

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

Isabelle Ferreras, Jeremias Adams-Prassl, Julie Battilana, Antonio Baylos Grau, Benjamin Braun, Isabel Gemma Fajardo-García, Francisca María Ferrando García, Sergio González Begega, Daniel Innerarity, Sara Lafuente Hernández, Erinch Sahan, Vicente Salas Fumás, Edurne Terradillos Ormaetxea

Two Promises to Those Who Work: Voice and Ownership

**Report commissioned by the Second Vice-Presidency and
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Comprehensive Summary

The Spanish Constitution opens, “The Spanish Nation, desiring to establish justice, liberty, and security, and to promote the well-being of all its members, in the exercise of its sovereignty, proclaims its will to: Guarantee democratic coexistence within the Constitution and the laws, in accordance with a fair economic and social order.” It goes on to assert the will of the Spanish nation to “Promote the progress of culture and of the economy to ensure a dignified quality of life for all,” and to “establish an advanced democratic society.”

The Constitution’s preliminary title clarifies: “It is the responsibility of the public authorities to promote conditions ensuring that freedom and equality of individuals and of the groups to which they belong are real and effective, to remove the obstacles preventing or hindering their full enjoyment, and to facilitate the participation of all citizens in political, economic, cultural and social life.”

Part VII of the Constitution develops these principles as they are to be applied to the Spanish economy and its finances. The first article of Part VII affirms, “The entire wealth of the country in its different forms, irrespective of ownership, shall be subordinated to the general interest;” and “Public initiative in economic activity is recognized. Essential resources or services may be reserved by law to the public sector especially in the case of monopolies. Likewise, State intervention in companies may be imposed when the public interest so demands.” Further on, **Part VII specifies in Article 129.2: “The public authorities shall effectively promote the various forms of participation in the firm and shall encourage, through appropriate legislation, cooperative businesses. They shall also establish the means to facilitate workers’ access to ownership of the means of production.”**

During the recent covid crisis and ever since, Spain has demonstrated significant resilience, consistently recording high GDP growth rates and outperforming other Eurozone economies. During 2023, Spain’s annual GDP growth rate stood notably above the Eurozone average, estimated around 2.5% compared to approximately 0.5% for the Eurozone as a whole. This sustained outperformance, often resulting in upward revisions of initial forecasts, positions Spain as a key driver of aggregate EU growth.¹

The Spanish labor market has undergone a notable structural recovery, resulting in historically high employment levels. The number of persons employed reached record highs, with the unemployment rate dropping significantly, often falling below 12% in recent quarters—a figure approaching pre-crisis levels, despite still exceeding the Eurozone average. This stability is partly due to the effects of the 2022 labor reform conducted by the Second Vice-President of the Government and Minister of Labour and Social Economy..²

¹ “How Spain Became Europe’s Fastest Growing Major Economy” (July 2025) *Goldman Sachs*. URL access:

<https://www.goldmansachs.com/insights/articles/how-spain-became-europes-fastest-growing-major-economy>

² “Spain’s GDP grew by 2.3 per cent in 2023, compared to 0.3 per cent in Britain. In 2024, UK growth was 1.1 per cent while the Spanish economy grew by 3.1 per cent. (...) Sánchez and his determined labour minister, Yolanda Díaz, have pushed through pro-worker fairness laws reducing the working week, axing zero-hours contracts, and introducing the so-called

Spain successfully achieved a faster deceleration of inflation relative to many peer nations in the Eurozone, particularly concerning the Harmonised Index of Consumer Prices (HICP). In the latter half of 2023 and early 2024, Spain's HICP inflation frequently stood below the 3% mark, remaining consistently lower than the Eurozone average by a margin of several percentage points. This relative price stability has been crucial in safeguarding real household purchasing power.³

The rapid and substantial rebound of the tourism sector has been a primary engine of economic acceleration. International tourist arrivals and tourism revenue have not only recovered but have often surpassed 2019 pre-pandemic levels. Revenue figures regularly show year-on-year increases exceeding 15% in key periods, significantly contributing to the current account surplus.⁴

The Government of Spain has worked efficiently for its country to be a leading beneficiary of the EU NextGenerationEU instrument,⁵ with substantial committed funds. The effective mobilization of this public investment has known high execution rates for grants, which directly stimulate investment in strategic industrial and digital transformation projects (PERTEs), thereby boosting the national growth figures.

Despite these successes, highlighted by the latest OECD Economic Survey⁶: “Spain’s economy has grown steadily in the last years, surpassing European peers. Growth has been supported by strong investment, rising service exports, and an expanding labour force,” **the Government of Spain is not yet satisfied.** It sought to benefit from the academic knowledge about an area of the country’s Constitution that it recognizes as central to its economic model of prosperity: the dual promise made to workers through Article 129.2 of its Constitution – **“The public authorities shall effectively promote the various forms of participation in the firm and shall encourage, through appropriate legislation, cooperative businesses. They shall also establish the means to facilitate workers' access to ownership of the means of production.”**

In light of this promise to the people of Spain, in an era of growing and interconnected crises, and with the aim of bolstering the real and effective participation of its citizens in the life of their nation, the Second Vice-Presidency and the Ministry of Labour and Social Economy of Spain convened an International High-level Expert Committee on Democracy at Work to examine current

“Rider Law” stipulating that delivery workers have the same rights as full-time employees.” See: MacShane D. (28 November 2025) “Sir Keir Starmer Wants Growth—Perhaps He Should Learn Spanish” in Social Europe. URL access: <https://www.socialeurope.eu/sir-keir-starmer-wants-growth-perhaps-he-should-learn-spanish>

³ URL access:

<https://cpram.com/fra/en/individual/publications/experts/article/spain-a-growth-rate-significantly-higher-than-the-european-average>

⁴ URL access:

<https://www.caixabankresearch.com/en/sectoral-analysis/tourism/current-state-and-outlook-tourism-spain-strength-and-resilience>

⁵ URL access: https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1761

⁶ OECD Economic Surveys: *Spain 2025* (26 November 2025). URL access:

https://www.oecd.org/en/publications/oecd-economic-surveys-spain-2025_abc5c435-en.html

applications of Article 129.2 and propose avenues and resources to align Spanish legislation with its constitutional promise.

The Committee's mission was divided into 3 mandates:

1. **Diagnosis:** To examine the history, content, and current applications of Article 129.2, and to identify contemporary problems for which its application might offer solutions: *What is the scope of its promise?*
2. **Strategy:** To propose a trajectory for the application of Article 129.2 moving forward: *How can this promise be kept?*
3. **Policy recommendations:** To identify legislative tools and other resources that offer rigorous, research-based solutions that are innovative, economical, and adaptable to Spain's culture of territorial and economic diversity.

The Committee comprised twelve scientific experts from a range of disciplines, was chaired by Professor Isabelle Ferreras (FNRS/University of Louvain, senior researcher at Harvard and Oxford Universities) and supported by a dedicated research team. It convened for a total of fifteen meetings between December 2024 and September 2025 and held a series of hearings with internationally recognized scholars, field experts, business and union leaders, social partners, and relevant representatives of Spanish civil society to examine Article 129.2, its history, its application, its meaning and scope, its pertinence in the current context, and relevant mechanisms used in other EU countries. The Committee examined what has changed in the world since Article 129.2 was drafted and how a broadened application might help to advance the core commitments of the Constitution. The Committee worked together to propose a trajectory for a more thorough application of Article 129.2, with legislative and policy tools that are innovative, ethical, economical, and historically grounded, to make them easily actionable by the country's different regions and autonomous communities, empowering regional governments to work with the Constitution's provisions in ways that provide real benefits on the ground. They produced a detailed report that charts a straightforward path with maximum support to workers and businesses without depleting the government's coffers, with an array of tools to build a better economic future for Spain and its citizens.

This summary report provides an overview of the Committee's Full Report, whose findings and recommendations include a thorough historical survey, careful rundowns of each of the Article's fields of application, comprehensive definitions, an expansive bibliography, accounts of all hearings, a detailed policy proposal, and draft legislation.

1. Diagnostic mission

- To examine the history, content, and current applications of Article 129.2, and to identify contemporary problems for which its application might offer solutions: What is the scope of its promise?

History, Content, and Current Applications

Article 129.2 sets out three distinct mandates for public authorities – to promote worker participation in companies, to encourage cooperatives, and to facilitate worker access to ownership of the means of production. This summary report thus begins by calling attention to these distinct mandates, which underpin the Committee’s investigations and proposals:

Worker participation is understood to describe the various ways in which individuals take part in the life of the company, be it at the level of the management or *governance* of the workplace (*operational decisions* regarding workplace safety, organization and logistics, remuneration, etc.) or at the level of *government* (*strategic decisions* regarding the goals, the rules, and decisions of the company as a whole).

Cooperatives are understood to be business entities owned and democratically controlled by their members, who use the services or goods they produce, with a legal personality distinct from that of their members, who all have the same voting rights within the entity (principle of 1 person, 1 vote).

Ownership of the means of production is understood to mean access, via property rights, to the possession of shares in entities producing goods, products, services, or other forms of economic value.

Readers are further reminded that Article 129.2 uses the word “worker” (*trabajador*), not “employee” (*empleado*) – in other words, it recognizes *individuals* working outside traditional salaried positions. Collective rights (assembly, association, petition, union, strike, collective bargaining and dispute measures, etc.) are recognized separately, in Title I. Spanish labor legislation preserves this distinction, formally recognizing workers’ rights to information, consultation, and participation in the company through representative bodies *without prejudice to other forms of participation*.

While the three considerations set out in Article 129.2 are tightly interlinked, the Committee sought to orient this phase of its work with these distinctions in mind, collecting data on the degree to which Spain is *currently* fulfilling its constitutional mandate.

Findings

Despite the programmatic tenor of Article 129.2, there is no general law to address its application at the national level, and despite the important role played by regional and autonomous governments, there is also no provision in the law for establishing appropriate coordination among different levels of government. As a result, application of Article 129.2 is limited at best. Workers in Spain have largely superficial access to participation and scant access to ownership, measured in both concrete terms (the application of legislative and policy tools currently in place in Spain at the national, regional, and EU levels relative to other EU countries) and in theoretical ones (the stated intent of the Constitution). The number of cooperatives in Spain has actually declined slightly in recent years.

Participation: Beyond the union rights and freedoms regulated by Organic Law 11/1985, of August 2, 1985, on Trade Union Freedom (LOLS) (arts. 2.2.d) and 8 and following), which, as noted, are provided for elsewhere in the Constitution, two main laws set the current parameters of worker participation in the workplace: the Workers' Statute (ET), approved by Law 8/1980 of March 10, whose revised text, currently in force, was approved by Royal Legislative Decree 2/2015 of October 23; and Law 31/1995 on Occupational Risk Prevention (Articles 12, 18, and 34), which extends workers' rights slightly beyond those provided for in the Workers' Statute.

The Workers' Statute – “without prejudice to other forms of participation” – provides for an individual's right to information, consultation, and participation in the company for which they work via elections of staff representatives in companies or workplaces with more than 10 and fewer than 50 employees (or more than 6 if decided on by a majority of workers) and via works councils and (where applicable) inter-site committees for companies with 50 or more employees. There are no provisions for participation at any other levels of companies. Information and consultation are non-binding and cover a wide range of topics, from economic forecasts and environmental considerations to well-being measures and disaster preparedness. In certain cases, the law recognizes rights and responsibilities for works councils that are similar to those of unions (striking, collective bargaining). Law 31/1995 expands these rights in the realm of occupational risk prevention. In particular, Article 18 specifically mentions “worker participation” in decisions affecting safety and health at work, including the right to propose ideas to the employer and to participate via elected or delegated representatives in bodies provided for by law.

While a majority of EU countries have legally recognized rights for workers to participate in corporate governance through representation on company boards (co-management), Spain is one of just six countries in which co-management is limited to state-owned entities. Spanish law does transpose European regulations regarding European companies (both public limited and cooperative) such that participation rights that exist within such companies at the company level may be transferred to employees working in their Spanish business units or subsidiaries, allowing employees of these companies in Spain the opportunity to participate in the appointment of members of their board of directors and/or supervisory boards. However, the transposition is intended to provide the greatest degree of flexibility in the choice of governance structures from one EU country to another, rather than seeking to standardize worker participation at the board level.

The Committee found that application of existing laws is extremely weak: labor representation in companies through the channels established by Spanish law is around half of what it could be if the possibilities provided for in current legislation were exhausted. Moreover, concrete experiences of labor representation that reach past the minimum structures and thresholds of worker representation provided for in Spanish law; for example, on the boards of state-owned and multinational companies, were scarce. They existed because of foreign legislation, collective bargaining, or social pacts, rather than in fulfillment of any programmatic legislative initiative based in the constitutional mandate.

Cooperatives: Spanish law recognizes several types of cooperative company, not all of which are “pure” cooperatives in the sense of being fully owned by their workers, governed by a general assembly and functioning on the principle of 1 person, 1 vote. These include associated workers’ cooperatives, labor companies, and worker-owned “participated” companies. In addition to identifying certain issues related to worker participation in these companies, most notably which workers are allowed to participate (members and non-members, directly employed and sub-contracted workers, etc.) the committee noted the potential risk of associating ownership *and* participation in the same entity, pointing out that ownership of the means of production should not necessarily be limited to the company for which one works (diversified share ownership is a prudent investment principle). While incentives (in particular fiscal incentives) exist at the regional and national levels, they appear to have stagnated in terms of encouraging significant growth of the cooperative form.

Ownership of the means of production: Since Article 129.2 specifies worker access to ownership of the means of production as distinct from the encouragement of cooperative enterprise, the Committee turned to legislation, policy, and data in Spain and the EU relating to employee participation in various forms of company financial share ownership (individual, ESOP-type share ownership plans, profit sharing, etc.). The EU has promoted and supported these forms of worker ownership since the 1990s, notably through its PEPPER program (Promotion of Employee Participation in Profits and Enterprise Results). Data showed that there is an upward trend across the EU for percentages of workers included in profit-sharing schemes. While Spain has followed this upward trend, other indicators show that the proportion of workers involved in such schemes in Spain is markedly lower than in leading EU countries; indeed, Spain is the country with the greatest difference between the proportion of companies that have profit-sharing schemes and the number of workers who benefit from them. This suggests that Spanish companies with profit-sharing schemes include a relatively small number of workers in the actual sharing. Moreover, the Committee found that the global upward trend of market and ownership concentration in shares, fund shares, and business assets in both publicly listed and privately held companies is strongly present in Spain, meaning that, functionally, only a handful of families, individuals, and funds (with an increasing preponderance of foreign asset management firms) hold the vast majority of capital – in other words, the means of production.

Spain’s “Social Economy”

This broader lack of participation and ownership can obscure the fact that Spain has many models and resources to utilize in its own territory. The Committee found that numerous companies in Spain do embody the goals articulated in Article 129.2, comprising an active and productive sector of its economy broadly known as the “Social Economy,” which counts over 369,000 entities which employ more than 1.3 million people. Enterprises in this sector are notable for addressing issues that other companies treat as functional externalities (environmental impact, poverty, economic and social resilience, etc.) upstream, within their business models, which, notably, focus on employee education, democratic governance, and wage solidarity. This is most directly observable in their minimization of low-paid jobs and informality, empowering workers to advocate for their own interests, reducing wage inequality by capping income disparities or developing more inclusive mechanisms that combat poverty among women, for example. Worker cooperatives across the Spanish territory provide such excellent and enduring examples. The Committee noted that in addition to proving that multiple viable alternatives exist in the field of firm governance, these companies provide valuable tools and models for legislators and policymakers.

Conclusion: A majority of European countries, in addition to rights to information and consultation, legally recognize workers’ rights to be represented on company boards and to participate in strategic decisions at the level of corporate governance, a practice known as co-determination. In 13 European countries, these rights extend to both private and state-owned companies. Spain is in a minority group of countries where these rights are not recognized in legislation and only exist in practice within some public companies. This, alongside the weak exercise of existing information and consultation rights and the lack of a broader legislative framework, places Spain in stark contrast to most other EU and OECD countries, which have more established legal frameworks. Although Spain does have a dual system of labor representation with works councils and unions and institutional participation in public bodies, this lack of legislative mandate for worker representation at the strategic, board-level of private firms **puts Spain at a significant disadvantage**; empirical literature demonstrates the positive impact of worker board representation on innovation, productivity, investment, and employment. Studies of the German co-determination model show that it fosters cooperation and information exchange and can lead to small but demonstrable positive impacts on firm productivity and performance. Studies indicate that different levels of labor representation, such as a works council and board-level representation, are more effective when they are coordinated, while research on worker behavior in the social economy shows that when workers have a voice, they tend to minimize precarious and poorly paid jobs, limit outsourcing, and increase investment in training to expand skills in their workforce. Research also shows that healthy social dialogue contributes to productivity gains and ensures that all workers benefit from technological and economic changes. Direct participation in workplace management has also been shown to enrich workers’ sense of purpose and self-worth, boosting productivity. A study based on ETUI’s 2018 survey of European Works Councils (EWCs) found that EWC members who communicated with worker representatives on their company boards reported better functioning in the EWC itself, access to more useful and timely information within the EWC, and more openness to negotiation on the part of management. Based on all of these findings, **the Committee concludes that the lack of comprehensive**

legislation is not only a shortcoming with regard to the Spanish Constitution: it may encumber the progress of the Spanish economy.

In fulfillment of the second half of its diagnostic mission, the Committee explored ways in which a legislative initiative that mandates worker representation on company boards could align Spain with its European peers; serve as a lever for improving innovation, productivity, and social cohesion; and produce effective responses to the complex and interlocking challenges Spain currently faces.

Expanding Application, Adapting to Present and Future Needs

To identify contemporary problems for which a more robust application of Article 129.2 might offer solutions, the Committee identified 9 themes around which to orient its inquiry: SME succession, competitiveness, AI governance, territorial resilience, informal work and the value chain, civil society, poverty and inequality, democracy, and the planet. The Committee concluded that a legislative initiative in application of Article 129.2 that broadens worker participation and ownership in companies, including but not limited to representation on company boards, could act as a lever for improving innovation, productivity, social cohesion while helping to provide responses to environmental pressures. In the interest of clarity, the Committee will present the challenges it identified in order of “granularity,” from local to global and from concentrated to diffuse impact, flagging certain key points of interconnection along the way.

Challenge 1: The SME Succession Crisis: 129.2 as a Safeguard to Spain’s Productive Fabric

Small- and medium- sized enterprises (SMEs) are the backbone of Spain’s economy, and of Europe’s, as well: SMEs account for more than half of total value added, two-thirds of private-sector employment, and fully 70% of employment growth in the non-financial sector. Over the next decade, one-third of SME owners are expected to retire, placing an estimated 600,000 jobs at risk annually.

An overwhelming majority of Spanish family businesses do not have a formal succession plan (between 70% and 90%). Available data indicates that as many as 175,000 companies in Spain will be directly affected by unplanned succession in the coming years, posing a threat to the continuity of these businesses as well as to the local, national, and international economies in which they are embedded. It has been well documented that the sale of businesses to private equity funds and other strategic investors tends to favor short-term business decisions that disrupt relational capital and exert unfavorable pressure on wages, product quality, and workplace safety. Such sales are also unlikely to take into account impacts and positive secondary effects at the local level. Just as important, a rapid rise in foreign acquisitions raises serious concerns about the loss of economic sovereignty and decision-making power across key sectors of the European economy. In Spain, foreign investors already own 49% of the stock on the Spanish Stock Exchange.

The urgent need for the EU and its member countries to have effective succession strategies in place to preserve economic sovereignty and the integrity of each nation's economic fabric has been the focus of studies, initiatives, and reports at the EU level, many of which have highlighted the strong potential of employee ownership as an effective way to accomplish this.

Structural barriers represent a major impediment to implementing this as a solution, particularly in situations where the pressures of age, family needs, or impending retirement may push business owners to seek the most rapid options. Worker buyouts are more successful when they are achieved through gradual conversions. Moreover, worker-based succession plans face a chronic lack of access to financing, as commercial banks show limited interest in such transactions.

This is a clear field of application for the mandate articulated in Article 129.2, through which public authorities can promote access to ownership of the means of production in a manner beneficial to workers and business owners alike, bolstering regional and national sovereignty in accordance with a fair economic and social order.

Challenge 2: The Competitiveness Crisis: 129.2 as a Bridge to Better Job Quality and Closing the Innovation Gap

Like many European countries, Spain has prioritized R&D spending; however, it has so far been able to achieve only modest gains in productivity and innovation, and lags behind the United States and certain East Asian economies in this regard. Excessive regulation, lack of financial and fiscal integration, and insufficiently ambitious industrial policies have often been identified as the culprits, but there is mounting evidence that market concentration is a major stumbling block to economic competitiveness. Market concentration increases market power for a small number of firms, weakening competition and creating patterns of monopoly and monopsony that drive consumer prices up and wages down. One result of these patterns is decreased job quality. A quality job has been broadly recognized as one that provides sufficient pay to allow for a stable and comfortable standard of living, does not harm workers' physical or mental wellbeing, and provides opportunities for professional development. Job quality has also been linked to a sense of purpose, fairness, and trust in the workplace. Most significantly to the investigation conducted by the Committee, it has also been linked to worker participation. Job quality is of concern to the public interest because of the social externalities that result from it, and to businesses because it bolsters productivity and innovation, not least by helping to maintain a stable workforce.

The Committee's core finding was that a relationship was observed between worker participation, job quality, and innovation, which may be summarized as follows: worker participation improves job quality, increasing the social and intrinsic value of work while it is being performed, and often the business value of the results obtained from that work, as well.

The experts interviewed by the Committee cautioned that current approaches to restoring job quality tend to limit their focus to “re-industrializing” economies or expanding recourse to existing mechanisms such as collective bargaining or training and education. They noted that firms currently lack access to alternative models and do not have clear support or incentives to change their governance structures to expand worker participation.

The negative externalities of poor-quality jobs are sufficient to justify the implementation of public policy from the State’s perspective, and worker participation has been shown to have demonstrable positive impact in terms of these externalities while also offering advantages to businesses in terms of productivity and innovation. This is a second clear field of application for the mandate articulated in Article 129.2, providing public authorities a lever to spur innovation while helping to ensure a dignified quality of life for all.

Challenge 3: The AI Governance Crisis: 129.2 as a Tool to Co-construct the Future of Work

While fears of widespread unemployment driven by the rapidly expanding use of artificial intelligence (AI) have so far proven unfounded, AI intensifies the problem of job quality discussed in the previous section. In particular, algorithmic resource management (ARM), which automates traditional employer functions, is already intensifying managerial control and surveillance, with limited human oversight, ongoing threats to privacy, and little transparency in the way decisions are made. In this sense, the expanded capacity of employers to monitor and sanction employees poses a threat to existing worker participation. At the same time, experts interviewed by the Committee pointed out that this threat to worker participation is a potential problem for companies as much as workers, due to the risks inherent in using AI systems created by outside parties with little to no input from workers with fine-grained knowledge of their jobs, work environments, and industries. Since workers possess crucial tacit knowledge about contextual, day-to-day problems that external engineers typically lack, insufficient worker participation in the implementation of AI systems may at best lead to waste and inefficiency, and, at worst, safety issues.

If properly deployed, these experts noted that AI has the potential to enhance worker productivity, extend human capabilities, improve occupational safety, and even expand worker participation through specific AI tools currently in development. They cautioned that the sense of disempowerment pervasive in companies where workers have no input in the adoption of new technologies leads to stress, alienation, and feelings of worthlessness detrimental in the workplace and to society as a whole. All of the experts interviewed by the Committee agreed that AI requires updated employment laws to effectively balance power relationships in firms, place appropriate checks on employers’ authority, and protect democratic principles in and outside the workplace.

The Committee observes that the mandate articulated in Article 129.2 to promote participation in companies appears not only applicable but urgent in the field of AI, to safeguard workers’ well-being and privacy, to guarantee democratic coexistence by preserving a healthy balance of

power in the workplace, and to ensure that this new and powerful technology is implemented in ways beneficial to all citizens.

Challenge 4: The Crisis of Territorial Resilience: 129.2 as a Buttress for Territorial Flourishing

The organizational model of transnational companies concentrates strategic and operational corporate decisions within a single entity. Their investment or disinvestment decisions, which can affect entire regions or sectors of activity, are made according to financial calculations structured around share value. Workers and territories alike are vulnerable to decisions by firms that exploit differences in labor, tax, and environmental regulations across countries in order to bolster financial profit. This tactic, known as “regulatory arbitrage” or “productive offshoring,” pits territories against each other in a downward spiral. Spain is not alone in lacking an adequate regulatory framework to address this problem. While capital is mobile, workers and local communities are not, and neither local governments nor traditional labor institutions are equipped to address the financial and strategic decisions made by transnational holdings, which are designed to operate on a scale beyond their reach.

As in other countries, negotiations undertaken with transnational companies by public authorities or worker representatives have often led to concessions (public expenditures, job quality, etc.) that ultimately fail to stave off the losses they were made to forestall. In cases in which transnational companies do have cross-border institutions that foster labor participation, such as those provided for in EU regulations, these institutions are not designed or equipped to respond to these dynamic asset management approaches, and labor representatives often lack competent interlocutors. Both workers and territorial governments are further hampered by the absence of efficient sanction mechanisms for companies that fail to comply with their legal obligations; in cases where organizations or public authorities have had recourse to courts of law to weigh on the decisions of transnational employers, rulings have come too late to repair the damage done by lost jobs and other negative effects caused by corporate restructuring.

Here, Article 129.2’s commitment to promoting worker participation has multiple applications. For example, the committee noted that productive offshoring is often preceded by smaller organizational changes, including minor production transfers, which progressively weaken operational capacities. Worker participation upstream would, conservatively, provide longer lead times to confront the effects of offshoring, and in a best-case scenario offer workers greater latitude to identify and advocate for alternatives to offshoring, grounded in their own knowledge of productive processes and local realities. More broadly, the Committee noted that worker representatives would likely be more committed to bringing long-term considerations rooted in their local communities to discussions related to their employers’ offshoring decisions. Participation in company governance is not only a matter of social justice, however. In terms of economic efficiencies, workers who feel heard and valued are more likely to commit to improving productivity and innovation, making local operations more competitive. Fostering worker participation could thus provide an opportunity to forge more productive links between transnational firms and territories.

Challenge 5: The Crisis of Informality: 129.2 as an Instrument to Reconstruct the Value Chain

The informal economy, broadly stated, comprises all people performing labor unprotected by labor rights. This category includes many forms of critical labor, such as unpaid care work that takes place in the context of home or family, unpaid work associated with various forms of self-employment, work performed by undocumented migrants, “digital tournaments” in which a small number of high-performing workers capture all or a disproportionate share of income, tasks performed by data workers for nothing or nearly nothing in AI production systems, and simply, wage theft.

Since Article 129.2 includes all workers without specifying whether or not they are protected by formal employment contracts, the Committee interviewed experts on a range of these types of work in its hearings.

Since research shows that when workers have a voice, they tend to minimize precarious and poorly paid jobs, limit outsourcing, and increase investment in training to expand skills in their workforce, the main question raised was not whether but *how* constitutional protections could be extended to these workers. The experts interviewed pointed out that some of these abuses are intensified by a vicious cycle in which excessive market concentration is facilitated by access to informal labor, often outside of Spain’s borders, creating unfair and destabilizing competition with companies that do not resort to it.

Concrete steps to identify all the labour investors throughout the value chain of lead companies and to include them in information, consultation, and decision-making could offer an opportunity to locate and limit such competition “leaks”; at the same time, workers’ practical experience and knowledge of each step in the value chain could offer businesses valuable information to sharpen productivity and competitiveness. Developing tools and incentives to help workers in more informal categories of the economy (platform workers, gig workers, care workers) form and join cooperatives offers another promising avenue for broadening worker access to the means of production while mitigating certain risks, for example in sectors where these workers, if companies are left to decide on their own, must make capital investments in the form of delivery vehicles or communication devices.

Challenge 6: The Crisis of Civil Society: 129.2 as a Resource for Union Renewal

Historically, unions are the motor for more than negotiations involving wages or working conditions: they have also driven social, economic and democratic progress. However, unions and union culture have faced marginalization due to the fragmentation of the labor market, economic shifts away from manufacturing, and lobbying and political strategies that have reduced their rights. An extensive body of research has shown that the marginalization of unions is directly correlated with a rise in inequality. Spanish unionism has in the past prioritized collective action and focused on the regulatory function of collective bargaining agreements, rather than advocating for participation in corporate management or governance bodies. More broadly, unions

tend to represent workers as a whole across companies within a given sector, rather than structuring individual participation in individual companies.

For these reasons, the Committee observed that a more thorough application Article 129.2 has two implications for unions: first, the protection of the status of unions should be explicitly included in comprehensive legislation; and second, other applications of Article 129.2, in the form of worker representation in governing and management bodies of the firm, would act as a complement to the work of unions.

Challenge 7: The Crisis of Poverty and Inequality: 129.2 as a Path to Greater Equality

As noted previously, there is an inverse relationship between the market power of firms and market competition, and market power has negative effects on activity, employment, and investment; in particular, it drives down wages. Moreover, it reduces the *share* of wages in national income while increasing the share of capital income. The result is increased economic inequality: today, the richest 10% in Europe own 55% of all wealth, while the poorest 50% own barely 5%. This is exacerbated by phenomena such as technological innovation, which is a key mechanism for gaining market power; here again, the Committee noted the harmful effects of market concentration among a few influential companies. Low wages and wage stagnation lead to what is known as working poverty, a problem that is particularly acute in Spain, which has the third highest in-work poverty rate in Europe, with 13.7% of Spanish workers and active jobseekers living at or below the poverty line. This number more than doubles among migrants to 29.5%, as it does in the agricultural and domestic work sectors, where it sits at around 30%. For many Spanish workers, having a job, or even several jobs, does not guarantee a decent standard of living, or even meet basic needs. Economic data shows that the traditional strategy of relying on economic growth and redistribution (taxes and subsidies) is proving to be an incomplete solution and suggests that pre-distributive strategies are needed as a complement, to more equitably distribute wealth when and where it is created.

Fostering worker access to ownership via various forms of share participation schemes is an evident pre-distribution strategy, and research has shown its positive effects. Moreover, as this summary has already noted, research on worker participation shows it helps to limit in-company pay differences, minimize low-paid and precarious jobs, and increase investment in training for low-skilled workers, making it a promising pre-distributive strategy, as well. Moreover, while worker participation is not a direct cause of egalitarian market rent distribution, it is correlated with institutional factors that reflect a stronger redistributive welfare state, and countries with high worker participation have more equal rates of income distribution. Article 129.2 thus has a clear mandate in this arena, both in terms of access to ownership of the means of production via share participation, and in terms of promoting worker participation.

Challenge 8: The Crisis of Democracy: 129.2 as the Antidote to Democratic Fatigue

The precariousness and volatility of contemporary work environments are mirrored in a political world with weakened structures for sustained public involvement. Citizen disaffection, political marginalization, and declining participation in civic activities⁷ are all symptoms of a rapidly growing crisis of engagement and trust in democratic institutions.

Five prerequisites for civic and political participation are linked to work: economic independence, free time, self-esteem, creative flexibility, and a spirit of cooperation. Research has shown that an absence of these in the work world, particularly when correlated with high levels of surveillance and a lack of autonomy in the workplace, can lead to political disinterest and a lack of confidence, including in one's own civic voice, and even a measurable tendency to distrust democratic and social institutions in favor of authoritarian political stances. The opposite is also true: economic research underlines strong positive correlations between the atmosphere of generalized trust in a country's social context and the degree of autonomy and participation granted to workers in companies. Precarious work, poor quality work, and working poverty all further affect aptitude and appetite for various forms of civic engagement. The Constitutional promise of citizenship through equal voice, participation, and a just distribution of resources, rights, and responsibilities in the public sphere stands in direct contradiction with experienced realities in the majority of workplaces, which are characterized by subordination and the absence of these practices. Research has shown that beyond the most basic material considerations (adequate compensation, safety), workers rank a sense of justice in the workplace as one of the most important determinants of perceived job quality, making participation – once again – a factor to consider as a means of boosting productivity and competitiveness.

For these reasons, the committee argues that a broader application of Article 129.2 has the potential to create virtuous cycles of participation in and outside the workplace that could help to bolster confidence and participation in Spain's democratic and civic life.

Challenge 9: The Crisis of the Planet: 129.2 as an Engine of Ecological Renewal

Given the urgency of ecological pressures on populations, the economy, and the planet as a whole, and given the importance of the ecological footprint of business activities, the Committee concluded by examining the question of whether and how Article 129.2 might be applied to mitigating these pressures. This situation is particularly relevant for Spain, as a recent publication of Bank of Spain certifies: "Spain is also one of the Western countries most vulnerable to climate change, facing serious threats from desertification and wildfires alike. With nearly three-quarters of its territory consisting of arid land prone to desertification, Spain is one of Europe's most exposed countries to this risk. Meanwhile, wildfires have become increasingly destructive in recent years,

⁷ Source: Eurostat, "European quality of life indicators" – October 2024
https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Quality_of_life_indicators_-_governance_and_basic_rights#:~:text=In%202022%2C%2012.3%25%20of%20the%20EU%20adult%20population%20aged%2016,this%20data%20was%20last%20collected.

placing Spain as one of the most affected countries in Europe. Indeed, in 2022 around 40% of the hectares ravaged by forest fires in the EU were within Spain's borders."⁸

Research highlights that a relatively small number of transnational corporations are responsible for a significant proportion of global environmental impacts, in particular greenhouse gas emissions and biodiversity loss. Governance models that give majority or exclusive decision-making power to shareholders and managers who are largely distant from the impacts caused by a company's business activities, and whose very design favors capital growth over protecting populations or territories have little or no incentive on their own to curb or change their practices. The participation of workers, who are more likely to live and work in areas where the full effects of environmental impacts are experienced, would at the very least be expected to diversify the criteria used by firms to make decisions. More concretely, there is significant and mounting evidence⁹ that labor-centered solutions such as design changes to passive design (low carbon) systems, efficiency improvements including routine maintenance work, and basic retrofitting operations could slash energy consumption by nearly three quarters. Here, it is even more likely that worker participation would encourage companies to widen their environmental focus to include a broader palette of practical responses to environmental pressures, particularly where they create jobs.

Successful models in the social economy that combine worker participation and ownership with an idea of mission that is larger than mere return on capital investment, for example, including ecological considerations, offer a considerable range of organizational options for structuring governance that could help labor investors – along with stakeholders – to ensure that business activities are aligned with the long-term wellbeing of people and the planet.

Since any serious approaches to limiting further damage to our environment and regenerating communities and territories affected by current damages must necessarily be systemic, it is logical to use the tools offered by Article 129.2 to craft legislation that includes incentives for business models that are less extractive with regard to labor investors and the planet.

Conclusion of the Diagnostic Mission

Our societies are facing a series of interrelated challenges, all of which are directly or indirectly linked to the absence or inadequacy of worker participation in firms. **The Spanish Constitution, more broadly in its Preamble and Preliminary title, and then explicitly in Part VII, Article 129.2, contains a clear mandate to intervene in favor of worker access to voice and**

⁸ Álvarez L., Broto C., Hubert O., Mayordomo S. (2025), "Desertification and wildfires in Spain. The impact of climate change on bank lending," *Banco de España Blog*, 05/09/2025, URL: <https://www.bde.es/wbe/en/noticias-eventos/blog/desertificacion-e-incendios-en-espana-el-impacto-del-cambio-climatico-sobre-el-credito-bancario.html>

⁹ Cullen J.M., Allwood J.M., Borgstein E.H. (2021) "Reducing Energy Demand: What Are the Practical Limits?" *Environ Sci Technol*. Feb 15; 45 (4):1711-8.

ownership. Given the systemic nature of these challenges, the Ministry of Labor is justified in identifying and advocating for systemic solutions, including policy interventions and programmatic legislation to give workers a voice in the strategic decisions of their firms, ensure a more balanced and equitable economic future, and allow Spain to act as a model for other countries seeking to build more resilient and just economies that better serve their citizens. The Committee notes that these systemic solutions should be based on an economic approach that works from the ground up, prioritizing trust-building in the work environment, strategic collaboration with regions, autonomous territories, and businesses to maintain and create quality jobs, particularly in the service sector, and leverage technology to complement and enrich (to 'augment,' in industry parlance), rather than replace, human labor. By promoting substantive worker participation, a more robust application of Article 129.2 could provide concrete tools to help public authorities and businesses to develop economic models with functional succession plans that help maintain territorial resilience and safeguard the conditions necessary for human growth and shared prosperity.

2. Strategic Mission

- To propose a trajectory for the application of Article 129.2 moving forward: *How can this promise be kept?*

Rethinking Corporate Governance in the Service of Voice and Ownership

In the second part of its mission, the Committee turned its attention to the nuts and bolts of expanding worker voice and ownership: the firm. It noted that the legal structure of firms is not neutral: firms are political entities that exercise power and inside which power is exercised. Firms, in their current, most prevalent form, are designed to prioritize the interests of capital investors and create power asymmetries in their favor, extracting the maximum value from all available resources, including human resources, while externalizing risk onto workers, state governments, society, and the environment.

Exclusive shareholder control has been justified in the past with the argument that shareholders or owners are the only actors naturally incentivized to increase the value of the company, as they are the residual beneficiaries of the company's profits after all contractual obligations have been met. Moreover, this argument goes, capital investors are subject to the greatest risk and are more prudent than workers, whose natural tendency is to convert the company's assets into ever-higher wages to the detriment of further investment. This line of reasoning ignores the other types of investment that, alongside capital investments, are required for a firm to function. These are best grouped into the category of "labor investment." As firms come to rely more and more on intangible assets, ranging from brand identities to intellectual property to accumulated knowledge and highly specialized skills to organizational capital, structuring firms with such an exclusive focus on the power and interests of capital investors appears not only outmoded, but efficient only at generating return on investment for the capital investors.

As the Committee has already established, the Spanish Constitution gives a clear mandate to lessen these asymmetries. Since research has shown that there is no economic downside to legally mandated participation, it would have been sufficient to conclude that promoting greater worker participation in firms is entirely justified for reasons of democracy, dignity, and distribution. However, as has already been observed, potential advantages of shifting firms' power structures to include more participants (labor investors as well as capital investors) at all levels are diverse. Economic research has shown that more decentralized firms with higher levels of worker participation are more productive and innovative.

Legal frameworks create the foundations for the dominant governance structure of the firm, which favors asset protection, rent extraction, and hierarchical governance. Corporate lobbies have long sought to shape the law with arguments in favor of the indirect effects of capital accrual. The case of Lehman Brothers is emblematic, both of the success of these lobbies, and their failure to produce positive indirect effects: the legal structures through which Lehman Brothers created a network of over 200 subsidiaries, special-purpose vehicles, and trust entities allowed the firm to silo risk, maintain favourable credit ratings, and funnel profits upward to its holding company; its collapse contributed to a global financial crisis whose adverse effects were felt intensely by the majority of the world population. The legal principles underpinning these structures are not limited to financial firms and increasingly apply across sectors.

Across jurisdictions, however, there is a growing interest in alternative forms of business organization that seek to embed social missions as core considerations and broaden governance beyond capital investors. These forms and legal structures include cooperatives, foundation-owned firms, benefit corporations, employee-owned enterprises, and steward-owned enterprises, as well as innovations in governance such as golden shares or the inclusion of a representative of nature on company boards to ensure that capital contributors cannot unilaterally override social or environmental commitments.

If legal innovations and governmental leadership have shaped firms in the past, they are equally capable of identifying and supporting other models more adapted to the times and to the constitutional mandate of Article 129.2.

The Committee identified a broad range of historical and contemporary examples in Spain, the EU, and beyond, models which are not just socially and environmentally desirable, but have proven to be commercially viable. Different models leverage ownership, participation, control, accountability, and mission preservation in different ways, some with a greater focus on worker participation, some with a greater focus on worker ownership, and some with an equal focus on both. This wide degree of experimentation allowed the Committee to investigate a range of possibilities in order to offer an innovative set of resources, tools, and policy suggestions. Based on data from other countries, the Committee concluded that fulfilling the Constitution's promise to workers requires a mandatory minimum threshold to guarantee worker access to participation and ownership. This should be accompanied by a dynamic policy paradigm that incentivizes firms to move toward these goals, in a way that leaves territories, businesses, and citizens flexibility to

adapt requirements to their specific needs while building a more resilient, equitable, and democratic economic future.

3. Practical Mission

– To identify legislative tools and other resources that offer rigorous, research-based solutions that are innovative, economical, and adaptable to Spain’s culture of territorial and economic diversity.

After reviewing the risks and shortcomings of the current legal framework, the Committee set out to address potential amendments and corrections to it based on the mandates of the Spanish Constitution. Building on these insights, the Committee has assembled a set of policy proposals and reforms that can help better align companies with the Constitution’s promises to Spain’s workers, using best practices in fellow EU countries, with the goal of creating benchmarks and support mechanisms at the European level.

First, the Committee identified two distinct sets of minimum thresholds for access to voice and ownership, in line with European best practices. Second, it suggested a set of tools to promote, encourage, and incentivize further progress to continue the trajectory toward larger worker access to voice and ownership. In both cases, the Committee relied on concrete mechanisms to guide every firm, regardless of size or status, toward this more robust application of the Constitutional mandate. Third, the Committee provided recommendations for relevant policy instruments at the European level.

In light of the scale of the challenges Spain faces today, particularly in the face of climate change and threats of democratic collapse, **the Committee understands the enabling role of the State in fostering shared capability among individual firms and social actors to orient their behavior in a desirable direction and to level the playing field so that businesses and workers can thrive. The strategy for the democratization of firms proposed herein could lay the cornerstone of a more innovative, just, and sustainable Spanish economy. By rewarding cooperation, collective intelligence, and resilience, Spain could become a model in Europe for an economic transition that benefits everyone.**

It is not within the scope of this executive summary to provide an exhaustive report on the Committee’s detailed and comprehensive proposal; for informational purposes, a brief overview is provided below:

At the Level of Spain

Strengthened standards for Works Councils aligned with EU best practices, particularly in terms of rights to information and consultation: The scope of Works Council competencies should be expanded to include the right to information and consultation in decision-making processes regarding reconfigurations of its organizational or production models, in particular where they aim

to achieve greater efficiency, environmental sustainability, and corporate social responsibility. Participation in management should take place according to procedures agreed upon by both parties. To support workers' participation in Works Councils and increase their understanding of the stakes, the Committee recommends that they have the right and the financial means to receive advice from 2 experts in the course of their deliberations, one of whom will be expert on AI systems at work, the other on the impact of the business practices on the nine planetary boundaries that in return shape the environment in which businesses operate.

A New Codecision Right for Works Councils to Shape and Consent to AI: The magnitude of the impact on workers by the introduction of AI Systems justifies a right to shape and consent to AI tools, which the Committee recommends be exercised by the Works Council, with the right to veto, if necessary, all decisions related to the deployment and introduction of Artificial Intelligence (AI) systems. This suggestion is also made at the level of European Works Councils.

Introducing Workers on Boards: minimum legal thresholds based on workforce size, again, aligned with EU best practices, adapted to recognized thresholds in the Spanish system of industrial relations: for companies with 50 to 1,000 employees, one third of the seats on the board are to be allotted to employee representatives; for companies with more than 1,000 employees, one half. Firms can choose, via collective agreement, among three options to organize this representation: including worker representatives directly in the existing Board independent of Works Councils; giving the Works Council the fitting voting weight next to the weight given to the Board; or including the exact number of workers already represented on Works Council in the existing Board, meaning these workers have a dual appointment.

New minimum thresholds for worker access to ownership: for companies with 25 to 1,000 employees, more than 2% of shares must be owned and/or administered by workers (via trust or other appropriate vehicle); for companies with more than 1,000 employees, more than 10% of shares must be owned and/or administered by workers.

Reporting tool: Since the Constitution does not set a firm ceiling, but rather an intention, tools are required to assess how well the nation's commitments and policies align with the Constitution's provisions. Specifically, the Committee proposes two scoring scales to measure companies' alignment with the Constitutional mandates to promote participation and ownership in terms of worker presence in decision-making bodies as well as their share of the firm's capital.

Corporate Democratic Development Index

based on the Two Participation Scoring Scales

| | The Voice Scale (V) | | The Ownership Scale (O) |
|----------|--|------------|--|
| Rating | Categories | Rating | Categories |
| 0 | A company in which those who work hold 0 of the voting rights to 1 seat on the company board (by which we mean the committee in charge of the strategic decisions or legislative branch) | C | 0% of shares held by the workers of the firm |
| 1 | A company in which workers hold from 2 seats to less than 1/3 of the voting rights on the company board | B | More than 0 to less than 2% of shares held by the workers |
| 2 | A company in which workers hold from 1/3 of the voting rights to less than 1/2 on the board (or the works council is equivalent to a college weighing at least 30% of the votes of the company board to less than 1/2) (codetermination) | Ba | Between 2% and less than 25% of shares are owned and/or administered by the workers |
| 3 | A company in which workers hold 1/2 of the voting rights on the company board (or the works council is equivalent to a college holding 50% of the votes on the company board (aka German Montan Codetermination)) | A | Between 25% and less than 50% of the shares are owned and/or administered by the workers |
| 4 | A company in which the company board operates under a dual majority rule (codecision) , where at least one of the majorities is exercised by worker representatives organized as a college of voters or by the works council (aka Economic bicameralism). | Aa | 50% of the shares are owned and/or administered by the workers |
| 5 | A company in which workers hold all the voting rights on the company board (aka workers' cooperative or a <i>laborist company/sociedad laboral</i>) | Aaa | More than 50% of the shares are owned and/or administered by workers, and all the rest is owned and/or administered by other workers or "steward owners" |

| | | | |
|--|--|--|--|
| Example: | Voice Score (V) for a specific firm = 4 | | Ownership Score (O) for a specific firm = A |
| Corporate Democratic Development Total Rating for this specific firm = 4^V A^O = 4A | | | |

Each company will be given a rating which will situate its achievements along the two scales. 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, encouraging less democratic firms in the country to transform their organizational structures further.

Worker- and citizen-controlled investment funds can help SMEs manage the succession crisis through democratic ownership and to gradually acquire and administer majority holdings in medium and large companies. This is an opportunity to promote a more balanced and decentralized financial landscape that fosters widespread prosperity rooted in local territories, encourages innovation, and aids in the transition beyond the shareholder-value-centered model of corporate governance. Moreover, it diversifies the investment risks associated with employees owning shares only in the companies for which they work. This new financial instrument would open worker ownership to shares in other companies, as well as offering the people of Spain access to diversified, democratically run investment funds.

Fiduciary duties should be reformed to encompass more than obligations to shareholders, so that they include a duty of deliberation regarding workers, shareholders, and the environment. Directors would account for these different interests in their decisions, note their consideration of alternative options, and describe the associated outcomes for each group.

Reforms to executive compensation. Rather than purely financial considerations in the service of shareholder value maximization, the Committee recommends redesigning executive compensation to reflect firm impacts on worker and environmental outcomes alongside financial ones. Such compensation structures should be informed by existing third-party standards for worker well-being, such as those constructed by the Global Reporting Initiative and B Lab as well as by existing work on measuring environmental performance. It is further recommended that capping pay ratios between CEOs and the firms' lowest-paid workers be considered to ensure a fairer distribution of firm profits.

Implementing training programs for union leaders, workers, and managers to support their work as catalysts for positive democratic change: since skills suitable for working in, managing, and negotiating with more democratic firms are necessarily different from those developed in the context of firms structured solely around shareholder profit, a successful move toward greater worker participation and ownership will depend on building these new skills. The Committee has therefore proposed methods to adapt the existing training infrastructure strategically adapted to prepare workers, unions, and employers for this transition.

Compensation for union and other worker representatives: the extensive experience of unions in the collective organization of workers is essential to a more thorough application of Article 129.2, and the committee recommends that in parallel with the implementation of adapted strategic training programs, the work of union members should be properly compensated.

New reporting obligation that identify all labor investors: because current legal and corporate arrangements are characterized by outsourcing and complex value chains, often leaving a significant portion of a firm's labor investors outside the formal borders of labor law, and thus potentially excluding them from participation and ownership, the Committee proposes reporting standards that properly identify all who invest their labor into the company.

Establishing an Observatory on Access to Voice and Ownership under the supervision of social partners, scientists, and relevant stakeholders. This observatory would ensure continuous

monitoring of workers' access to voice and ownership across Spanish firms. Its work would involve measuring progress (using metrics such as the six-level scoring scales), identifying good practices, and highlighting structural obstacles. Through producing, systematizing, and disseminating innovative research of high scientific quality, its insights would be crucial for informing science-based policymaking and fostering informed public debate.

Promoting worker participation as a key award criterion in public tendering to help public procurement and State aid serve as levers to implementing Article 129.2 and strengthening worker voice and ownership.

The Committee emphasized that, above the new legal minimum that the Government would set in place, each firm should **choose its own pace on this trajectory of democratization, encouraged by government incentives**, in acknowledgement of the diversity of business models and the need for a gradual, flexible transition adapted to organizational structures and corporate cultures.

The reform is not intended to increase the overall tax burden on firms but instead to redistribute it more equitably between “positive impact” and “negative impact” firms. The goal is to create a system that is **revenue-neutral from the perspective of the budget of the State by setting bonus and malus rates to balance revenues**.

Rather than imposing a rigid law, the Committee notes that **the government can proceed by announcing time-bound objectives, giving firms latitude to adapt their structures and culture**.

Scope: The reform would apply to 100% of Spanish firms, with a possible exemption on the voice scale/standards for small and medium-sized enterprises (SMEs) with fewer than 50 employees.

Reporting mechanism and validation: Firm scores should be measured annually and validated by the Works Council of the firm. AI reporting tools already exist to alleviate firms' reporting burden and to smooth and streamline the process. An appeal structure housed at the Ministry of Labour would validate scores if they were contested by workers or firm management.

Expected outcomes: According to macroeconomic simulations, such a bonus-malus system, combined with an associated regulatory framework, could generate positive economic effects including an increase in business activity, investments, and wages; a drop in unemployment; and a potential reduction in public debt.

At the European Level

The Committee notes that concrete policy instruments are necessary at the European level, as well, and recommends that, as a response to this pressing need, Spain promotes seven policy instruments which we refer to as **the European Regenerative Democracy Compass**, which complements the **European Competitiveness Compass**. Used together, these two tools could bolster the consistency and robustness of European economic policy. Anchored in the **new reporting tool: The Corporate Democratic Development Index, measuring workers' dual access to voice and to ownership**,

1. **A European Sovereign Fund to address the succession crisis and support worker buyouts**
2. **Rights for European Works Councils to shape and consent to AI deployment at Work**
3. **Full and fair transposition of the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD)**
4. **Building consensus on a unified European corporate income tax policy anchored in the dual scoring scale of worker access to voice and property**
5. **A unified incentive and conditionality mechanism across all EU funding, state aid, and public procurement pegged to the Corporate Democratic Development Index, based on the two Labor Investors' Access to Voice and Ownership Scoring Scales**
6. **A 28th regime for European democratic firms**
7. **Key support programs to help stakeholders thrive in the new policy environment, including the creation of the EU Observatory on Access to Voice and Ownership**

Closing Statement

The Spanish Constitution obligates Spain's government to promote *conditions ensuring that the freedom and equality of individuals and of the groups to which they belong are real and effective and to facilitate their participation in political, economic, cultural and social life* in order to ensure a dignified quality of life for all. As we investigated the question of what could be done to safeguard and advance these conditions, the central commitments made by the Constitution to Spanish workers, certain observations were incontrovertible: **Spain – and every country in the world – is facing an unprecedented and interlocking set of multi-layered crises to which our legal frameworks and the organizational structures of our economies are not prepared to adequately respond.**

And yet it is with real hope that the Committee wishes to remind readers of this report that Spain's Constitution contains clear mandates to guide legislators through such times of tension and crisis. Coordinated work across all sectors of the Spanish government will be necessary to identify and implement suitable responses to these crises, and it was with this fact in mind that the Second Vice-Presidency and the Ministry of Labour and Social Economy of Spain: to provide the Ministry of Labor with a tailored and scientifically rigorous approach grounded in Constitutional Article 129.2, in order to orient its work.

Article 129.2 outlines a mandate to ensure citizens a life of freedom and equality in an advanced democratic society in three specific ways: 1) the effective and efficient promotion of the *various forms of participation in firms*, 2) the encouragement of *cooperative businesses*, and 3) the facilitation of *access by workers to ownership of the means of production*. In light of this mandate, the findings and recommendations laid out by the Committee in this Summary and in its report

speak for themselves: **the Spanish government has a historic opportunity to lead the world in taking concrete steps to safeguard its productive fabric, improve job quality, close the innovation gap, co-construct the future of work with safe and adaptive technologies, support territorial flourishing, reconstruct the value chain, reinforce equality, strengthen democracy, and spur ecological renewal. The findings and policy recommendations of this Committee are not utopian. Certainly, they are optimistic, but they are also realistic, rooted not only in careful research, but in tools, approaches, and practices long present on Spanish soil.** Findings and policy recommendations are the tools of researchers and scientists, and when they do their job well, the results serve the people. We hope that the results of our work will help Spain's lawmakers and public authorities advance the task of guaranteeing the freedom and equality of all in a just and democratic economic and social order.

Spain's leadership will be vital at the EU level, as the Union sits at the crossroads between a run toward the degradation of social and environmental standards that the US and China are better positioned to win, or a just transition, anchored in ethical, social and environmental standards that will power Spain –and Europe's innovation capability, while protecting her businesses, in the pursuit of a sustainable and democratic future.