

# Spain: labour reforms threaten “winter of discontent”

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Prime Minister Jose Luis Rodriguez Zapatero's Socialist Workers Party (PSOE) government is pressing ahead with planned labour reforms. The trade unions are seeking to smooth the way for this by bringing to an end several nationwide strikes, including the explosive miners' strike.

For the last seven months the government, trade unions and the employers' confederation have been in talks aimed at imposing labour reforms demanded by the international financial institutions. In October, International Monetary Fund Managing Director and former Spanish Economics Minister Rodrigo de Rato reminded European governments that “at the top of the list of fundamental, long-term issues is the labour market. This includes pension, health care, and labour market reforms.”

Attempts to carry out these reforms in the past have provoked several general strikes in Spain, including one in 2002 that caused the right-wing Popular Party (PP) government to back down and withdraw its proposals.

An IMF report on Spain published in March 2004—the same month that the PSOE replaced the Popular Party in government—made clear what the new government's priorities had to be. It said, “Spain's ability to preserve [its] gains is unclear: higher price and cost inflation has been eroding competitiveness and productivity growth has been disappointing.”

The economic situation would only get worse in Spain, the IMF added, because of the drying up of European Union subsidies and competition from poorly paid workers from the new EU member countries. The Zapatero government has recently ended its restrictions on workers from Eastern Europe working in Spain.

The IMF report called for labour market reforms to boost productivity, saying that “the guiding principle in tackling this issue has to be that of increasing, not decreasing, labour market flexibility, with the primary avenue thus being a reduction in the rigidity of standard open-ended [permanent] contracts.”

An OECD report this summer repeated this conclusion, saying “the long overdue task” of reducing the cost of

permanent workers “remains crucial.” It added that the “Declaration in favour of social dialogue” signed in July 2004 by the government, employers and unions “provides a window of opportunity to make further progress with labour market reforms.” The signatories to the declaration agreed that greater productivity and competitiveness were needed and the cost of open-ended contracts had to be cut.

Despite major labour reforms in the 1990s, some 70 percent of Spain's workers are still covered by collective agreements and by open-ended contracts—won as the Franco dictatorship collapsed—that guarantee wages will rise with inflation and protect other conditions and rights. Workers can also receive a state pension at the age of 60 after 15 years work and the unemployed can receive up to 42 months benefit. The destruction of these gains is a high priority for international financial institutions and big business.

For many years Spanish governments avoided an open confrontation with workers on open-ended contracts. In 1997 business leaders, unions and the PP government signed the Toledo Pact, which increased the use of flexible and temporary employment contracts instead. Prime Minister Jose Maria Aznar praised the union leaders for their “enormous maturity” and for abandoning their “prejudices” for the sake of “consensus.” The unions, for their part, claimed this would ensure the government and employers would respect workers' conditions. But they simply prepared the way for the more wide-ranging attacks today. Now, one-third of all Spanish workers are on “rubbish contracts” (contratos basura)—so called because there is no job security and no benefits. Two-thirds of the 900,000 new jobs created in Spain this year were of this type.

In mid-October the PSOE government announced new legislation making it easier and cheaper for companies to fire workers on permanent contracts. Severance payments to workers who are sacked for so-called “justified” reasons—bankruptcies or large financial losses—are to be reduced to 20 days pay for every year worked up to a maximum pay-out equal to one year's salary. The entitlement for “unjustified” redundancies will be reduced to

33 days pay. Currently, many workers can receive up to 45 days severance pay to a maximum of 3.5 years.

The proposals were announced as lorry drivers struck for two days against rising fuel prices, disrupting supplies to industry and shops. Later in the month fishermen also protested against increases in the cost of fuel and blockaded all the major ports in Spain for four days, halting ferries and cargo traffic. In both cases Zapatero made concessions, either lowering taxes or increasing subsidies.

In early November, miners went on strike in opposition to the PSOE's attempt to implement the Coal Mines Plan 2006-2012 that intends to restructure the industry, reducing production and employment in the sector.

A 48-hour national strike began on November 3 that involved nearly all the country's 8,600 miners. In Asturias, the biggest mining area in Spain and a region with a history of militant working class action, miners set up barricades, blocking roads and virtually isolating the region. They battled with police who fired tear gas and rubber bullets in an attempt to break up the protests. Miners in Galicia, Aragon, Andalusia, Castilla-La Mancha and Catalonia were also involved in the stoppage.

Successive governments have steadily run down the mining industry over the last 20 years, despite coal being Spain's most plentiful indigenous energy source. Cheaper imports have risen and subsidies to the mines and electricity producers reduced when the 50-year-old European Coal and Steel Community Treaty ended in 2002. In the 1998-2005 Coal Mines Plan, subsidies to the industry were approximately €11.7 billion, but the new plan reduces them to €7.6 billion. As a result, employment that stood at 51,000 in 1981 is today 8,600—far below even the target of 17,000 set by the previous Popular Party government.

The UGT and the Stalinist-led Trade Union Confederation of Workers Commissions (Comisiones Obreras, CC.OO.) ended the miners strike after five days, accepting virtually all the proposals in the plan. The only concession appears to be keeping the early retirement age at 52. But even this, Industry Minister Jose Montilla said, would only be honoured for two years. The new deal means production will be cut from 12 million tons of coal this year to about 9 million in 2012 and the number of jobs will be cut from the current 8,600 to 5,800 over the same period.

Two days after the miners deal, workers at Volkswagen-owned carmaker SEAT in Barcelona took a day's strike action against plans to cut some 1,400 employees and reduce production. The workers had already refused to accept an earlier plan that cut hours and wages for everybody.

Farmers are also threatening action over rising fuel costs. "We'll put tractors on the roads and bring the country to a halt," warned Miguel Lopez, secretary general of the

agricultural union COAG. Farmers claim they lost €4 billion this year because of spiralling fuel prices and the damage to crops caused by this summer's drought—the worst since 1947. The farmers' strike is planned for the middle of November, but wildcat action has already occurred in some areas.

Unions at the public radio and television company RTVE are calling a demonstration against job cuts and privatisation on December 17 and a possible 24-hour strike on December 22, the day of Spain's Christmas lottery, the largest in the world.

Despite the unions' efforts to contain the strike movement, several unofficial strikes have taken place already and more are likely to follow. This has prompted the unions to warn Zapatero that if he pursues with the present pace of reforms he will face a "winter of discontent."

The government's closest newspaper supporter *El Pais* insisted that there should be no retreat. An editorial entitled "Does the Government Really Know How to Say No" warned the government that every time it backed down from a struggle against the working class it was only "stimulating further mobilisations."

The betrayal of the miners and the imposition of the Coal Mines Plan show that the unions, along with social democracy and Stalinism, are again playing a decisive role in diverting social discontent and propping up Spanish capitalism. It is a warning that even the most militant trade union struggles are unable to provide the means through which the working class can defend any of its past gains, let alone make fresh advances.

This was the principal lesson of the one-year strike by the miners in Britain in 1984. The most steadfast and principled miners and workers generally believed that militant action alone would be enough to make their leaders fight and ensure victory. It showed, however, that the old organisations of the working class were already in an advanced state of decay. The globalisation of production that took place from the mid-1970s and accelerated in the 1980s had rendered the social democracy and trade union's national reformist policy bankrupt and requires the construction of a new socialist party.



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