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Abstract

This article seeks to explain Spain's dismal employment record since the late 1990s. It makes efforts to explain Spanish unemployment by identifying prevalent tendencies in the labor market institutions. This article challenges this labor-market-centered view by arguing that the failure of the Socialist government's economic policy strategy is to be found in the interaction of two other factors: the biased course of financial liberalization and the perverse effects of the PSOE's macroeconomic policy strategy on inflation and on the process of social concertation (national wage bargaining). The article also seeks to explain the PSOE's choices in these policy areas.



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