

ABSTRACT

Javier G. Polavieja

Nuffield College, OXFORD

Insiders and Outsiders

Structure and Consciousness Effects of Labour Market Deregulation in Spain (1984-1997)

In 1984, Spain's Socialist government introduced temporary contracts aimed at reducing unemployment through greater labour market flexibility. This reform is a paradigmatic example of *two-tier labour market policies* which deregulate conditions for some workers, but not for others. The 1984 reform did not alter the high employment security levels of permanent workers inherited from the pre-democratic era. The book defends two interrelated theses. *First*, that in a regulatory context characterised by high dismissal costs and a bargaining system ill suited for inclusive interest representation, two-tier deregulation is likely to enhance *horizontal* labour market inequalities, which are defined as persistent patterns of differentiation in the individual labour market opportunities of similar-productivity workers. Two-tier deregulation generates horizontal inequalities *because* it affects the *amount* of employment rents generated in employment relationships and the rent-optimisation *capacity* of workers on different contracts. The evidence presented shows that two-tier deregulation decreased temporary workers' rents while increasing the employment rents of permanent workers, thus generating horizontal inequalities among otherwise identical workers. An important implication of these findings is that type-of-contract segmentation in Spain has a logic of its own, which cannot be subsumed within the logic of class differentiation. *Second*, the book argues that individuals' positions within these new structures of inequality can have 'consciousness' effects, which have political consequences. 'Consciousness' effects are, however, mediated by individuals' own ideological maps (acquired through processes of political socialisation). The evidence presented shows that labour market precarity associated with temporary contracts separates workers from trade unions and generates political discontent. Evidence also suggests that, in the 1996 general elections, political discontent among leftwing and ex-Socialist outsiders favoured punishment voting against the incumbent Socialist Party. The Spanish case thus demonstrates how institutional deregulation can have a structuring impact in contemporary institutionally filtered capitalism.