is giving priority to a network of offices, with at least one office for each city district. The idea is to share a portfolio of common services, but where each city district will be able to provide services that respond to its specific needs. This path involves coordination between the various city districts. Barcelona also has its Neighbourhood Employment project, where a dozen groups of vulnerable people in the city's neighbourhoods have developed measures and programmes that include trade-learning centres or social-employment integration operations that have benefited over 2,000 people.

The EOB is also aware of the need to intensify its work of sounding out companies, with the aim of knowing what professional profiles are needed, as well as not focusing merely on creating jobs, but also the quality of those jobs.

Responsible procurement and local minimum wage

Two of the initiatives started up in the city, which could be a guide for other municipalities, have already been mentioned. They highlight the way towards the responsible procurement of goods and services and the introduction of a minimum wage in the city.

The first measure, which is already up and running, involves the assessment of new criteria when awarding a contract. These new criteria are environmental, social and favouring the social and solidarity economy. Some variables that have been introduced include the working conditions of the people who provide the services, equal opportunities for various groups and respecting gender equality. The idea is to find a *balance* between price and quality.

Secondly, a local minimum wage above the one currently in force in the rest of the country, taking into consideration the location's standard of living. Its impact has been studied by the AQR-Lab (University of Barcelona-Bosch i Gimpera Foundation Transference Laboratory in Applied Economics), based on experiences in cities from other countries such as the USA and Canada. In spite of the

risk of rising academic failure and rising prices for some supplies for companies, which then pass on the increased costs involved, the study finds it has some advantages: it can improve the purchasing power and consumption of people who work in the area and help to reduce poverty and exclusion, as well as inequality (and the cost of some social benefits).

If the same methodology used in London is applied, the Daleph consultancy, in a joint study with Ksnet, estimates that the minimum wage in Barcelona would have to be set at an average of €1,088 a month, while for the municipalities that make up the Metropolitan Area, the figure would be €1,048 a month. These figures vary depending on the situation in each home. A person living alone in the Catalan capital needs €1,251 in order to have a decent lifestyle. If they have at least one child, that figure rises to €1,640. A couple with children would need more than €2,200. Any amounts below this involve a risk of descending into a situation of poverty.

A minimum of €1,000

Barcelona City Council has publicly defended that administrations, companies and trade unions should agree on a standard wage of at least €1,000 a month. At the end of September, Barcelona Activa approved new criteria relating to job offers from the companies it administers and publishes: the offered salary must be above this threshold. Contracts that pass through the municipal company's hands may not be for a duration of less than six months, and must take into consideration the work-life balance.

8.

Reflecting and Acting



Premises

Although there have been intense debates on the transformation of employment, especially in relation to ongoing technological changes, we maintain that there is currently no evidence that would allow us to speak authoritatively about the end of work. How the conditions in which people work are evolving is another matter. Instead, we would encourage placing value and prestige on all activities that allow our society to function and guarantee our well-being, whether they are paid or not. The working conditions of new (and old) jobs cannot be allowed to determine a loss of working rights, nor much less condemn people to social exclusion and poverty. In spite of the difficulties of the job market to absorb and reabsorb a significant proportion of employed people, and even more so during the current transition towards a future full of uncertainty, we cannot renounce the idea of achieving full employment. However, we need to experiment with the organisation of work, with new housing formulas, basic incomes that are compatible with employment, new forms of management and business, with salaries adjusted to city life and different models of governance which, from a perspective of collaboration, help to place value on people and the local economy.

"We aren't in a worse situation than the one after the Second World War, and we were capable of creating a system of social protection for countries that were destroyed", says Dr Chelo

Chacártegui⁹⁸. “What worse things could be happening for us not to be able to do that?”.

The following reflections are not limited to labour market policies, but to local development, which is considered to be essential in order for labour market policies to yield results:

Reflections for local development

1. The aim of the local economy must be for inclusive development that creates employment. This must be at the heart of all the policies implemented in the city. It would even be a good idea to designate someone to coordinate this, or to allocate this oversight of government action to a member of the government, to ensure that every decision adopted in every municipal area (taxation, business, housing, investment, education, etc.) does not contradict this principle and to ensure governmental accountability for the impact of its political actions.
2. If the line of action set out in the *Taylor Report*⁹⁹on the UK is followed, which recommends that the Ministry of Business, Energy and Strategy assume responsibility for the quality of employment, a similar figure could be considered at a local level.
3. Access to affordable housing must be guaranteed. In-depth studies must be carried out on possible agreements with banks to acquire flats for social-rental purposes, or recommend a standardised price index for rental prices to guide increases, promote and/or provide support for shared-housing formulas and explore new ones, especially for senior citizens, in coordination with social and solidarity economy stakeholders and the private sector.
4. Adopt a city minimum wage, if only as a benchmark index, as a guideline for companies to take into account the particular problems presented by the cost of living. Cities could establish incentives for hiring employees, social clauses in public

98. Chelo Chacártegui is a full professor of Employment and Social Security Law. Pompeu Fabra University.

99 Matthew Taylor, *Good Work*. The Taylor Review of Modern Working Practices. July 2017. Accessible online at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/627671/good-work-taylor-review-modern-working-practices-rg.pdf

procurement and urge that a city wage be used as a reference point in collective bargaining.



5. Study municipal credit formulas that would help to fund business initiatives that create stable employment. The fact that financial services are designed around regular payments, but that people with irregular incomes still have to pay fixed costs such as rent and food, needs to be taken into account.
6. Leaving aside the debate on the introduction of a universal basic income for all citizens, which we believe would be a useful tool in the struggle against poverty and under conditions of a redistribution of fiscal efforts, no citizen can live without having a guaranteed income that allows them to cover their basic needs. Progress should be made on establishing minimum incomes. The right to have one's basic needs covered cannot be defined as a subjective right. In other words, it is a right that every citizen must be guaranteed, while deciding on a closed budget for this policy.
7. Cities have to mobilise all necessary resources in the struggle against academic failure. This could include the creation of municipal reinforcement centres (or support for schools and teaching cooperatives who undertake that work). And allocate grants to families with limited resources, second (or new) opportunity programmes, among other things.
8. Ensure that every student, as well as their respective families, are aware of and understand the range of real learning options, starting at school. In that sense, it is necessary to improve the information and guidance available to younger children. A team of travelling information officers could be created for visiting schools and being responsible for continual feedback to students, which in turn could form part of a powerful guidance service, even making it possible for students to visit training centres, universities and companies before making any decisions concerning their professional future. A specific assessment and guidance service would also be appropriate (or people who specifically take responsibility for this) for people between the ages of forty-five and fifty.

- 9.** The local environment has to ensure that the economic and financial education that children and adolescents receive is ideologically plural, by including socio-economic integration.
- 10.** It is recommended to work together with other administrations and trade union representatives in order to guarantee compliance with legislation on working conditions.
- 11.** Urgent promotion of a legal framework that clarifies the status of “workers”, “employed by a company” and “workers employed by another”. Evaluate whether it is appropriate to introduce the figure of someone who “works occasionally” or “intermittently self-employed” professionals, under any denomination, as a way of putting digital platforms in order, which in any event, should have to initially clarify the status of the people they collaborate with, given the variety of possibilities that new technologies open up. And also evaluate the minimum number of hours work to be considered for this middle category and the need for establishing a minimum number of hours in advance. In any event, the rights and obligations must be well established in legal terms. Within the current pension system reform, it is necessary to consider new ways of guaranteeing that people who have these new jobs, which make it difficult to accumulate employment contributions, can qualify for a decent pension.
- 12.** Cooperation should be facilitated between companies, common good economy organisations and participative digital platforms which share information of public interest with the City Council, to ensure that they meet their fiscal responsibilities and respect minimum workers' rights. Cities should even lead initiatives of this kind.
- 13.** Contribute to promoting a certain kind of company by means of clauses established in administration contracts: no gender discrimination, application of the new proposed indicator for quality of employment, energy efficiency, possible nursery services, measures to ensure the work-life balance, investment in Research and Development (R+D) and innovation, social balance, promotion of sustainable tourism and environmental policy. Reduce the importance of the price variable in bids. Companies that train and recycle their own personnel, according to the changing needs of their clients, could also

be rewarded in some way. Change basic service providers if abuses are detected or in order to foster the use of renewable energies.



- 14.** Study types of municipal control over basic services for the general public, in order to avoid emergency and/or social inequality situations and guarantee universal basic services, so as to ensure the provision of basic services for disadvantaged groups and people on low incomes.
- 15.** Create and develop municipal measures and tools to support family life and the work-life balance, which can take care of children for a few hours when they come out of school and their parents are still working. This also applies to dependent people.
- 16.** An observatory to study the evolution of consumption, in agreement with consumer associations, educational institutions, consultants and organisations promoting responsible consumerism, in order to produce studies on the impact changes in social-behaviour trends, especially in terms of the younger generations, have on the evolution of economic activities as a whole. Examples:
 - i. *mobile communications: the cultural and psychosocial effects of using mobile information and communication technologies (ICTs)*
 - ii. *shifting the consumption of milk and dairy products of animal origin towards the consumption of milk of vegetable origin, reducing the consumption of meat in favour of vegetarian or even vegan diets, or, in general, a reduction in the consumption of animal protein.*
 - iii. *new forms of accommodation and interrelating abroad.*
 - iv. *the increase in food products that are theoretically ecological*
 - v. *the increase in cosmetic products that are theoretically ecological*
 - vi. *the habit of doing regular sport and leisure activities*
 - vii. *the trend of using bicycles and/or electric vehicles for moving around*

- 17.** Progress towards one-stop models that make administrative processes for setting up economic activities more simple and accessible.
- 18.** Guarantee improvements in high-quality public transport, which will be more comfortable, more frequent and have better accessibility for people with disabilities, as well as being safer. Furthermore, it is necessary to take special care in ensuring connectivity between supply and demand in employment and to facilitate choosing public transport over private vehicles. Linked to this, we would opt for promoting the possibilities of work, geographical and sectoral mobility.
- 19.** Favour transport and distribution companies and organisations that have green vehicle fleets in the city and continue to improve the bicycle-lane network.
- 20.** The digital revolution is widespread in cities but in Barcelona, for example, 16% of city residents still do not have internet at home, according to the City Council. Measures must be introduced to eradicate the digital and gender gaps.
- 21.** Oversee improvements in the real competitiveness of markets which tend to form monopolies or oligopolies, such as the energy sector. There are numerous studies that link a greater degree of competition to job creation.
- 22.** Increase subsidies for renovating buildings, an activity that requires a more highly-trained workforce than in construction, especially in terms of tackling European regulations on energy efficiency.
- 23.** Promote innovative companies, which are not only companies with technological content. Innovation in participative-management formulas and, if necessary, co-ownership. Especially social economy companies such as cooperatives and workforce-owned companies, insertion companies, Special Employment Centres and other social economy formulas, which have strong roots in the area and can contribute to its development.

- 24.** Assume public commitments for reducing temporary work in local administrations as far as legislation permits and, if possible, set specific targets and deadlines.
- 25.** Analyse the ten most socially and environmentally committed companies based in the city. Attempt to systematise their cases with the possibility of reproducing them in other locations in the city.
- 26.** Provide incentives for alliances between SMEs because being bigger will make it easier for them to get access to technology, innovation, foreign markets and training resources.
- 27.** Help small companies to create a discourse on the project which their entire business culture is founded on, more than the product they sell or the service they provide.
- 28.** Provide incentives for collaboration agreements between universities, fab labs, artistic education centres, galleries and art centres in order to help promote the work that the city's creators perform.
- 29.** Analyse the corporate social responsibility (CSR) policies of companies and promote possible agreements with the local authority so that some of the resources from its programmes are applied to activities that are considered to be priorities for the city (Google, Oracle and Microsoft, to train adults in digital skills free of charge, for example).
- 30.** Seek to ensure the Barcelona Public Health Agency achieves its objective of reducing the differences between the population's quality of health in the city's various neighbourhoods, which is intimately linked to economic and sociocultural differences.



Employment policy recommendations

- 31.** Strategy analysis and definition There is a need for a more fluid relationship with SMEs in order to discover their employment needs.
- 32.** We propose an employment map is produced for every city neighbourhood. This would mean having an exhaustive analysis of not only the profiles of the area's unemployed people and

their skills, but also all the job vacancies that SMEs, and especially the smaller companies, currently have or will shortly have in each area.

- 33.** Identify one or several institutions or organisations in each neighbourhood that can fulfil the role of anchor institution, around which the area's economic activities can develop. This initiative would necessarily include a greater integration of universities, hospitals, research centres, vocational training centres and design centres into the neighbourhood's dynamics. It would also be appropriate to commission a study to find out what proportion of contracts that signify expenses for those institutions involve a return for the local economy, and to seek possible agreements to offer training opportunities for young people who lack opportunities in the neighbourhood.
- 34.** Plan local development strategies at a neighbourhood level, which could lean towards specialisation by activities. In that sense, it is necessary to step up actions that bring innovative and knowledge companies in general into contact with schools, entrepreneurs, the communities that define them and more traditional companies. Promote the consolidation of new creation hubs, as well as neighbourhood cultural and commercial establishments with innovative proposals.
- 35.** A greater degree of decentralisation in municipal services seems appropriate, in order to improve knowledge of the situation in each area. In any event, we propose establishing agreements with the resident associations of each neighbourhood, so that information about the range of possibilities offered by local bodies reaches all possible groups.
- 36.** Organise forward-looking meetings with business people to analyse the evolution of their respective sectors, with the aim of explaining where they will be in five or ten years time, and which future training needs will increase, so it will then be possible to provide the necessary training programmes. Trade unions also have a wealth of important knowledge which could be systematised, so that it reaches the local authority.
- 37.** Promote the internationalisation of small companies, those with under a hundred employees, by organising business missions abroad.

38. Promote talent pools for companies in the same sector which, despite the fact they are competitors, could create a nursery for a specific qualification.



39. Increase and disseminate the exploratory work already carried out by some organisations, from the perspective of the needs of the production network in cities and their metropolitan areas.

40. Work with universities and vocational training schools so that they can carry out skill certification. Companies or the administration concerned could reach collaboration agreements with companies in that regard, if it is considered to be appropriate.

41. Remove job offers from administration-dependent portals and websites that lack transparency and provide no information about the salary or working hours on offer, as well as those that offer conditions which are discriminatory or not decent.

42. Revise equal opportunity plans in companies. Ensure they comply with applicable legislation.

43. Analyse the appropriateness of carrying out periodic surveys on working conditions in the city.

44. Commission the production of a tool that makes it possible to assess employment quality, an indicator for revealing to what extent there has been a real improvement in employment. The issuing authority should periodically present a report that can be discussed by representatives of the general public and by social stakeholders.

45. Carry out or commission a periodic study on the specific impact of automation on employment, by sectors and employment categories, to see to what extent the predictions regarding the net destruction of jobs linked to technological progress is founded, and to establish an appropriate response. In addition to studying how new technologies can contribute to improving job quality.

46. Study experiences such as those in Riera de Caldes, Conca de Barberà, Pallars Jussà and El Moianès. The problem for cities

is very different, but they can all learn from the agreement mechanisms between various institutions and the area's business, cultural, social and educational fabric, which are regarded as the key factor in the success achieved. No activity should be launched without taking into account the local education community. Territorial agreement cannot be planned from the top or from the centre; it must begin with the reality existing in each area. Labour market policies must adapt to their economic, social and employment circumstances.

- 47.** Periodic surveys of unemployed people in the city, grouped according to the various profiles they present, in order to get first-hand knowledge about which services would be most useful for them, as well as what they consider to be lacking.
- 48.** Regularly update a guide to future professions, aimed especially at young people (e.g. like they do in Sweden, through their *Yrkeskompassen* service, which provides precise information on opportunities in various jobs). One-year forecasts are very useful for qualified professionals, while long-term forecasts (for five or ten years) are useful for complementing their skills and thinking about their choice of career for the future.
- 49.** It is essential for every unemployed person to be provided with personalised monitoring by the employment services, which would mean a reinforcement for local employment services.

Training

- 50.** Distinguish between the types of training that may be needed by the various profiles of people who are unemployed or need retraining. The experts emphasise the importance of guaranteeing access to cross-cutting skills that may sometimes seem very basic, but which many long-term unemployed people lack: attention span, the ability to structure a discourse when speaking or writing, or knowing how to work in a team.
- 51.** Specific training in the analysis, management and interpretation of data, which will become essential in a lot of professions (sociologists, journalists, historians, economists, researchers, etc.).

- 52.** Ensure greater mastery of native languages, English and mathematics, as well as basic digital skills. Meanwhile, there is more and more demand for reinforcing education in humanities.
- 53.** Propose changes to training systems, so that centres regularly receive input on the precise demands for training that the companies in the area have now and will have in the future.
- 54.** Professionalised training for career-guidance professionals, following the steps taken in this area in Germany, for example.
- 55.** This is a new concept for ongoing training throughout our working life, which requires considerable flexibility. It is necessary to provide work licences and permits for recycling staff, especially in the case of adults. It is necessary to invest in training throughout people's working lives.
- 56.** Open up classrooms in primary schools, secondary schools and vocational training centres when they are not being used, in the evenings or at weekends, for adults who need training in digital skills and languages. Agreements with schools.



Incentives for the ongoing retraining of teachers

- 57.** It is essential to improve vocational training and to persevere with an aspect which has already started to be applied, in the sense that it should be dual vocational training, with a major contribution from companies, while always ensuring that it does not become a way for companies to obtain a low-cost workforce.
- 58.** Make training more flexible: courses that are short, low-cost, and sometimes compatible with jobs (which involves changing timetables and using weekends). Promote *online* courses for people who already have digital skills. Helping to make training courses compatible with jobs is considered to be essential.
- 59.** Facilitate the professionalisation of small companies through training, with special emphasis on companies involved in the social and solidarity economy.

- 60.** Involve universities in the city's development, in the transformational research concerning the desired goals, with a direct link to the business community and the authorities.
- 61.** Provide support for new union organisations that are created by workers from a single organisation in order to defend their rights as workers in the context of new, informal types of employment, such as those with the new digital platforms. For example, in the United States, the Coworker.org platform is gaining importance. It offers people the chance of joining existing employment networks to defend their workers' rights, as well as initiating new campaigns to achieve specific improvements in specific rights in specific companies. The *Taylor Report* states that in the USA, up to 10% of workers in the multinational company Starbucks have joined¹⁰⁰.

Coordination among administrations

In addition to asking Spain to improve its vocational training and public employment services, the OECD calls for better coordination of the actions carried out by the various administrations involved. The OECD talks about focusing “on procedures rather than results”, as well as “weak cooperation with national authorities”. In this sense, we propose:

- 62.** Creating employment centres, along the lines of the ones in Germany, where all the state, autonomic and municipal administrations are represented. This is a way to alleviate one of the problems arising from the division of jurisdiction between passive policies (unemployment benefits, which falls under the central administration) and active policies (which are carried out by autonomic administrations), which according to most experts, is not the best way of managing the problem of unemployment.
- 63.** Making progress on the creation of metropolitan local-development agencies in cases where they may be necessary.
- 64.** In any event, improving information systems among the local development agencies. The idea is for them to be able to access information from employment maps, regarding the possibilities of geographical mobility.

¹⁰⁰ See <https://home.coworker.org/>

- 65.** Periodic detailed reports on labour market policies that are applied in cities and their results.
- 66.** Considering similar experiences to the employment launchers, initiatives developed in various parts of Spain as a new approach to the struggle against unemployment, and which require the active participation of the people affected. Basically, it consists of bringing unemployed people from the same area together. Each one of them has their own skills, which are pooled in order to promote projects and to help train each other, providing support for recovering hope and discovering their own skills, as well as looking for work. In order for these launchers to work, it is essential for each heterodox group to be guided by an experienced coach. The idea originated with José María Pérez, the artist humorist and architect known as *Peridis*, who has always been heavily involved in seeking ways to tackle exclusion from the job market. Thirty years ago, he started to promote the idea of the old school-workshops which combined theoretical learning with productive work.
- 67.** Cities must define a **clear idea** of the type of city they wish to become in the next twenty years. In spite of the difficulties that are often raised by partisan arithmetic and differences of interest, the **terms of the model** should be **agreed** so that the proposals that are formed become established, reach the general public and mobilise social and economic resources in the same direction. Without strong **political leadership** it will be impossible to motivate, innovate, persuade, negotiate, steer and execute the multiple challenges that cities have to deal with.



A culture of detailed assessment of results

- 68.** Studying in detail the assessments that have been made of past experiences in order to include the knowledge and background learnt from them.
- 69.** Introducing impact assessment studies, with control groups, for all training and employment programmes that are undertaken. Especially concerning those that provide cross-cutting skills and their long-term effects on job placement.

Work sharing

- 70.** Promoting experimentation with ways of reducing working hours and shared jobs and assessing the results, along the lines of the studies that indicate greater productivity and social cohesion with compact working hours and innovative formulas for co-leadership, as well as experiences that have been carried out in other cities, especially in Nordic countries.
- 71.** Making progress in the development of cities as Socially Responsible Territories (SRT) which involves hybrid organisations, the joint participation of social, economic, third-sector and administration stakeholders, as well as the co-production of public policies in order to resolve social problems.

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This is not an academic research document, but rather a journalistic approach to the world of employment, which aims to provide an in-depth study to reveal *its current state* and where it is going to be in fifteen years time. We have tried to combine rigour and accessibility, in an informative way. However, it would not have been possible to produce this text without the invaluable help of numerous academic experts who have studied the subject from the perspective of various disciplines, such as economics, sociology and law. Reading the numerous books, studies and articles written by these people, as well as those produced by various international, Spanish, Catalan, metropolitan and Barcelona institutions, has shed a little light on one of the basic cornerstones of our social and economic structure: employment. In order to create our analysis, which also takes into account trade-union studies, we opted for carrying out a series of interviews, with the aim of exploring different points of view on the enormous challenges, which can be approached from equally diverse ideological concepts. We would like to express our thanks to the magazine *Alternativas Económicas* for the inspiration, work, time, availability, support, advice, patience and collaboration (in most cases all at the same time) it provided for the production of this Barcelona Activa document, as well as to **Josep Banyuls, Samuel Bentolila, Gregori Cascante, Consuelo Chacártegui, Antón Costas, Javi Creus, Begoña Cueto, Oriol Estela, Iker Galparsoro, Gemma García, Mateo Hernando, Eduard Jiménez, Juan Francisco Jimeno, Miren Larrea, Pedro López García, Miguel Ángel Malo, Pau Mari-Klose, Mariana Mazzucato, Neil McInroy, Sara Moreno, José Ignacio Pérez-Infante, Sara de la Rica, Albert Recio, María Luz Rodríguez, Joan Subirats, Teresa Torns, Judy Wajman and Christer Windelov-Lidzélius.**

Glossary

Chapter 2 The transformation of employment:

❖ Decent employment

Jobs that have a fair remuneration, which do not violate the moral integrity of the person, with working conditions that allow them to rest, ensure their safety and their protection concerning possible accidents, illnesses and old age. People who enjoy decent employment have freedom to associate in order to defend their rights, to meet, to go on strike, to rely on collective negotiation. Employment is not only a source of income, it facilitates people's autonomy so that they can carry out their private-life projects. For this reason, the important thing is not only the signing of contracts; they have to be contracts that guarantee a minimum level of quality.

❖ Technological unemployment

Unemployment caused by the automation of tasks and processes in companies. Once machines start playing a leading role, the need for personnel decreases and furthermore, one side effect is that it becomes necessary to retrain staff because their knowledge is out of date. Keynes spoke of this nearly ninety years ago. Every time new technologies have been introduced, part of the working population have lost their jobs, but each technological revolution has eventually created new jobs that did not previously exist. However, the fact that robotisation is progressing and artificial intelligence is being developed more and more, within a context of the global connection of people around the world and the increasing trend for objects to be connected, people are becoming increasingly concerned. Opinions are divided as to whether this time will be different.

❖ Collaborative economy

This refers to companies and social communities that put people in contact through a digital platform, who can then exchange goods, services, knowledge, currency or skills. Sharing underused goods or places with others is something that has always been done, but the novelty is that the connected people on either side of the platform

don't have to meet. In principle, a collaborative economy means that there should be no profit made, although there are differing opinions on the matter. One of the big discussions is based on differentiating private persons who occasionally provide a service from professionals who find a way of getting access to clients. The community is built on the trust (and evaluations) of its users. The platforms charge a commission for acting as intermediaries, but in many cases they are authentic service providers.

Gig economy

This includes the activities of digital platforms, which companies use to commission small tasks from people who need or wish to increase their earnings with an extra job. They can be sectoral (e.g. under the cover of a brand, putting drivers in contact with people who need to travel along a route, or people who deliver food or transport packages with their own means of transport, or people who offer to clean homes or offices) or become a showcase for people who offer their skills at a certain price. The service can be carried out physically, at a specific place, or online, which means that in the latter case, the workforce competition may be global. The platform company does not hire anyone; it only acts as an intermediary and is reluctant to assume responsibility for the people who work through it.

Chapter 3 Our reality

Gender gap

This refers to the difference between people of different genders in terms of employment, payment, access to resources of various kinds (e.g. training and the use of new technologies) and positions of power. The narrower the gap, the more equality exists between the genders. When we speak of the pay gap, we refer both to the fact that two people of different genders are paid different amounts even though they do the same job and to the fact that workers in certain jobs and sectors earn less than in others and that this difference coincides with a predominance of one gender (normally women) in this sector of activity.

Chapter 4 The welfare state

* Guaranteed Citizen Income (RCG)

This is financial aid which aims to combat poverty. It is an income received by people who do not earn a sufficient income to cover their basic needs. In order to receive it, there must be a commitment to undergo training and/or look for a job. Therefore, it is not a universal subsidy for everyone; it is usually conditioned by certain requirements and is not cumulative with other incomes. The aim of the RCG is to prevent any person or nuclear family from living below the poverty threshold. This was approved by Parliament in Catalonia in July 2017, for people who have been living in the community for more than two years. It will be reviewed every year and it is linked to a social and job integration plan. It can be compatible with benefits arising from the Dependency Act and school lunch and transport subsidies.

* Universal Basic Income (UBI)

This is an income received by everyone in a specific location, whatever their age or gender, whether they be rich or poor, employed or not, or looking for work or not. They are entitled to the income merely because they are a citizen of that location or country. It is cumulative with income from a job, if the beneficiary is working; but the person concerned knows they have a guaranteed minimum income to live on. It aims to eradicate poverty, but it also gives people the freedom to choose to do or not do jobs they are not interested in, and what kind of lifestyle they prefer. It also guarantees a minimum level of consumption. It is promoted by the left and ultra-liberal sectors. It all depends on how it is applied. Progressive people in favour of the UBI combine it with a far-reaching tax reform (of income tax, although it may also affect other taxes) so that even though they receive this income, people who have more have to contribute more in order to finance it. It would make it possible to simplify the administration involved in the wide range of subsidies for various concepts that currently exist, as well as ensuring compliance with the requirements for receiving them.

Chapter 5 Active labour market policies

* Active labour market policy

This is a set of measures that help to lower the unemployment rate in a particular area. Unlike passive policies, which cover

unemployment benefits, active policies reinforce the cross-cutting or specific skills of people who have lost their jobs, in order to help them find a new job more easily, i.e. to make them *employable*. Training is essential, although its results (in terms of finding a job) may not be seen immediately. It is also essential to have information concerning the profiles needed by companies, the guidance and support to undertake a change of profession or to set up a company, and coaching techniques, so that people are able to recognise their own abilities and improve them. Assessing its effectiveness is a key factor for not wasting resources or time.

Employment map

This is a detailed itemisation of all the profiles of the unemployed people in a specific territory, including their skills, training and experience, as well as all the job vacancies in companies in the same area, especially in terms of SMEs, including what training qualifications prospective candidates should have. The most complete maps may even include specific examples of specific tasks that the candidates would have to carry out. And, of course, contact information for the person who can answer any queries quickly. The good thing about these maps is that they show the reality of the area and provide in-depth knowledge about it.

Chapter 6 Local development

Predistribution policies

Redistribution policies aim to mitigate inequalities through mechanisms such as taxes, charges or borrowing that make it possible to create new resources which an administration can use to finance benefits and social and economic services. By contrast, *predistribution policies* aim to act beforehand: they don't alleviate the consequences (e.g. paying a benefit to a person who loses their job or who does not have enough resources to live on), but intervenes on the origin of the problems (combating academic failure so that today's children will not be excluded tomorrow). Major *predistribution* policies include promoting affordable housing, preventing abuse by companies that provide basic services and improving the public transport system.

Minimum city wage

This is the minimum wage that a company may pay in a certain municipality, due to the cost of living in that location, so that

salaried workers who receive that wage can maintain a decent lifestyle. There are currently hundreds of cities that have set such a wage, also known as a “reference salary”, which is usually above the country's minimum wage. It helps to combat poverty. The first city to introduce one was Baltimore, in 1994. It is not always easy to calculate it (define what a decent lifestyle entails) or apply it (municipalities do not have formal jurisdiction over salary matters). The administration has a lot to say, due to the influence it may have on the private sector when it decides on the award of service contracts. Things like housing, food, basic services, public transport, hygiene and clothing are usually considered to be essential expenses.



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