

4 Iberian Minimum Wages

Two Paths to Inclusive Solidarity

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Introduction

This chapter analyses the evolution of national minimum-wage policies in Portugal and Spain during the years of progressive coalitions. Throughout the chapter, we analyse two equivalent six-year windows that coincide with the life span of the recent progressive coalitions in each country: 2016–2022 in Portugal and 2019–2025 in Spain.¹ Focussing on identical durations allows a cleaner comparison of political dynamics, policy sequencing, and distributive outcomes, while grounding the analysis firmly in the periods during which left governments held executive responsibility for wage policy. Building on the theoretical framework set out in Chapters 1 and 2, it explores how national minimum-wage policies were conceived and implemented in both countries, examining their relationship with the ideal-types of solidarity and the governing social blocs that supported such policies. It also reflects on the decision-making arenas, namely the roles of the European Union (EU) and social concertation.

The minimum wage is, by design, a policy instrument aligned with inclusive solidarity: it raises the wage floor for all workers, particularly benefiting outsiders, without directly challenging insiders' positions. Although minimum-wage increases are intrinsically inclusive, their scale and implementation are shaped by political alignments, the strength of supporting social blocs, and the institutional arenas in which decisions are taken. As this chapter demonstrates, Spain's coalition government relied less on the consensus-building logic of social concertation and instead legitimated the reform through public discourse and EU-level developments, pursuing an ambitious strategy of steep increases from the outset to align with EU criteria set in the European Pillar of Social Rights. In Portugal, by contrast, the Socialist Party (PS) sought to preserve its traditional alliances with employers and moderate unions, adopting a compromise-oriented, incremental approach that exposed the fragility of the parliamentary left coalition. Moreover, the Portuguese government could not frame its strategy around EU initiatives, as upratings began in 2015, before the EU's social turn that emphasised the need to raise national minimum wages.

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From a methodological perspective, this chapter is founded upon an evidence base comprising four key pillars. First, we conducted a media analysis of the main national broadsheets – *Público*, *Expresso* and *Diário de Notícias* in Portugal and *El País*, *ABC* and *El Mundo* in Spain – capturing day-to-day framing by political elites, employers, and unions. Second, we coded parliamentary proceedings with MAXQDA, examining 97 debates in the *Assembleia da República* and 24 in the *Congreso de los Diputados*; these transcripts reveal how positions evolved in public, supply additional quotations when interviewees are reticent, and extend our reach to parties or MPs who declined to be interviewed. Third, we reviewed relevant official documents and reports (laws, Royal Decrees, social-dialogue minutes, EU recommendations), situating claims in their formal context. Fourth, we carried out 16 semi-structured interviews with key political and social actors. Using these four sources in tandem enables triangulation: the press and parliamentary records corroborate or challenge statements made in interviews, supplement gaps, and bring in voices absent from our sample, while the documentary corpus grounds all claims in the institutional record. Together, this strategy delivers a wide analytical lens that spans political parties, governments, and social partners and strengthens the arguments advanced in the chapter.

The chapter is organized as follows. First, it sets the scene by outlining the main characteristics of the Southern European minimum-wage regime and reviewing the policy legacies inherited by the two progressive coalitions, with particular emphasis on wage stagnation during the austerity years and the subsequent shift after the sovereign-debt crisis. The following two sections present the Portuguese and Spanish case studies, tracing how each government designed, negotiated, and implemented minimum-wage reform as the linchpin of its effort to reverse austerity-era wage restraint and rebuild social solidarity. The fourth section offers a systematic comparison of the two trajectories, contrasting their coalitional alignments, decision arenas, EU linkages, and distributive outcomes. The concluding section distils the broader lessons on how progressive governments can use wage policy to roll back austerity and re-embed solidarity in contemporary labour market governance.

Contextualising National Minimum-Wage Policy in Southern Europe

Over the past two decades, the minimum wage has transitioned from the periphery to the centre of labour market debates. Its capacity to fulfil broader ambitions depends crucially on the regulatory regime within which it is embedded, encompassing the web of legal rules, bargaining institutions, and enforcement practices that govern how the wage floor is established, adjusted, and enforced.

The literature analysing minimum wage-setting has paid particular attention to two aspects. First, the interaction between the minimum wage and collective bargaining. Secondly, the role of the state vis-à-vis social

partners in setting minimum wages. Regarding the interaction between collective bargaining and minimum wages, Grimshaw and Bosch (2013) developed a first typology of interactions that was later refined by Dingeldey et al. (2021). According to this later work, national arrangements can be arrayed along a continuum that runs from purely collective to purely statutory regulation. At one pole are countries such as Denmark, where collective bargaining alone establishes the floor ('substitute for the minimum wage'); at the other are systems such as Greece, where a statutory minimum wage operates largely in isolation from weak collective bargaining. Between these extremes the authors identify three intermediate patterns – 'distant coexistence,' 'distant interaction,' and 'close interaction' – that capture progressively tighter coupling between statutory and negotiated minima as union coverage recedes and state activism grows. Spain, with a legal minimum that benchmarks but does not tightly shadow sectoral agreements, is classified in their 'distant interaction' group: the statutory rate matters, yet substantial room remains for collective bargaining to set higher floors. Portugal, by contrast, is placed in the 'close interaction' category, where the statutory minimum and collectively agreed wages increasingly converge, reflecting the narrowing gap between the two. When it comes to the role of the state, Picot's (2023) typology organises the cases by the degree of "statization" of wage regulation. He distinguishes a purely "collective" model, where social partners define autonomously minimum wages; a "collective-plus-state" variant in which social partners define the minimum wage and the public authority routinely extends agreements; and a "state-plus-collective" configuration in which a statutory minimum coexists with broad bargaining coverage, and a predominantly "state" model where the legal floor substitutes for frail collective institutions. Spain appears here in the "state-plus-collective" category, grouped with France and Portugal: the state provides a binding national minimum, yet collective bargaining still covers the majority of workers and remains central to wage setting.

The fact that Spain occupies different slots in the two classifications underscores the conceptual nuances separating them. Dingeldey et al. (2021) concentrate on the empirical interaction between statutory and negotiated minima (how closely the two benchmarks track one another) whereas Picot foregrounds governance authority: who ultimately wields the power to impose, extend, or enforce wage floors. Because Spanish sectoral agreements generally lie above the legal minimum, Dingeldey's lens places the country in the distant interaction group. Picot, by contrast, highlights the decisive role the national government plays in setting and annually uprating the national floor, thereby coding Spain as "state-plus-collective." The divergence is instructive: it shows that identical institutional elements can be read differently depending on whether the analyst privileges functional wage-setting dynamics or the distribution of regulatory authority.

Taken together, the two typologies highlight three features that still set Southern Europe apart (Table 4.1). First, wage setting in the region remains

Table 4.1 Portugal and Spain's position within the Southern-European "state-plus-collective" minimum-wage cluster

<i>Dimension</i>	<i>Southern-European cluster</i>	<i>Portugal (2016–2022)</i>	<i>Spain (2019–2025)</i>
Regulatory template	"State-plus-collective" model: statutory floor coexists with high collective-bargaining coverage (Picot, 2023)	Conforms to the model; the statutory floor increasingly overlaps sectoral minima	Same template, but the statutory floor still below most sectoral rates (Dingeldey et al., 2021; Molina, 2021)
Statutory–bargained interaction	Typically distant, trending to closer as statutory floors rise	Shifted from distant to close interaction once the wage floor overtook negotiated minima in low-pay sectors	Remains distant interaction; sectoral minima still well above statutory minimum wage. But recent uprates point towards closer interaction (Eurofound, 2025)
State-steering capacity	High: governments determine both the level and the timing of upratings	Council of Ministers decrees, with the Council for Social Concertation acting as a gatekeeper	Royal Decrees; social dialogue engaged only when politically expedient
Indexation rule	None: upratings are entirely discretionary	No automatic indexation	No automatic indexation
Approach to minimum wage-setting	No pre-established formula	Loosely defined criteria (includes productivity, inflation etc.)	Loosely defined criteria (includes productivity, inflation etc.)

Source: Authors' elaboration.

conspicuously state-steered. Even in Italy, often cited as a “collective-plus-state” or “substitute” case, the state constitutionalises collectively bargained minima by extending them *erga omnes*, while Greece, Portugal, and Spain rely directly on a legal floor whose level is ultimately decided in cabinet (Afonso, 2019). Second, and most distinctive, the region lacks any form of automatic indexation (Molina, 2021: 68). Annual upratings are driven by partisan negotiation and, in crisis times, by European conditionality rather than by a pre-established formula. In short, Southern Europe illustrates how minimum-wage outcomes flow less from a fixed legal design than from the shifting balance of power between the state and collective bargaining within broadly state-dominant regimes.

Southern Europe has lived through three contrasting phases. Before the global crisis (mid-1990s to 2008) governments used nominal minimum wage increases to narrow gaps with EU peers while seeking business support through tripartite pacts, Portugal’s 2006 Social Concertation Accord being emblematic (Campos Lima and Naumann, 2011). The austerity phase (2010–2014) reversed that trajectory. Under Troika conditionality, Portugal froze its minimum wage at €485, while Spain imposed a real term cut (Campos Lima, 2019; Afonso, 2019; Molina, 2021: 80–84). In Greece, the statutory wage was slashed by 22%, illustrating how hard conditionality can even drag a country towards the “isolated statutory” pole (Molina, 2021: 77–79). Italy, lacking a statutory minimum wage, relied mainly on decentralising pressures within collective bargaining; wage floors eroded more slowly, confirming that available policy levers condition the depth of adjustment (Afonso, 2019). From 2015 onwards a progressive re-regulation cycle opened. Portugal’s left-wing parliamentary agreement restored annual minimum wage hikes (Campos Lima et al., 2021) whilst Spain’s coalition government combined a cumulative 61% rise in the minimum wage in the period 2019–2025.

Two broader lessons follow from the Southern-European trajectory, albeit with a subtle Iberian twist. First, regime labels are fluid: within a single decade both countries moved from consensual, collectively oriented wage-setting to coercive statutory freezes under Troika pressure, and back to politically driven catch-up once progressive coalitions took office. Yet they did not land on exactly the same spot. In Dingeldey et al.’s (2021) continuum, Spain was coded as ‘distant interaction,’ because the statutory floor still lay some distance below most sectoral minima, though recent studies have placed the country in the close interaction group (Eurofound, 2025); the same applies to Portugal, where the legal minimum and collectively bargained rates increasingly converge. Regarding the governance of the minimum wage, Picot places both cases in the broader ‘state-plus-collective’ camp, underscoring their shared reliance on an active statutory wage rooted in high bargaining coverage. Secondly, state capacity played a decisive role on two occasions: first in enforcing rapid standstills, and later in coordinating equally swift restorations. Its influence was further strengthened by the

lack of indexation rules, which would have otherwise triggered automatic adjustments.

Taken together, the typological overview and the Iberian evidence presented above provide essential context for the next stage of analysis. Portugal and Spain entered the period of progressive governments with broadly similar ambitions and institutional characteristics, both fitting into the hybrid “state-plus-collective” regime category (Picot, 2023), albeit with some variations in how statutory floors interact with collective bargaining (Dingeldey et al., 2021; Eurofound, 2025). As will be explained below, both countries are positioned closer to the ideal type of inclusive solidarity, although some noteworthy differences remain. To clarify these differences, the analysis will focus primarily on the role of social concertation, the influence exerted by the EU, and the behaviour of key actors (political parties and social partners). The latter dimension is particularly important for understanding the composition of the governing social blocs underpinning the strategies adopted by each government.

Case Studies

The Politics of Minimum Wage Reform in Portugal: Inclusive Solidarity under Institutional Constraint

The evolution of the minimum wage in Portugal between 2016 and 2022 illustrates the complex interplay between progressive distributive goals, institutional negotiation, and multi-level constraints. Situated within the broader dynamics of inclusive solidarity, minimum wage policy became a key symbolic and material arena in the post-austerity governance of the Socialist Party (PS). While wage floor increases were consistent and politically visible, the means through which they were implemented – grounded in tripartite concertation and accompanied by compensatory measures – exposed the fragility of consensus and the limits of redistribution under constraint.

Following the 2015 elections, the PS formed a minority government supported in parliament by the Left Bloc (BE), the Portuguese Communist Party (PCP), and the Greens (PEV). This arrangement, often referred to as the “*Geringonça*,” was built around a programme to reverse austerity and raise living standards and lasted between 2015 and 2021. Minimum wage reform was among the clearest commitments of the new governing alignment. As one cabinet member recalled, “[t]he minimum wage was a crucial pillar of the 2015 government, an explicit commitment we negotiated with the Left Bloc for a predetermined time frame” (Interview 8). The agreement between PS and the BE explicitly committed to increasing the national minimum wage to €600 by 2019, with minimum annual increases of 5% in the first two years. The agreements with PCP and PEV were less specific, referring broadly to the need to improve workers’ purchasing power. These differences shaped the policy’s implementation and the legitimacy disputes that emerged along

the way. BE leaders would later accuse the government of insufficient ambition and of prioritising employer appeasement over distributive urgency.

As shown in Figure 4.1, the minimum wage remained frozen between 2011 and 2014, at €485 (14 months). Starting in 2015, it rose steadily each year, reaching €705 by 2022. This represented a nominal increase of nearly 40% between 2016 and 2022. These figures placed Portugal among the EU countries with the highest cumulative national minimum wage increases over the period.

By grounding minimum-wage policy in tripartite social concertation, the PS drew on its historic role as a centrist broker to offset parliamentary fragility and EU scrutiny while upholding Portugal's tradition of pact-based labour reform (Campos Lima and Naumann, 2011). Yet the enterprise was fraught from the outset: the PS had already pledged to the BE a fixed schedule of upratings through 2019, thereby hollowing out the scope for genuine negotiation. Still, the Government secured a concertation pact for the 2016 increase, persuading employers to accept €530 in exchange for a 0.75-percentage-point cut in their Social-Security contribution for minimum-wage workers, valid for 12 months (the same relief the previous PSD-CDS-PP cabinet had promised in 2014–2015). Even so, the General Confederation of Portuguese Workers (CGTP) stayed outside the deal, and BE and the PCP condemned it as a threat to Social-Security solvency.² For 2017 the minority PS cabinet struck a second pact with employers and the

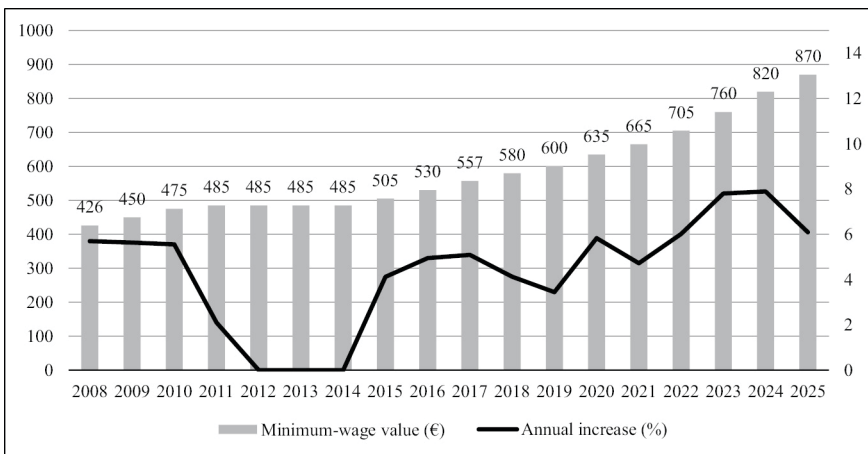


Figure 4.1 Portuguese national minimum wage and rate of change in each year (2008–2025).

Note: The left-hand y-axis shows the minimum wage value, while the right-hand y-axis indicates the annual increase.

Source: Direção-Geral do Emprego e das Relações Laborais, accessed at: www.dgert.gov.pt/evolucao-da-remuneracao-minima-mensal-garantida-rmmg

General Union of Workers (UGT-P), this time offering a 1.25-percentage-point reduction; CGTP and the left-wing allies again objected, and parliament passed a resolution that quashed the cut, nullifying the concertation agreement. The Government responded by substituting targeted tax relief, but no further tripartite pacts were signed during the years in which the PS did not hold an absolute majority (2015-2022), largely because the 2017 episode had shown that deals could be overturned on the floor of the National Parliament. Nonetheless, from 2018 to 2022 every uprating was still paired with direct financial subsidies to firms, signalling the PS's continuing effort to keep employer confederations on board (Table 4.2).

Employer organisations insisted each proposal be justified by 'measurable' offsets: when the €530 rate was floated for 2016, CIP president António Saraiva demanded that it first be 'tested against the country's economic and business reality' (DN, 2015); a year later he declared the confederation 'unwilling to raise the minimum wage to €600' without payroll-tax relief (DN, 2017), and all four organisations accepted €540 only after securing the agreed contribution cut (Expresso, 2016). Saraiva later condemned the December 2020 rise to €665 as 'untimely,' warning that firms 'cannot be pawns in the political game' and calculating that every €30 added to the floor

Table 4.2 Minimum wage increases and social concertation agreements in Portugal

<i>Year (government in office)</i>	<i>Social Concertation Agreement?</i>	<i>Type of agreement (where agreement exists)</i>
2015 (PSD-CDS-PP)	Yes	Government + Employers' confederations + UGT-P (CGTP did not sign)
2016 (PS)	Yes	Government + Employers' confederations + UGT-P (CGTP did not sign)
2017 (PS)	Yes	Government + Employers' confederations + UGT-P (CGTP did not sign)
2018 (PS)	No	—
2019 (PS)	No	—
2020 (PS)	No	—
2021 (PS)	No	—
2022 (PS)	No	—
2023 (PS)	Yes	Government + Employers' confederations + UGT-P (CGTP did not sign)
2024 (PS)	Yes	Government + Employers' confederations + UGT-P (CGTP did not sign)
2025 (PSD-CDS-PP)	Yes	Government + Employers' confederations + UGT-P (CGTP did not sign)

Source: Author's compilation from official protocols of the Standing Council for Social Concertation, Council of Ministers' resolutions, and *Diário da República* decrees.

Note: From 2016 to 2022, the PS minority government relied on parliamentary support from the PCP, BE, and PEV ("geringonça"). Between 2023 and 2024, the PS held an absolute majority in the National Parliament.

costs employers €43.40 once ancillary charges are included (DN, 2020). The Confederation of Commerce and Services of Portugal (CCP) likewise voiced persistent reservations and ultimately protested the cumulative increase (Interview 1).

Union responses diverged: CGTP rejected every compensation deal, arguing that such trade-offs ‘encourage firms to cling to the minimum wage, undermine wider pay rises and paralyse collective bargaining’ (Interview 3); whereas UGT-P accepted the logic, provided upratings were annual and tax credits temporary (Interview 10).

Thus, concertation simultaneously legitimised PS wage policy and exposed enduring cleavages, as government, business, and labour each contested the path of Portugal’s post-2015 minimum-wage trajectory. Read through Chapter 2’s arena logic, the Portuguese strategy placed minimum-wage policy inside a joint-decision setting in which employer assent operates as a *de facto* veto. In the post-austerity settlement – marked by eroded union leverage and strengthened employer outside options – this ‘consent constraint’ systematically trims redistributive ambition unless the executive credibly threatens non-concertation. The compensation packages attached to upratings thus served both as side-payments that softened employer resistance and as signals of fiscal prudence under the European Semester’s ‘liberal’ tilt in 2016–2017.

Although the PS sought to frame each uprating as a concertation outcome, right-wing parties repeatedly objected that there was no ‘real’ negotiation because the annual targets had been pre-agreed with the BE. Hence, they argued, any responsible increase had to (i) emerge from a fresh tripartite pact and (ii) relate clearly to productivity and firms’ sustainability. A CDS-PP MP warned that “any rise must be agreed in social concertation, not imposed from above, because exceeding productivity can doom the firms that pay it” (Interview 2), while a PSD MP, “in principle favourable” to raising what she viewed as a low floor, condemned preset horizons that “impose rather than negotiate,” squeeze intermediate wages, and might force future freezes, insisting that any relief for employers must be “hammered out at the table, not decreed from above” (Interview 4). These grievances converged dramatically in January 2017. The PS–employer–UGT-P accord that paired the rise to €557 with a 1.25-percentage-point reduction in the employers’ Social-Security rate was already anathema to the CGTP, PCP, BE, and PEV, all of whom had denounced compensation as a threat to the solvency of Social Security. Spotting an opportunity to expose fissures inside the *Geringonça*, PSD and CDS-PP, despite having backed a similar rebate in 2014, joined the far-left parties to pass a parliamentary resolution that struck down the contribution cut. The move dealt the PS a rare legislative defeat and, as a BE MP later celebrated, “annulled, destroyed, blown up” the government’s manoeuvre (Interview 7); UGT-P called the cross-bench alliance “a huge shock” (Interview 10). From that moment, the PS abandoned contribution relief and turned to one-off subsidies and tax credits, while the right continued to insist that future upratings be tied to productivity and endorsed in a genuine

tripartite pact. Thus, the political battlefield crystallised: the left split over employer offsets, the PS tried to balance wage solidarity with business competitiveness, and the right made its support conditional on productivity, fiscal prudence, and concertation, turning Portugal's 'inclusive solidarity' into a fragile, continually renegotiated compromise.

In Portugal, the EU exerted a constraining influence during the early phase of minimum-wage reform. After the troika bailout, the country remained under enhanced surveillance through the European Semester, and successive Country-Specific Recommendations from the European Commission (2015, 2016) warned that further increases could endanger employment and competitiveness.³ This external pressure shaped the Socialist Party's strategy: despite pledges to its left-wing allies, it paired each rise with compensatory measures for employers and sought tripartite endorsement in the Social Concertation Council. As a senior official recalled, "the Commission raised many doubts about employment impacts" (Interview 8). The PS therefore pursued incrementalism: the minimum wage climbed every January, but never by more than €40, reaching €705 by 2022, a notable nominal gain, yet consistently framed as 'predictable' and 'accompanied' by fiscal cushions for small firms. Brussels' stance became more supportive only later, explaining both the initial caution and the importance of securing concertation agreements in the first two years of the cycle. Although the EU's pivot towards a 'Social Europe,' embodied in the European Pillar of Social Rights and the draft Adequate Minimum-Wage Directive, might have furnished political cover, neither the Government, nor the unions, nor the left parties highlighted it. The Directive's 60% of median-wage benchmark had already been met in 2016 (60.2%) and stood at roughly 67.4% by 2022 (OECD, 2025), and overemphasis on that fact risked giving employers and the right fresh ammunition to argue that the wage floor was converging too quickly on the median and that collective bargaining was losing its central role.

The MAXQDA code map (Figure 4.2) offers a thematic visualisation of the parliamentary debates and corroborates the interpretation advanced above.⁴ Two antagonistic clusters dominate. In the upper-left quadrant, the PCP, BE, and PEV converge with the codes 'Tension on the Left,' 'Solidarity,' and, above all, 'Against Social Concertation' and 'Against Compensation Measures.' This cluster reflects their parliamentary stance: they advocated a higher minimum wage yet rejected employer rebates and condemned concertation as a neoliberal trap. Opposite them, the PS and the 'PS Government' form a dense nexus with 'For Social Concertation,' 'For Compensation Measures,' 'Parliament,' and the coalition codes 'Left' and 'Centrist.' The thickness of these connections visualises the party's bridging strategy: annual increases were routed through the tripartite council to reassure employers, moderate unions, and Brussels, even at the cost of recurrent skirmishes with its left allies (most notably the 2017 defeat over a proposed cut to employers' social-security contributions). A looser constellation comprising the PSD, CDS-PP, and the former PSD-CDS-PP government links to 'Troika,' 'European

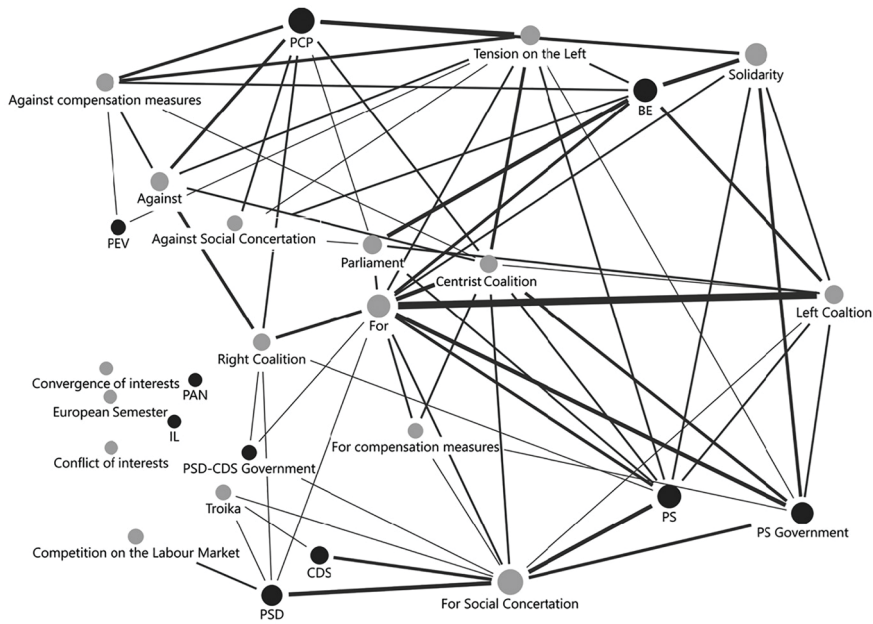


Figure 4.2 Actor coalitions and thematic clusters in Portuguese parliamentary debates on the minimum wage.

Notes: Chord thickness reflects the weighted frequency with which two codes co-occur in the parliamentary-debate corpus. The thicker and darker the chord, the stronger the association.

Sources: Authors' elaboration; MAXQDA Code Map.

Semester,' and 'Labour-Market Competition,' indicating that austerity-era competitiveness narratives persisted but rapidly lost agenda-setting influence once the left gained parliamentary leverage. Overall, the map underscores the centrality, and contestation, of social concertation: 'For Social Concertation' emerges as the single most connected grey node, bridging otherwise polarised camps and confirming the argument that concertation functioned simultaneously as procedural ritual, distributive buffer, and political lightning rod within Portugal's fragile architecture of inclusive solidarity. It also reveals that this issue united the PSD, CDS-PP, and PS. In short, the visual evidence validates the chapter's characterisation of Portuguese wage politics as negotiated yet brittle egalitarianism.

To sum up, Portugal exemplifies 'negotiated inclusive solidarity under constraint': parliament, concertation, and the EU formed a triangle of authorisation. Incremental but continuous upratings delivered tangible redistribution, yet the policy remained brittle because its procedural foundation (social dialogue) doubled as a distributive side-payment to employers, provoking cyclical clashes with the very forces that had made the reform possible.

Spain: A More Cohesive but Polarised Form of Inclusive Solidarity

The Spanish experience of minimum wage reform constitutes a paradigmatic case of inclusive solidarity characterised by strong governmental cohesion but limited institutional embedding. While the policy delivered significant distributive outcomes, it was politically polarised and implemented with minimal reliance on traditional social dialogue mechanisms. In contrast to Portugal, where concertation remained a structuring element, the Spanish policies were primarily driven by political coalition-building, executive initiative with technical legitimation, and support from the EU. This section examines the political and institutional dynamics underlying this process.

Functionally, the Government's recourse to Royal Decrees placed minimum-wage setting on the *state-majoritarian track*. For our purposes this channel is equivalent to Chapter 2's 'parliamentary' arena insofar as it contains no institutional employer veto; it allowed a cohesive Left–Union bloc to legislate closer to its inclusive ideal point while using expert benchmarking and EU norms for external validation.

In contrast to the Portuguese case, the minimum wage in Spain became a distinctly political instrument of coalition-building. The first major increase occurred under the minority Socialist (PSOE) government of Pedro Sánchez, following the no-confidence motion that ousted Mariano Rajoy in 2018. The subsequent general election of 2019 produced a fragmented parliament but enabled the formation of the first coalition government in modern Spanish democracy, between PSOE and *Unidas Podemos*. As part of the coalition agreement, both parties committed to raising the statutory minimum wage to €1,200 over the course of the legislature. Several interviewees highlighted that this increase was part of the political price of coalition-making. In this sense, the policy was not only an economic measure, but a form of distributive signalling meant to consolidate the new executive's left-wing credentials. Indeed, the dramatic increase in the statutory minimum wage, from €736 in 2018 to €1,185 in 2025 (14 payments), was framed not only as a measure of social justice, but also as a symbol of progressive governance (Figure 4.3).

There are two distinctive traits of the Spanish experience in minimum-wage setting over this period. First, unlike Portugal's routinised corporatism, Spanish minimum-wage politics treated social concertation as a dispensable add-on rather than a binding gatekeeper (Table 4.3). Second, for the first time, the government relied on a technical committee tasked with drafting a report that provides recommendations regarding the minimum wage increase. This report takes into account the objective of achieving 60% of the median wage, as stipulated in the European Pillar of Social Rights, alongside the prevailing economic context.

Regarding the first aspect, the Sánchez–Díaz cabinet convened the *mesas de diálogo social*, yet made clear that the destination, 60% of the median wage, was politically pre-set. Hence, despite the government convening social partners every year to negotiate the minimum wage, agreements alternated

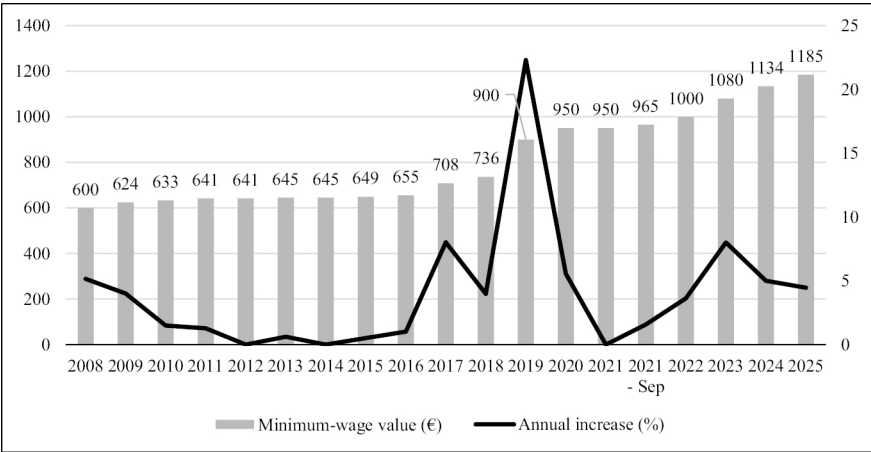


Figure 4.3 Spanish national minimum wage and rate of change in each year (2008–2025).

Note: The left-hand y-axis shows the minimum wage value, while the right-hand y-axis indicates the annual increase.

Sources: Authors’ elaboration; Ministerio de Trabajo y Economía Social, accessed at: www.mites.gob.es/es/guia/texto/guia_6/contenidos/guia_6_13_2.htm

Table 4.3 Minimum wage increases and social concertation agreements in Spain

Year (government in office)	Social Concertation Agreement?	Type of agreement (where agreement exists)
2015 (PP)	No	–
2016 (PP)	No	–
2017 (PP)	No	–
2018 (PP)	Yes	Government + Employers’ confederations + Unions
2019 (PSOE)	No	–
2020 (PSOE – Unidas Podemos)	Yes	Government + Employers’ confederations + Unions
2021 (Jan.) (PSOE – Unidas Podemos)	No	–
2021 (Sept.) (PSOE – Unidas Podemos)	Yes	Government + Unions (employers did not sign)
2022 (PSOE – Unidas Podemos)	Yes	Government + Unions (employers did not sign)
2023 (PSOE – Unidas Podemos)	Yes	Government + Unions (employers did not sign)
2024 (PSOE – Sumar)	Yes	Government + Unions (employers did not sign)
2025 (PSOE – Sumar)	Yes	Government + Unions (employers did not sign)

Source: Author’s compilation from minutes of the Spanish Economic and Social Council, Ministry of Labour press releases, and Boletín Oficial del Estado (BOE) Royal Decrees.

with unilateral decrees. An initial tripartite pact produced the €900 objective in 2018, but the record 22% leap of January 2019 was enacted by Royal Decree without any accord, prompting CEOE to warn, in statements to *El País*, that such unilateralism “questioned the legitimacy of social dialogue” and risked blocking the negotiated wage path it had just endorsed (El País, 2018). COVID briefly revived tripartite discipline, the 2020 rise to €950 carried the three signatures, yet employers again walked out in 2021, a move unions judged “more electoral than economic” (Interview 14). CEOE’s core grievance was the “unexpected drag effect” that steep statutory hikes could exert on sectoral pay scales and autonomy; although it acknowledged the EU’s 60% benchmark as “a valid criterion,” it argued further jumps should await productivity gains (Interview 13). By contrast, CCOO and UGT-S embraced the benchmark as a minimum. CCOO leader Unai Sordo lauded the “autonomy and maturity of the social partners” behind the €1,000 agreement (ABC, 2020a), while UGT-S’s Pepe Álvarez praised the government’s “speed” in sealing the €950 rise (ABC, 2020b). Both confederations then pressed the cabinet to reopen talks to reach 60%, endorsing experts’ scenarios of €1,012–1,047 by 2023 (ABC, 2021a). When negotiations stalled they coupled bargaining with street pressure: Álvarez vowed to “step up mobilisations” (ABC, 2021b) and later declared the jump to €1,000 from 1 January 2022 “non-negotiable” (ABC, 2022). Interviews confirm that union leaders view the 50% leap already achieved, from €735 to €1,080, only as the first stage towards restoring wage dignity (Interviews 14 and 16). For the government, concertation remained desirable but expendable: it welcomed employer signatures when attainable yet relied on executive decree to keep its redistributive timetable on track. The resulting hybrid governance model uses expert reports and euro-legal benchmarks for procedural veneer, Royal Decrees for delivery, and social dialogue for an episodic seal of approval.

The second distinctive feature of the Spanish experience has been the pivotal role of technocratic legitimation in complementing both social dialogue and unilateral executive action. Since 2021, a committee convened by the Ministry of Labour, comprising academics and social partners, has issued three reports. The committee’s mandate was to provide technical support and offer advisory input to the government and social partners regarding the trajectory of the minimum wage, aiming to achieve 60% of the median wage. Subsequent reports were published in 2022 and 2025 (Comisión Asesora para el Análisis del Salario Mínimo Interprofesional, 2021, 2022, 2024). In each instance, the government fully endorsed the recommendations presented in the reports, integrating them into the social dialogue processes with social partners. Thus, the government strategically employed technocratic legitimacy in minimum wage-setting, in conjunction with social dialogue.

Spain’s conservative Popular Party (PP) adopted a two-track narrative on the minimum wage: it accepted increases negotiated in social dialogue but denounced unilateral ‘brusque’ jumps. Party leader Pablo Casado told

the Financial Times in 2018 that raising the statutory minimum wage “so abruptly would be an economic suicide” (ABC, 2018). At home he nevertheless promised to “abide by the agreement to raise the minimum wage to €850 in 2020,” adding that “not a single social-policy lesson for the Partido Popular is needed” because collective bargaining already provides a responsible path (ABC, 2019). Meeting trade unions in January 2020, Casado reiterated that the PP “will support any agreement reached within social dialogue” while pairing this with calls for tax relief and reforms to spur productivity (El País, 2020).

Framed not as an external constraint but as a multi-layered source of legitimation, the EU supplied Spain’s minimum-wage surge with political momentum, legal authority, and financial leverage. Politically, senior officials hailed what a PSOE labour adviser called a “Copernican turn” inside the Commission: “from 2011 the good practice was wage moderation; today the Directive tells us 60 per cent of the median is the benchmark” (Interview 12). A cabinet member and *Unidas Podemos* MP was blunter still: “[i]n the last two years the wind from Brussels blows in favour of decent minimum wages” (Interview 15). A key reason why government and unions embraced that wind is numerical: the Spanish statutory minimum wage equalled only about 41% of the median wage in 2018 and, even after the 2023 hikes, had reached roughly 52% (OECD, 2025) – still well short of the Directive’s 60% yardstick, in stark contrast to Portugal, which surpassed the 60% threshold as early as 2016. Legally, each Royal Decree was cast as a step towards compliance with the forthcoming Directive on Adequate Minimum Wages and with the European Social Charter, neutralising the charge that large hikes were a parochial left-wing whim.⁵ The advisory committee’s reports on minimum wage-setting aimed to guide the government towards a sustainable approach in achieving the 60% target. For trade union confederations, this EU benchmark served as a unifying goal: CCOO’s negotiator stated, “[o]ur objective is exactly what the European Social Charter says: reaching 60% of the median wage” (Interview 16). Similarly, UGT-S connected this threshold to the “*Componente 23*” milestones in Spain’s Recovery and Resilience Plan, asserting that progress on wages, job security, and collective bargaining was essential for accessing Next Generation EU funds (Interview 14). Employers, too, invoked Europe, though to urge caution. A CEOE official conceded that “these international indicators are now valid criteria” but insisted that, having already chased the 60% banner for several years, Spain should pause further jumps until productivity catches up (Interview 13). In effect, Brussels offered a protective umbrella: the Directive, the Social Charter, and the promise of recovery funding armed the Sánchez-Díaz cabinet and the unions with a rights-based narrative and a fiscal carrot, while giving employers a common reference point, even if interpreted as minimum obligation by labour and government, and maximum ceiling by business. The EU thus shifted from watchdog to booster, becoming central to the politics of inclusive solidarity that powered the fastest statutory-wage climb in Spain’s democratic history.

This fits Chapter 2's expectation that, during the EU's 'social turn,' legal templates and fiscal instruments lower the political cost of unilateral re-regulation in majoritarian channels by widening statutory floors and supplying normative cover.

The MAXQDA code map for the Spanish minimum wage reform visualises the actor coalitions and thematic framings that shaped minimum wage-setting (Figure 4.4).⁶ The Spanish MAXQDA code map crystallises a markedly different geometry from its Portuguese counterpart. 'Solidarity' dominates the diagram as a grey hub drawing thick ties from PSOE, *Unidas Podemos*, and several regional parties. Its gravitational pull visually encodes the narrative made above: the Sánchez-Díaz coalition cast the minimum-wage hike as a unifying emblem of social justice, mobilising support across the left while sidelining procedural dialogue throughout the reform cycle. Immediately behind this hub sits 'Left Coalition,' linked by dense edges to PSOE and the hybrid code 'For,' underscoring how executive cohesion, not concertation, anchored the reform. Thick strokes on these central spokes further signal the salience of distributive language in debate. By contrast, 'For Social Concertation' is relegated to the upper-left periphery, connected only by thin lines to the former PP government and national right-wing parties. Its marginality confirms that Spain's wage policy advanced largely outside tripartite bargaining. A secondary cluster in the lower-left features the PP, *Ciudadanos*, and the grey issues 'Competition on the Labour Market' and 'Conflict of interests,' forming a triangular lattice of thick lines. This embodies the opposition's competitiveness frame and its warnings about small and medium enterprises costs. Yet their lack of direct connection to 'Solidarity' highlights rhetorical isolation and limited agenda-setting power. Finally, the bottom-right alliance between 'European Social Charter,' regional left parties, and 'Solidarity' channels the EU-level normative wind discussed in the chapter, bridging supranational mandates and domestic progressive actors. Overall, the map depicts a Spanish variant of inclusive solidarity that is politically cohesive yet procedurally unilateral.⁷

To sum up, Spain exemplifies 'programmatic inclusive solidarity via executive initiative.' A cohesive left coalition leveraged electoral legitimacy, expert authority, and European norms to deliver a rapid, high-profile wage floor, consciously bypassing employer vetoes. The result was a politically coherent and potent reform, but one whose long-term institutional embedding depends on whether social dialogue structures can be re-knitted after years of marginalisation.

Comparison and Discussion: Varieties of Inclusive Solidarity in Iberian Wage Politics

The Portuguese and Spanish minimum wage-setting processes exemplify two analytically distinct variants of inclusive solidarity, each shaped by domestic coalition politics, inherited institutions, and evolving EU incentives. Both

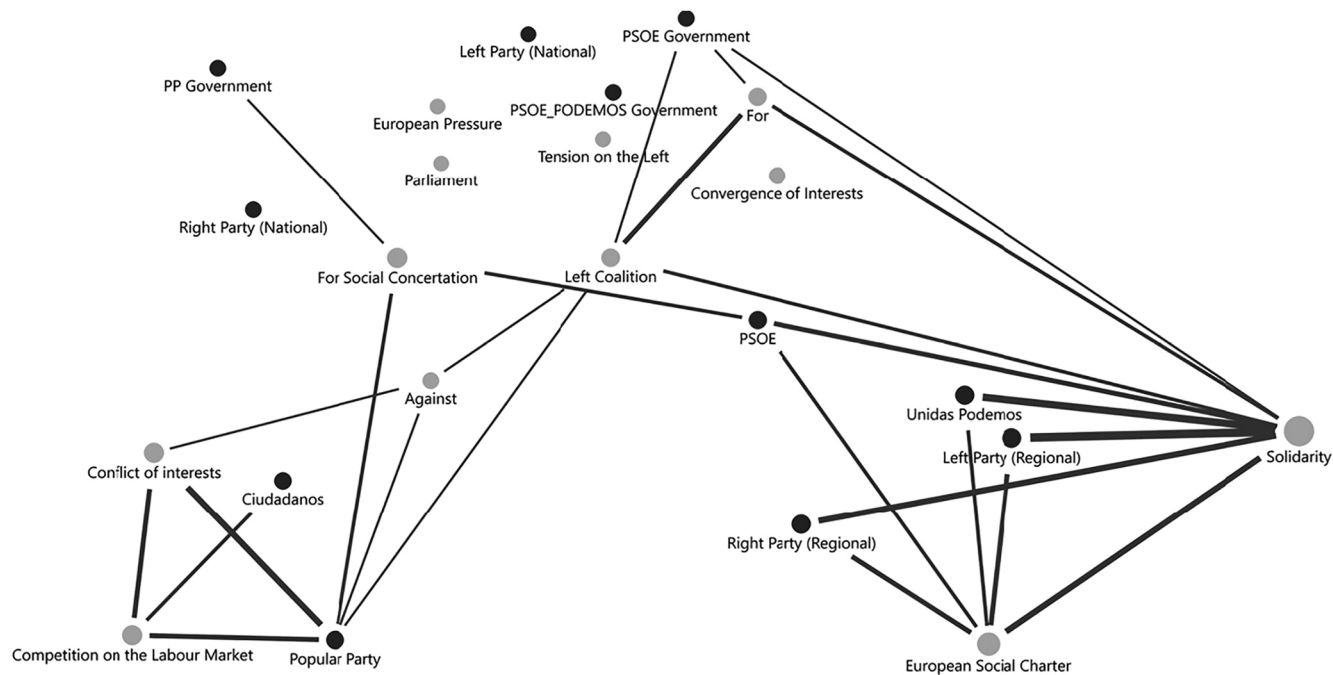


Figure 4.4 Actor coalitions and thematic clusters in Spanish parliamentary debates on the minimum wage.

Notes: Chord thickness reflects the weighted frequency with which two codes co-occur in the parliamentary-debate corpus. The thicker and darker the chord, the stronger the association.

Sources: Authors' elaboration; MAXQDA Code Map.

countries delivered sizeable upratings with clear redistributive intent, yet the coalitional constellations, decision arenas, and legitimation logics that sustained those increases diverged in fundamental ways.

We situate both trajectories within the eight-fold typology advanced in Chapter 2. In Portugal, a Left–Union governing social bloc operated predominantly through tripartite concertation under a liberal-tilted EU stance in 2016–2017, yielding low-to-medium inclusive outcomes; as the EU entered its social turn after 2018, the same bloc–arena configuration produced medium-intensity inclusive change. By contrast, Spain combined a Left–Union governing social bloc with the parliamentary arena during the EU’s social turn, delivering maximal inclusive reform. This mapping underscores our core claim: bloc composition is the necessary determinant of reform orientation, while arena choice and EU leverage act as conditional amplifiers (or brakes) shaping the scope and durability of change. In both cases, arena choice is endogenous to bloc priorities, as argued in Chapter 2.

Pace and scale. As Table 4.4 shows, Spain front-loaded its reform: the statutory minimum wage leapt by 22% in 2019 and reached €1,185 in 2025, a cumulative rise of about 61% over the 2019–2025 window. Portugal, by contrast, adopted negotiated annual increments of roughly €20–€40, generating a more gradual, though still substantial, about 40% increase between 2016 and 2022. Madrid’s left coalition showcased the statutory minimum wage as a high-visibility emblem of progressive ambition; Lisbon integrated smaller, predictable hikes into a broader bargain designed to reassure employers, moderate unions, and Brussels.

Legitimation mechanisms. Portugal embedded each yearly decision in the Permanent Council for Social Concertation. Although only a minority of increases won full tripartite endorsement, the ritual supplied procedural legitimacy, enabled compensatory side-payments to employers and signalled fiscal prudence to the EU. Spain relied chiefly on executive authority, technical support, and ad-hoc parliamentary bargaining: tripartite pacts were welcomed when attainable, but Royal Decrees were issued whenever the timetable was threatened. Portuguese solidarity was therefore institutionally embedded but frequently contested; Spanish solidarity was politically cohesive, fostered social dialogue, but this often failed, and the government acted unilaterally.

The EU dimension. Consistent with Chapter 2’s argument, the Union acted as a conditional selector rather than a unidirectional booster. In Portugal, the lingering shadow of the Troika and European-Semester surveillance initially acted as a brake, nudging the PS to pair each rise with employer offsets and to keep increases ‘predictable.’ In Spain, the same templates provided political momentum, legal authority, and fiscal room to advance rapid uprates.

Governing social blocs and bargaining institutions. Portugal’s path reflects a Left–Union governing social bloc operating in the concertation arena during a phase that shifted from a liberal-tilted to a social-turn EU. This configuration generated incremental but fragile progress: employer confederations

Table 4.4 Minimum wage increases under progressive coalitions: Portugal and Spain

	<i>Portugal (2016–2022)</i>	<i>Spain (2019–2025)</i>
Baseline at the start of the progressive cycle	€505 (2015)	€736 (2018)
Statutory rate in the latest year of the period	€705 in 2022	€1,185 in 2025
Cumulative nominal increase	40% (2016–2022)	61% (2019–2025)
Largest single-year rise within the period	+6% in Jan 2022 (from €665 to €705)	+22% in Jan 2019 (Royal-Decree increase from €736 to €900)
Typical yearly pattern	Negotiated annual increments of €20–€40 each January; no freezes (pace determined in the tripartite council)	Front-loaded ‘shock,’ then gradual steps: sharp 2019 rise followed by smaller annual top-ups
Political logic	<i>Negotiated inclusive solidarity under a consent constraint:</i> the PS exchanged annual increases for tax or social-security offsets, reassuring small and medium enterprises, Brussels, and centrist allies	<i>State-majoritarian convergence (no institutional employer veto):</i> the PSOE–Unidas Podemos/Sumar coalition framed rapid increases as necessary to reach the EU “60 per cent of median wage” benchmark relying on technical advice, legislating by decree when negotiations stalled
Headline narrative	Predictable convergence within EU-Semester parameters; gradualism presented as small and medium enterprises friendly and fiscally prudent	Rapid convergence towards the EU adequacy directive; the minimum wage became a flagship measure of the progressive coalition, despite employer walkouts

Source: Author’s elaboration.

Note: Statutory minimum-wage figures are expressed on a 14-payment basis in both countries.

wielded veto power inside concertation, moderate unions traded wage gains for offsets, and the PS balanced wage solidarity with business competitiveness. Spain’s configuration, a Left–Union governing social bloc plus parliament in a social-turn EU, produced a more cohesive bloc and faster redistribution by marginalising employer vetoes. The result was a politically coherent but more polarised process, with thinner corporatist channels.

Implications for collective bargaining. In Portugal, anchoring wage policy in social concertation helped protect sectoral bargaining, albeit only partially,

by keeping employers at the table. The caution shown by the PS is understandable: the statutory minimum has long stood very close to bargained rates, equalling about 67% of the median wage by 2022, which places Portugal in Dingeldey et al.'s (2021) "close interaction" category.⁸ Because any abrupt uplift risked compressing pay ladders and crowding out negotiation space, the government opted for gradual increments and compensations to employers. In Spain, by contrast, the statutory minimum wage represented roughly 52% of the median in 2023, still some distance from the 60% benchmark; however, very recent uprates have allowed to reach the 60% goal, hence transitioning from distant to close interaction (Eurofound, 2025). This structural gap gave the Sánchez-Díaz cabinet far more room to legislate sharp increases without destabilising collective bargaining, though at the cost of bypassing employers and relying on executive decree. Thus, while both countries pursued inclusive solidarity, Portugal had to temper redistribution to safeguard a bargaining system in which the statutory wage already shadows negotiated scales, whereas Spain could advance more aggressively precisely because collective agreements still sit above the legal floor.

Ideal types of solidarity. The Portuguese use of employer compensations also signals a residual strand of competitive solidarity (Chapter 1) running beneath the dominant inclusive narrative. By reimbursing firms – first via temporary Social-Security rebates, later through direct subsidies – the PS implicitly accepted that in parts of the economy, individual productivity sits close to the old wage floor and that rapid, unfunded increases could erode cost-competitiveness. The State therefore stepped in to bridge the gap, treating higher wages as a public good but treating their financing as a shared responsibility. In Spain, by contrast, the coalition assumed that most firms could absorb sizeable hikes and that wage compression reflected an asymmetry of power rather than a hard productivity ceiling; hence no systematic offsets were offered. Both countries thus pursued inclusive solidarity, yet Portugal's reliance on compensations reveals a mercantile undercurrent that Spain's executive-led strategy deliberately rejected.

In sum, inclusive solidarity in wage policy can crystallise through negotiated incrementalism under external constraint (Portugal) or through programmatic executive initiative (Spain). Each path carries distinct trade-offs between distributive ambition, institutional durability, and social-partner inclusion.

Conclusions

This chapter has shown that Portugal and Spain have pursued the shared goal of raising the minimum wage through two contrasting, but equally 'inclusive,' pathways. Portugal relied on incremental, concerted upratings: annual increases were packaged with fiscal offsets, vetted in the social concertation arena, and calibrated to placate both EU surveillance and employer concerns. Spain instead adopted a front-loaded, executive-driven strategy: the PSOE-led

coalition leveraged electoral authority, EU norms and expert advice to legislate record hikes, inviting unions into the spotlight while accepting the risk of employer walkouts. The comparison demonstrates that inclusive solidarity is not a single institutional recipe but a repertoire that can be assembled either through corporatist brokerage under external constraint or through programmatic state initiative under a favourable European tailwind. The trade-offs are clear: Portugal's model offers procedural durability but limited distributive reach; Spain's delivers rapid redistribution but leaves the institutional moorings of social dialogue thinner.

Two wider implications follow. First, EU integration has moved from 'watchdog' to 'booster.' Where the Troika once froze Iberian wage floors, the Adequate Minimum Wage Directive and Recovery Plan now provide normative and fiscal cover for ambitious upratings. Yet the chapter also shows that Brussels' leverage is mediated by domestic politics: the same Directive that empowers Spanish unions to demand a 60% benchmark furnishes Portuguese employers with a discursive ceiling. Second, employment relations institutions still matter, but in different ways. In Portugal, concertation remained a veto arena that both legitimised and constrained wage policy; in Spain, its marginalisation raised questions about the long-term balance between statutory action and collective bargaining.

By mapping the political pathways through which two neighbouring states reversed a decade of wage austerity, the chapter underlines a broader lesson: inclusive solidarity is as much a question of political agency and institutional choice as of macroeconomic room for manoeuvre. Recognising those choices, and their limits, remains essential for understanding how progressive governments can harness wage policy to rebuild solidarity in a post-crisis Europe.

Notes

- 1 In the case of this chapter, in Portugal, we utilise the time span 2016–2022, as decisions regarding minimum wage increases have consistently taken effect in the January following the decision. Accordingly, rather than the period 2015–2021, as employed in all other empirical chapters, we analyse the period 2016–2022.
- 2 On this point, see CGTP (2016).
- 3 It is worth noting that EU institutions were not alone in opposing higher minimum wages; other international organisations raised similar concerns. When the PSD–CDS–PP government announced an increase in 2014, the IMF warned that the measure could hinder job creation and economic growth (Observador, 2014). In July 2015 the OECD echoed this view (Expresso, 2015).
- 4 The study covers 97 parliamentary debates held between 2015 and 2022, using the same coding grid applied in the Spanish analysis. The grid comprises eight thematic dimensions. "Actor" identifies the principal stakeholders, while "Compensation measures for employers" codes arguments for and against such offsets. "Levels of decision-making" captures references to the arenas in which influence is exerted – social concertation, the national parliament, and supranational bodies such as the

Troika and the European Semester – again distinguishing supportive from critical views. “Positions on reform” records each party’s stance (support, opposition, or neutrality), and “Solidarity references” flag explicit invocations of solidarity. “Labour-market competition” documents perceived challenges within the employment sphere. “Coalition supporting the reform” classifies the political location of backers (left, centre, or right), whereas “Tension on the left” traces intra-left disagreements over the minimum-wage package. Taken together, this coding scheme provides a nuanced lens through which to interpret Portuguese parliamentary discourse on minimum-wage policy.

5 Notably, each Royal Decree (1462/2018, 231/2020, 817/2021, and 152/2022) that raised the minimum wage invokes the European Social Charter and its 60% benchmark.

6 In Spain, we analysed 24 parliamentary debates; details of the coding grid employed are provided in endnote 4.

7 Note, however, that every year the government convened social partners to negotiate the minimum wage. Procedurally, there was always social dialogue, but an agreement was only occasionally reached.

8 Consistent with this trend, the proportion of workers paid the minimum wage rose markedly between 2015 and 2022, increasing from 18% to 24%. These figures refer to individuals aged 30–64 (Youth Employment Observatory, 2025).

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Appendix: Interview List and Technical Note

Interview list – Portugal

- Interview 1: Confederation of Commerce and Services of Portugal (CCP) representative. Date: 18/05/2022. Site: Lisbon.
- Interview 2: Christian Democrats (CDS-PP) member of parliament. Date: 02/06/2022. Site: Lisbon.
- Interview 3: General Confederation of Portuguese Workers (CGTP) representative. Date: 09/06/2022. Site: Lisbon.
- Interview 4: Social Democratic Party (PSD) member of parliament. Date: 12/07/2022. Site: Lisbon.
- Interview 5: Confederation of Portuguese Industry (CIP) representative. Date: 01/07/2022. Site: via Zoom.
- Interview 6: Ecologist Party “The Greens” (PEV) member of parliament. Date: 01/06/2022. Site: via Zoom.
- Interview 7: Left Block (BE) member of parliament. Date: 17/05/2022. Site: via Zoom.
- Interview 8: Former member of cabinet of the Portuguese Socialist government. Date: 20/05/2022. Site: Lisbon.
- Interview 9: Portuguese Communist Party (PCP) member of parliament. Date: 16/05/2022. Site: Lisbon.
- Interview 10: General Union of Workers (UGT-P) representative. Date: 20/06/2022. Site: via Zoom.
- Interview 11: Socialist Party (PS) member of parliament. Date: 19/10/2022. Site: Lisbon.

Interview list – Spain

- Interview 12: Cabinet Member of the Spanish Coalition government. Date: 04/11/2022. Site: via Zoom.
- Interview 13: Spanish Confederation of Employers’ Organizations (CEOE). Date: 25/11/2022. Site: via Zoom.
- Interview 14: General Workers’ Union (UGT-S) representative. Date: 02/03/2023. Site: via Zoom.
- Interview 15: Member of cabinet and Podemos member of parliament. Date: 11/04/2023. Site: via Zoom.
- Interview 16: Trade Union Confederation of Workers’ Committees (CCOO) representative. Date: 04/07/2022. Site: via Zoom.

Technical note: Parliamentary debates were analysed using MAXQDA 2022. The dataset comprised 97 debates from Portugal and 24 from Spain.