

## **Spain – Sharpe raise in interprofessional minimum wages.**

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In Spain, the major confederations, CCOO and UGT, have negotiated a new agreement with the government which is great news for the workers in the country. The increase of the minimum interprofessional wage (SMI) will be 5% this year, which brings it to 1,134 euros gross per month for 14 payments (15,876 euros per year). This pay rise will help 2.3 million people make ends meet. And, with an average inflation of 3.5%, it will improve purchasing power, boost domestic demand, household consumption and thus generate more growth and employment.

The result is a decisive step to reduce inequalities and improve living conditions of the most precarious and vulnerable people, especially women, young people, and workers with temporary contracts. It shows that trade union bargaining power is key to improving wages and rights for people in the world of work.

This 5% increase in the SMI is consistent with the objective of an SMI at 60% of the average wage in Spain and to recover previous loss of purchasing power after the Russian invasion of Ukraine. The increase in legal minimum wages comes together with an all-time high employment level (more than 20 million people), a record number of people contributing to the social security system, and with a substantial increase in permanent contracts, which of course means an improvement in the quality of employment. Over the past five years, minimum wages have gone up by 47% in Spain. Therefore, the warnings that the raise of minimum wages would lead to job losses are not true.

The rise in minimum wages and a recent labour market reform that has instead stabilised millions of jobs and reduced temporary employment by half. All the neoliberal arguments for austerity were pure ideology. The economic data proves unions right and demonstrate that not only has employment increased, but also that higher wages can be a cause of productivity gains. If wages are raised, particularly the lower ones, demand is stimulated, and the general recovery is stimulated. In other words, the Spanish economy is sustained at a time of profound uncertainty.

The employers did not sign the agreement. Still, it comes into effect immediately.

**Edited by industriAll Europe.**