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Measuring the Effectiveness of Policies on Employment from 2008-2024 in Spain Using a New Methodology

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ABSTRACT: This study evaluates the effectiveness of employment policies implemented in Spain from 2008 to 2024, utilizing an innovative methodology adapted from Adekanbi (2024). Spain's labor market faced significant challenges, including high unemployment, labor market segmentation, and skill mismatches, particularly during and after the 2008 financial crisis. The research employs econometric modeling to analyze the relationship between unemployment rates, labor force participation, and Gross National Income (GNI) per capita over various policy periods identified through structural change detection. Key findings reveal the impact of major reforms, including the 2012 labor market restructuring, youth employment initiatives, and digital and green economy training programs. Results indicate varying effectiveness across policy periods, with unemployment and labor force participation significantly influencing GNI per capita. Recommendations emphasize prioritizing industrial sector revitalization, aligning policies with technological advancements, and diversifying the economy to address persistent unemployment and labor shortages. This comprehensive analysis underscores the need for balanced economic strategies to foster resilience and long-term growth in Spain's labor market.

INTRODUCTION

Spain’s labor market faces a complex set of challenges, from high unemployment and labor market segmentation to skills mismatches and technological disruption. High levels of youth unemployment, labor market segmentation, and the need for further flexibility in wage-setting and employment protection remain critical issues that the government continues to address through ongoing reforms and policies. The current unemployment insurance system was established by an act of parliament on July 23, 1961, in the form of the Seguro Nacional de Desempleo (National Unemployment Insurance). This system followed earlier unemployment protection mechanisms dating back to the 1930s. It operates as part of Spain’s mandatory social protection system, providing contributory benefits to workers who have been employed for at least 360 days over the past six years. Non-contributory benefits are also available to those who do not qualify for the contributory scheme, offering a safety net for unemployed workers.

The contributory benefits are accessible to those registered with social security who are legally unemployed, actively seeking work, and willing to accept suitable placements, provided they have contributed for at least 360 days within the past six years. The duration of these benefits ranges from 120 to 720 days, depending on the contribution length. Recipients receive 70% of the calculation basis for the first 180 days, reducing to 50% thereafter, with benefit caps set according to family dependents, from €560 to €749 minimum and €1,225 to €1,575 maximum. Non-contributory benefits apply to those who are ineligible for or have exhausted contributory benefits. Managed by the Servicio Público de Empleo Estatal (SEPE), applications must be submitted within two weeks of becoming legally unemployed.

While significant reforms have been undertaken since 2008, ongoing efforts are needed to create a more resilient labor market that can adapt to both structural and technological changes.

The objective of the research is to analyze the policies implemented from 2008 to 2024 and to identify which policies had effective impact in addressing these critical issues by regressing unemployment rate against Gross National Income (GNI) and by using methodology designed by an economist, Omolara Adebimpe Adekanbi in a comparative analysis she conducted between Mexico and Nigeria in which she compared the national policies in Mexico to those in Nigeria by using econometric tools in an innovative method such that the evaluation result of 11 policies with the corresponding variables across 48 years were obtained in empirical form.

The Labor Market in Spain and Employment Policies

Spain's labor market faces ongoing challenges with high unemployment, reliance on temporary contracts, and skills mismatches, despite reforms. Recent labor shortages and technological shifts further complicate efforts, requiring targeted policies to boost employability and job creation. Particularly, the labor market faced significant structural challenges, especially in the aftermath of

the global financial crisis of 2008. The crisis exposed deep vulnerabilities in the Spanish economy, leading to a dramatic surge in unemployment, particularly among youth and temporary workers. Spain's unemployment rate peaked at a staggering 27.1% in 2013, one of the highest in the European Union, with youth unemployment rates soaring to over 57% during this period (Unedic, 2020). The economy experienced a double-dip recession, and structural issues in the labor market exacerbated the employment crisis (Oriol Homs, Schulz, & Vernacotola, 2017).

Several key labor market policies were implemented between 2008 and 2013 to address the escalating unemployment problem. The Spanish government introduced major labor market reforms in 2010 and 2012 aimed at increasing labor market flexibility and reducing severance costs for employers (Unedic, 2020).These reforms included reducing compensation for unfair dismissal from 45 days per year worked to 33 days, and allowing firm-level collective bargaining to take precedence over sector-wide agreements, providing more flexibility for companies to adjust wages and working conditions (International Institute for Labour Studies, 2013).

Despite these reforms, Spain's labor market continued to struggle with dual employment protection, where workers on temporary contracts bore the brunt of job losses during economic downturns. Temporary contracts accounted for over 30% of the labor force, leading to higher job turnover and instability for many workers (Unedic, 2020). The rigidities in wage-setting mechanisms, which were tied to inflation through wage indexation, further limited the ability of companies to adjust wages during periods of economic contraction, often resulting in job cuts rather than wage reductions (Jimeno, 2011).

To combat rising unemployment, especially among youth, the Spanish government implemented several active labor market policies. Programs targeting youth unemployment included training and entrepreneurship incentives, with Spain also benefiting from the European Union's Youth Guarantee Program, which aimed to offer employment, education, or training to those under 25. In 2013, the government adopted the Strategy for Entrepreneurship and Youth Employment (2013–2016), designed to improve employability and promote self-employment (International Institute for Labour Studies, 2013).

Spain's unemployment insurance system, established in 1961, also played a critical role in providing social protection during the crisis. Workers who had contributed to the social security system for at least 360 days within the previous six years were eligible for contributory unemployment benefits, which offered 70% of the reference wage for the first 180 days, followed by 50% thereafter . The system also included non-contributory benefits for those who had exhausted their rights to contributory benefits, ensuring a minimum level of protection for jobseekers (Unedic, 2020).

Between 2012 and 2016, Spain implemented a series of labor market policies aimed at tackling high unemployment rates, especially among young people, and addressing labor market segmentation issues. In 2012, the Spanish government introduced substantial labor reforms to increase market flexibility, with the primary goals of stimulating job creation and reducing the rigidity of labor contracts. One significant change was the reduction of severance costs for unfair dismissals, which were lowered from 45 days to 33 days per year of service. This adjustment aimed to reduce costs for employers, encouraging them to hire more readily and enabling companies to adapt to economic fluctuations. Additionally, the reform shifted wage bargaining from a sector-wide level to a firm level, allowing individual companies to negotiate wages and conditions directly with their employees. This shift allowed companies more flexibility to adjust wages based on their economic situations and provided an alternative to the standardized, sector-level agreements that had previously limited wage adjustments.

The labor reform was implemented by the Spanish government in February 2012 through Royal Decree-Law 3/2012. This decision was made unilaterally by the government after attempts to reach an agreement with social partners failed. In July 2012, the Spanish parliament ratified Law 3/2012, which introduced urgent measures to reform the labor market. The reform encompassed a wide range of changes to labor market institutions, impacting critical aspects such as the level of centralization in the collective bargaining system, as well as dismissal costs and procedures (Eurofound, 2015).

From 2013 through 2016, Spain focused its efforts on initiatives targeted at youth and the long-term unemployed, both groups that were particularly affected by the economic crisis. One of the most prominent initiatives was the Strategy for Entrepreneurship and Youth Employment, launched in 2013. This strategy was aimed at young people under the age of 25 and provided resources for training, reskilling, and entrepreneurial support. The goal was to equip young people with skills aligned with the labor market needs, thereby enhancing their employability and reducing youth unemployment. In 2014, Spain joined the European Union's Youth Guarantee Program, which pledged that young people under the age of 25 would receive an offer of employment, continued education, or an apprenticeship within four months of becoming unemployed or finishing formal education. This program addressed the pressing issue of youth unemployment by providing young people with immediate opportunities to either gain work experience or further their education, thereby preventing prolonged periods of joblessness.

In 2014, Spain introduced the Employment Activation Program, aimed specifically at reducing long-term unemployment, which had persisted since the financial crisis. The program targeted individuals who had been out of work for extended periods, especially those with family responsibilities, and provided economic assistance contingent upon their participation in training and activation programs. These programs were designed to reskill the unemployed, improving their chances of re-entering the labor market. This initiative was coupled with a stronger focus on vocational education and training (VET) to address the skills mismatch, as many unemployed workers did not have the qualifications needed for available jobs (Sancha & Gutiérrez, 2019).

In summary, for the long-term unemployed, the Employment Activation Program provided support through skills training, job matching services, and retraining to facilitate their reintegration into the workforce.

In 2015, Spain's labor reforms were further reinforced through the Annual Employment Policy Plan (PAPE), developed in coordination with regional governments, which represented a further commitment to improving workforce skills and employability across the country. The plan prioritized active labor market policies, such as professional guidance, job placement services, and training. The government increased the budget for active employment measures by 16.8%, reflecting its commitment to combat long-term unemployment and help displaced workers find new jobs. Additionally, efforts were made to improve coordination between national and regional employment services, ensuring that these policies reached those most in need (Sancha & Gutiérrez, 2019). This policy focused on providing comprehensive career guidance and training to help people improve their job prospects. A key component of the PAPE was the emphasis on coordination between national and regional employment services. By streamlining these services, the Spanish government aimed to make employment support more accessible and effective, ensuring that job seekers across the country received the assistance they needed.

By 2016, Spain faced increasing criticism regarding the over-reliance on temporary contracts, which accounted for a large proportion of the workforce. The courts intervened to reduce this labor market segmentation by mandating that temporary workers receive equal severance payments to those on permanent contracts. This was a significant step toward reducing the exploitation of temporary workers, who had borne the brunt of the economic downturn. The government also made efforts to strengthen worker protections, ensuring that those on temporary contracts had a clearer path to more secure employment (Bissels, 2017). Overall, the focus shifted toward addressing labor market segmentation and improving job security for temporary workers. The major reforms was the mandate for equal severance payments for temporary and permanent workers, which aimed to reduce the disparities in job security and severance between these two categories. By ensuring that temporary workers received the same severance benefits as permanent employees, the government encouraged employers to offer more stable, long-term positions. This approach aimed to reduce the over-reliance on temporary contracts, which had been a persistent issue in the Spanish labor market, and to promote greater employment stability.

In 2017, the Spanish government introduced the Youth Employment Action Plan, a strategic initiative designed to reduce youth unemployment and promote job stability. This plan focused on providing young workers with permanent contracts instead of temporary jobs, which had dominated the labor market. Financial incentives were offered to companies that hired young workers on permanent contracts, while entrepreneurship programs were expanded to encourage self-employment and innovation among the youth. This year also saw a renewed effort to transition workers from temporary to permanent employment, addressing one of the key labor market challenges from previous years (Unedic, 2020).

In 2018, vocational training continued to play a critical role in Spain's employment strategy. The government focused on aligning training programs with the needs of the labor market, particularly in sectors like technology and engineering, where labor shortages were becoming more apparent. Flexibility in employment contracts was also expanded, allowing companies to adjust work hours and wages more easily in response to economic conditions. These reforms aimed to reduce the reliance on layoffs during economic downturns and improve the long-term sustainability of employment contracts (CEDEFOP, 2023).

Recognizing the rapid technological advancements and the need for a digitally skilled workforce, the government launched programs to improve digital skills and foster labor market adaptability. This initiative sought to align workforce training with labor market needs by equipping employees with digital competencies to enhance their employability and promote economic resilience. Emphasis was placed on contract flexibility to help companies retain workers during economic downturns. By equipping workers with in-demand digital skills and enabling flexible employment structures, Spain prepared its workforce for the evolving digital economy and mitigated the risks of job losses during economic fluctuations.

By 2019, Spain began addressing the growing impact of digitalization on the labor market. With the rise of automation, robotics, and artificial intelligence, the government introduced new policies aimed at promoting digital skills training for both the unemployed and those currently in the workforce. The focus was on equipping workers with the skills necessary to thrive in the evolving job market, particularly in sectors undergoing technological transformation. The government also identified labor shortages in industries such as healthcare, engineering, and IT, and introduced measures to attract workers to these fields through targeted training and recruitment programs (Kralj, 2024).

The COVID-19 pandemic in 2020 caused a sudden and severe disruption to Spain's labor market. In response, the government implemented job retention schemes (ERTEs), which allowed businesses to reduce working hours or temporarily lay off employees while the government subsidized lost wages. This program helped prevent mass layoffs, particularly in sectors like tourism, hospitality, and manufacturing, which were hardest hit by the pandemic. Unemployment benefits were extended to cover a wider range of workers, including those in gig and informal sectors who had previously been excluded from social protection systems. The government also focused on supporting workers through remote work initiatives and digital transformation policies, ensuring that businesses and employees could adapt to the new economic realities brought on by the pandemic (Banco de Espana, 2023).

Through this program, businesses were able to retain employees during periods of reduced demand. Overall, the measures taken were critical in supporting vulnerable workers and stabilizing the economy during a period of significant hardship.

In 2021, Spain enacted a set of labor market reforms specifically targeting temporary contracts. The objective was to reduce the prevalence of temporary employment by encouraging permanent contracts and offering more security for workers. These reforms included financial incentives for companies that transitioned temporary employees into permanent roles and stricter regulations on the use of temporary contracts. The reforms also improved unemployment benefit protection, allowing workers to combine part-time work with unemployment benefits, offering greater flexibility for re-entering the labor market without losing financial support. Additionally, Spain introduced an equality plan, requiring companies to conduct wage audits to ensure gender pay equity (Lariau, Pizzinelli, & Shi, 2024). The mandatory wage audits aimed to promote gender pay equity, addressing longstanding disparities in pay and working conditions for women. These wage audits required employers to review and report on pay practices, allowing for greater transparency and accountability. The focus on gender equality extended to broader efforts in workplace inclusivity, reinforcing Spain's commitment to creating an equitable labor environment that supports all workers.

In 2022, the government's labor market policies began to focus more heavily on digital transformation and preparing the workforce for the transition to a green economy. As part of its efforts to combat climate change, Spain introduced initiatives aimed at creating jobs in renewable energy, sustainable agriculture, and environmental engineering. These sectors were seen as key growth areas, and the government provided incentives for companies to hire and train workers in green economy jobs. Digital skills training was also expanded, with a focus on helping workers transition into IT, cybersecurity, and data science roles, as these sectors were experiencing significant labor shortages (U.S. Department of State, 2023).

In 2023, Spain passed new labor legislation focusing on inclusive employment and entrepreneurship. The new laws were designed to promote employment opportunities for vulnerable groups, including ethnic minorities, LGBTQ individuals, and people affected by drug dependence. These policies sought to ensure that everyone had equal access to job opportunities and career development. In addition, entrepreneurship support was expanded, with the government simplifying access to financing for new businesses and offering advisory services to help entrepreneurs navigate the challenges of starting and running a business. This year also saw a renewed emphasis on promoting job stability through the creation of permanent roles (Berberena, 2024).

Despite these measures, by 2023, the labor market continued to face challenges, including persistent labor shortages in technical fields, and ongoing high unemployment rates, especially among certain demographics such as migrants and youth. Labor reforms continued, with a focus on improving flexibility, reducing temporary contracts, and addressing long-term unemployment. The government also aimed to modernize labor regulations by incorporating entrepreneurship support and adapting labor laws to ensure clearer and more predictable working conditions, following the transposition of Directive (EU) 2019/1152 into Spanish law.

Improvements in job creation did occur in recent years, however, Spain's unemployment rate remains excessively high in comparison to other European Union countries. As of 2023, the unemployment rate stood at 11.8%, while youth unemployment remained particularly severe at 28%, nearly triple the OECD average. Long-term unemployment continues to be a persistent challenge, affecting a significant portion of the workforce (Banco de Espana, 2023). In addition to these unemployment challenges, Spain is also facing the growing impact of technological changes such as robotics and artificial intelligence, as well as demographic shifts like an aging workforce. These factors are expected to dramatically alter labor demand and supply, underscoring the need for proactive labor market policies that focus on improving employability through training and job mediation, especially in sectors affected by technological disruption.

Another pressing issue is the emergence of labor shortages despite the high unemployment rate. By 2023, labor shortages became a significant barrier to business activity, indicating a mismatch between the skills of the unemployed and the needs of employers. This shortage is particularly acute in technical and scientific professions, which have seen the highest growth in employment, while more labor-intensive sectors like services and construction continue to contribute to job creation (European Labour Authority, 2024).

METHODOLOGY

In the research paper, Adekanbi (2024) introduces an innovative framework for evaluating long-term policy impacts, addressing the shortcomings of traditional econometric methods like the Chow Test. By utilizing a distributed lag model, the study assesses the effects of education policies on Gross National Income (GNI) per capita, incorporating lagged values for school enrollments and government spending. Structural change detection highlights significant GNI shifts in Mexico and Nigeria from 1970 to 2018. Additionally, regression analysis with dummy variables evaluates the impact of 45 policies on unemployment rates. This methodology offers a robust tool for assessing national policies over time, providing valuable insights for both historical evaluation and future policy development in development economics. However, in this paper, we do not need to apply distributed lag model or lag values because the exact values of our variables are available.

Hence, the regression model in equation 1 is a relationship between the dependent variable GNI per capita –to represent the level of development of the people in terms of income per capita –and the independent variables which are the unemployment rate and labor force participation. The data on the variables were compiled starting from 2008 and ending in 2023.

Model Specification:

$$GNI/capita = \beta_0 + \beta_1 X_{1t} + \beta_2 X_{2t} + \varepsilon_t \quad (1)$$

Where Y_t = GNI/capita, X_t = unemployment rate, X_{2t} = Labor force participation rate, ε_t = error term

GNI per capita (dependent variable, or regressand) — the Gross National Income per capita in period t. The intercept, β0, represents the value of GNI per capita when unemployment is zero and the error term, ε_t captures the influence of other factors not included in the model.

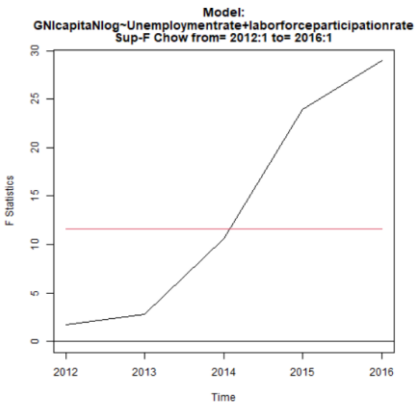
Source of Data

The values of GNI per capita in current US dollars and unemployment rate total (% of total labor force) (national estimate) were obtained from world bank data and it covers a span of 16 years from 2008 to 2024 and are presented on Table 1.

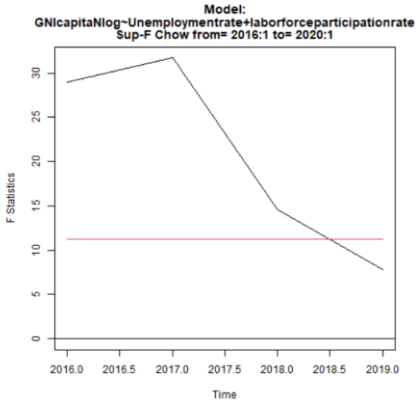
Table 1. Trends in GNI per Capita, Unemployment Rate, and Labor Force Participation Rate in Spain (2008-2023)

Year	GNI per capita	Unemployment Rate	Labor Force Participation Rate
2008	32250	11.255	59.373
2009	32560	17.857	59.505
2010	31970	19.86	59.626
2011	31020	21.391	59.675
2012	29540	24.789	59.732
2013	29230	26.094	59.377
2014	29160	24.441	58.961
2015	28460	22.057	58.829
2016	27570	19.635	58.524
2017	27120	17.224	58.117
2018	29330	15.255	57.924
2019	30360	14.105	57.92
2020	27180	15.532	56.72
2021	30090	14.781	57.771
2022	32090	12.917	57.888
2023	32180	12.179	58.064

Source: World Bank Data

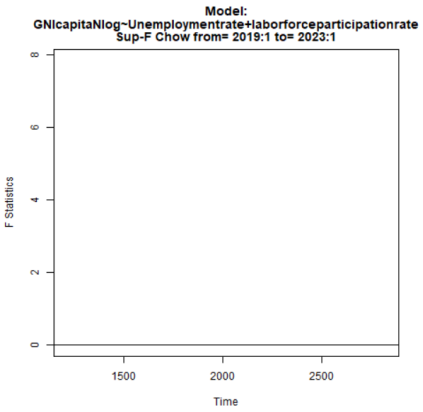


T-Statistics	P-Value
28.9557	3e-05



T-Statistics	P-Value
31.705	1e-05

Figure 2.Result of Structural Change Detection



T-Statistics	P-Value
7.8338	0.00556

The result obtained from R essential bundle on SPSS shows there was a significant structural change between 2012-2016, 2016-2020, and 2018-2023. Following the steps taken by Adekanbi (2024), the regression analysis of these years has to be conducted to determine the relationship between the variables and use it to conclude on which policies were effective and otherwise.

Table 2. Regression Result 2008-2023

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.813	.792		8.598	<.001
	Unemployment rate	-.012	.003	-.866	-4.364	<.001
	labor force participation rate	.063	.014	.897	4.521	<.001

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.811[a]	.658	.606	.0392880
a. Predictors: (Constant), labor force participation rate, Unemployment rate				
a. Dependent Variable: GNI/capita Nlog				

Regression Result 2012-2016

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.922	1.049		8.502	.014
	Unemployment rate	.007	.003	.665	2.053	.176
	labor force participation rate	.020	.019	.342	1.055	.402
a. Dependent Variable: GNI/capita Nlog						

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.966[a]	.933	.867	.0101056
a. Predictors: (Constant), labor force participation rate, Unemployment rate				

Regression Result 2016-2020

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.370	1.437		5.128	.036
	Unemployment rate	-.025	.008	-1.065	-3.091	.091
	labor force participation rate	.057	.026	.753	2.187	.160
a. Dependent Variable: GNI/capita Nlog						

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.912[a]	.832	.665	.0294455
a. Predictors: (Constant), labor force participation rate, Unemployment rate				

Regression Result 2018-2023

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.280	1.076		6.762	.007
	Unemployment rate	-.029	.007	-.620	-4.449	.021
	labor force participation rate	.060	.018	.472	3.386	.043
a. Dependent Variable: GNI/capita Nlog						

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.982[a]	.963	.939	.0155141
a. Predictors: (Constant), labor force participation rate, Unemployment rate				

Interpretation of Results

Summary of 2008-2023 Model

R = 0.811, R-squared = 0.658: This suggests that the model explains 65.8% of the variance in GNI per capita, a moderate to strong fit. The coefficients of unemployment rate and labor force participation rate are -.012 and .063 respectively. This means a unit increase in unemployment rate will cause GNI per capita to reduce by 1.2%, while labor force participation rate will cause it to increase by 6.3%. This shows that, overall, policies that remained constant over the years, that is Spain's unemployment insurance system, the contributory and non-contributory benefits do not appear to have improved the conditions of living for the people since the rate of those without jobs and most likely to be on these benefits have a lower income per person. However, a full regression analysis for year 2008-2023 cannot show a closer picture of the effects of these policies.

Result of 2008-2023 Regression

R = 0.966, R-squared = 0.933: The high R-squared value indicates strong explanatory power, showing that the labor force participation rate and unemployment rate changes had a significant impact on GNI per capita. The coefficients of unemployment rate and labor force participation rate are .007 and .020 respectively. This means a unit increase in unemployment rate will cause GNI per capita to increase by 0.7%, while labor force participation rate will cause it to increase by 2%.

The policies introduced during this era are effective, such that even the unemployed appeared to have been comfortable judging from the positive estimate on the variable. The policies consist of the 2012 labor market reform, the 2014 Employment Activation and Vocational Training, the 2015 Focus on Active Labor Market Policies, the 2016 Legal Reforms and Temporary Employment.

Result of 2016-2020 Regression

R = 0.912, R-squared = 0.832: A high R-squared value suggests that the regression model explains 83.2% of the variance, though the adjusted R-squared is slightly lower.

The coefficients of unemployment rate and labor force participation rate are -.025 and .057 respectively. This means a unit increase in unemployment rate will cause GNI per capita to reduce by 2.5%, while labor force participation rate will cause it to increase by 5.7%.

Policies implemented in these years include legal reforms and temporary employment in 2016, youth employment action plan and job stability in 2017, strengthening vocational training and job market flexibility in 2018, promoting digital skills and addressing labor shortages in 2019, covid-19 pandemic response in 2020.

Result of 2018 – 2023 Regression

R = 0.982, R-squared = 0.963: The very high R-squared value here indicates a strong relationship, with labor force participation and unemployment rates explaining nearly all of the GNI per capita changes. The coefficients of unemployment rate and labor force participation rate are -.029 and .060 respectively. This means a unit increase in unemployment rate will cause GNI per capita to reduce by 2.9%, while labor force participation rate will cause it to increase by 6.0%.

The policies implemented include Labor Market Reforms Targeting Temporary Employment in 2021, Digital Transformation and Green Economy Jobs in 2022, Inclusive Employment and Entrepreneurship Support in 2023.

RECOMMENDATIONS

To secure long-term economic stability and resilience, Spain should once again prioritize strengthening its industrial sector. While the service sector has fueled recent growth, relying predominantly on services—especially those tied to seasonal tourism—can limit economic resilience, especially in times of global uncertainty. By reinvigorating the industrial sector with advanced technologies and sustainable practices, Spain can balance its economy, improve job stability, and foster innovation in high-value areas.

Focusing on the industrial sector is essential, particularly as technological advancements continue to redefine global industry standards. Investing in emerging fields such as advanced manufacturing, green technology, and robotics would align Spain's industry with global shifts while creating skilled, long-term jobs. Spain has a strong foundation in manufacturing, with sectors like automotive, aerospace, and renewable energy production already contributing substantially to the economy. Strategic investment in these and related areas could help the country position itself as a European leader in high-tech, eco-friendly manufacturing, which will be increasingly in demand as countries shift toward decarbonization.

Moreover, re-prioritizing industry will mitigate the risks of over-dependence on the service sector, which is vulnerable to seasonal and economic fluctuations. By rebalancing toward industry, Spain could diversify its economic base, make regional economies less dependent on tourism, and create high-quality jobs that attract and retain a skilled workforce. This balanced approach would also help address regional disparities, as industrial growth can stimulate economic activity in rural and underdeveloped areas where service jobs alone may not provide sufficient economic uplift.

Given that technological advancements are rapidly reshaping how industries operate, prioritizing the industrial sector would allow Spain to integrate cutting-edge digital tools into its manufacturing processes, supply chains, and quality control systems. A focus on smart factories and automated production facilities, along with fostering a strong research and development (R&D) environment, would help Spanish industries remain competitive on a global scale. Investment in technology-driven industry would not only boost productivity and reduce production costs but also ensure that Spain stays at the forefront of the global shift toward sustainable and intelligent industrial systems.

CONCLUSION

Spain's labor reforms from 2012 to 2024 focused on reducing unemployment, improving job security, and addressing labor market disparities, particularly for youth and vulnerable groups. Policies evolved from reducing severance costs and supporting apprenticeships to pandemic job protections and reskilling initiatives in digital and green sectors. Moving forward, Spain has the opportunity to rebalance its economy by prioritizing the industrial sector alongside services. By investing in advanced manufacturing and renewable energy, Spain can diversify its economy, create high-quality jobs, and foster a resilient, future-ready workforce that aligns with global technological and environmental trends.

In summary, by prioritizing its industrial sector and aligning it with modern technological advancements, Spain can diversify its economy, create stable, high-quality jobs, and foster an ecosystem of innovation that supports long-term economic resilience. The nation's future competitiveness and growth will benefit from a balanced approach that elevates industry alongside services, ensuring that Spain thrives in a rapidly evolving global economy.

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