

FINAL REPORT

INTERNATIONAL HIGH-LEVEL
EXPERT COMMITTEE ON

DEMOCRACY AT WORK.



**International High-level Expert Committee on Democracy at Work
regarding Article 129.2 of the Constitution of Spain**

Two Promises to Those Who Work: Voice and Ownership

**Report commissioned by the Second Vice-Presidency and
the Ministry of Labour and Social Economy of Spain**

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Executive Summary

The following Report was produced by the **High-Level Expert Committee on Democracy at Work**, convened by the **Second Vice-Presidency and the Ministry of Labor and Social Economy of Spain in February 2025**.

Despite remarkable achievements in recent years—most notably a multi-dimensional labor market reform that reduced unemployment and fueled economic growth, positioning Spain as a leading economy within the EU—the Spanish Government aims even higher. Indeed, the Constitution itself calls for greater ambition.

The Expert Committee was tasked with examining the application of Article 129.2 of the Spanish Constitution as a potential remedy for the situation of polycrisis faced by Spain and all of the world's nations, marked by increasing economic and social inequality and the depletion of natural resources, which threatens a sustainable future for all.

The work of the Expert Committee was divided into 3 mandates:

1. **Diagnosis:** Examine the history, content, and current applications of Article 129.2, and identify contemporary problems for which its application might offer solutions.
2. **Strategy:** Propose a trajectory for the application of Article 129.2 moving forward.
3. **Policy:** Identify legislative tools and other resources that offer rigorous, research-based solutions that are innovative, economical, and adaptable to Spain's territorial and economic diversity, as well as to the broader EU context.

Article 129.2 makes a dual promise to all workers in Spain: access to voice and access to ownership. The Expert study concluded that Article 129.2 is not currently being applied through effective legislation. Indeed, Spain is among the least developed countries in the European Union in terms of the recognition of workers as key constituents of the economy, measured both in terms of institutional structures that allow for democratic participation in the workplace and in terms of worker access to ownership of shares in companies. At the same time, the Committee also observed a number of Spanish enterprises that model exemplary applications of Article 129.2, notably worker cooperatives, which are some of the strongest in the world. Committee members concurred that a more rigorous application of Article 129.2 could prove to be highly effective in helping Spain to join the leaders of the EU in terms of best practice, and to move up the productivity ladder identified as the key challenge of the European Union by the Draghi Report (2024). In specific, the Committee recommended firm democratization as a means of enacting the mandates of Article 129.2 by opening a path for all labour investors to access voice and ownership, and marshalled factual evidence and robust economic and political arguments to explain the necessity of public intervention in this direction.

The Committee found that firm democratization offers important possibilities to address major challenges and reverse current negative trends, notably:

1. The **succession crisis** faced by Spanish SMEs (An estimated one third of SME owners will retire over the next decade, placing approximately 600,000 jobs at risk each year; a large majority have no plan for succession) ;
2. The **competitiveness lag** (Particularly in job quality and innovation; despite investments, the Spanish economy has struggled to harness innovations in ways that augment worker productivity, rather than simply replacing, outsourcing, or downgrading workers) ;
3. **Abuses and misuses of AI** in the workplace (Industries are implementing and undergoing massive change in ways that threaten worker autonomy and privacy with insufficient plans to involve workers in safely and effectively deploying new technologies) ;
4. **Loss of economic sovereignty and territorial resilience** (Transnational capital is mobile, while workers and local communities are largely anchored in a specific location, making regions bear a disproportionate amount of the risk from corporate investment and disinvestment decisions in which they have no say) ;
5. **Fragmentation of the value chain and job informality** (Distant investors extract profit via “coercive comparison” among fiscal regimes and from hidden and unpaid or poorly-paid workers) ;
6. **Weakening civil society and unions** (The marginalization of unions directly correlates with a rise in inequality and worsening working conditions and leaves governments and firms without constructive partners) ;
7. **Poverty and inequality** (Spain’s working poverty rate is 13.7%, and doubles among immigrants) ;
8. **Disillusionment with democratic institutions** (Democratic institutions are being weakened by the rise of authoritarianism and citizen disaffection which are fueled by non-participatory or autocratic management practices at work).
9. **Damage to the natural environment** (Of the nine biophysical limits within which humanity should safely interact with planet Earth, seven have now been transgressed, and non-democratized firms are responsible for a disproportionate amount of harm to the environment and global climate change –while ¾ of the Spanish territory is at risk of desertification) ;

In view of these conclusions, and drawing on scientific research and data, expert testimony, and comparisons with best practices in other EU countries, **the Committee identified practical options to balance social, environmental, and economic considerations in business organizations.** These are presented in the form of detailed research findings, draft legislation, and concrete policy proposals.

KEY RECOMMENDATIONS:

The Expert Committee on Democracy at Work recommends that the Spanish Government and its social partners implement the following strategic approach, **designed to transform Spanish firms into Europe's most participatory and innovative organizations**. This strategy promotes labor investors' participation structured around the two complementary pillars identified in Article 129.2: **voice and ownership** and provides tools and recommendations for use at the national and European levels.

VOICE:

1. Reinforcement and new legal requirements for **worker participation in company operational decisions**, including reinforcing the prerogatives of Works Councils and Employee Delegates in particular with a **new Co-decision Right to Shape and Consent to the deployment of AI at work**
2. **Inclusion of workers in strategic decisions via Boards, with minimum statutory thresholds** designed in alignment with, and seek to advance upon, European best practices in codetermination (1/3 of workers on board seats for firms with employees between 50 and 1000 employees, beyond 1000 employees: 1/2 of workers on board seats)

OWNERSHIP:

1. **Minimum statutory thresholds** starting with opening access to 2% of share ownership to workers.
2. New **Citizens' Funds designed to acquire shares and accelerate the transfer** in order to make Spanish firms more resilient, and less dependent on extractive financial actors, and a **transition plan supported by new ESOP-type financing mechanism for workers** to acquire their company' shares in anticipation of a founder or owner's retirement

IMPLEMENTATION: *A Dynamic Incentive-based Trajectory for Every Firm*

Beyond minimum legal compliance, the government should put in place mechanisms to encourage firms to progress along the proposed trajectory. **To this end the Committee has proposed a new reporting tool, the Corporate Democratic Development Index, based on two Participation Scoring Scales that measure labor investors' access to voice and ownership.** Data collected from the **Corporate Democratic Development Index** will then be used for a bonus/malus incentive-based mechanism designed to reward further levels of access to voice and ownership (and discourage lower levels). **It will steer a policy framework which will mobilize public subsidies, corporate tax rates, fiscal benefits, privileged access to public procurement etc. to incentivize further progress on this regenerative path.**