**The Paradox between the European Pillar of Social Rights and EU Economic Governance: Spanish Reforms on Wage-Setting Institutions and Impoverished Workers**

SERGIO CANALDA CRIADO

**Abstract**

The European Commission has announced the European Pillar of Social Rights (EPSR) as a new platform for advancing social policy in the European Union. Among the principles and rights enshrined in the EPSR, the Commission has included the right of workers to be paid fair wages that make it possible to afford a decent standard of living as well as adequate minimum wages that prevent people from falling into poverty while they work. However, in the context of EU Economic Governance, the so-called ‘EU country-specific recommendations’ steer national wage-setting institutions in the opposite direction. The outcomes sought by the EU Economic Governance and the EPSR thus produce a paradox.

This article presents the Spanish case as an example of this paradox. More specifically, it assesses the reforms the Spanish Government made to minimum wage rules and the collective bargaining system during the financial crisis. It also studies the effects of the EU country-specific recommendations addressed to Spain and the Memorandum of Understanding concerning its reforms. With regard to the minimum wage, it can be said that, whereas the Spanish Government has slightly increased or frozen the national minimum wage, the amount of collective agreements – including sector-based minimum wages – has grown. Moreover, the measures taken to reform the collective bargaining system have caused bargaining units to become decentralised and have weakened the collective bargaining structure as a whole. In the end, all those reforms have led to wage stagnation and devaluation, causing an ever increasing number of workers to live in poverty.

Keywords: European Pillar of Social Rights, Labour Law reforms, Collective bargaining, Minimum wages.