Talks on labour relations in Spain break down

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Talks aimed at redrafting labour relations in Spain broke down at the end of last month due to the employers making demands that the trade union bureaucracy felt unable to impose on its members.

The Spanish Socialist Workers Party (PSOE) government of Prime Minister José Luis Zapatero desperately hoped to conclude the talks before the summer recess and now faces a new round of discussions in September. Both sides continue to state their claims in the press.

The unions have accused the employers' federation, the CEOE (Spanish Confederation of Employers Organisations), of holding up 1,500 wage negotiations involving some 4 million workers. In response, Gerardo Díaz Ferrán, CEOE president, has demanded "at least" a 1 percent wage reduction as the starting point for negotiations this year.

The government did everything it could to obtain an accommodation with the employers. As it became clear that there was no agreement between the two sides, Zapatero organised a dinner at his official residence, the Moncloa Palace. He invited Ferrán along with Ignacio Fernández Toxo and Cándido Méndez, the general secretaries of the CC OO (Workers Commissions) and UGT (Workers General Union), Spain's two main trade union federations, respectively.

Both the government and the unions had already agreed to make unprecedented concessions. These were bluntly rejected by the employers, who are insisting on the total overhaul of labour relations in Spain.

Millions of workers are still covered by collective agreements and long-term contracts guaranteeing that wages will rise with inflation, and including the right to a redundancy payment of 45 days per year worked—payable in 22 monthly instalments. The employers want only 20 days per year worked, payable over one year. The employers are also looking to create a new "indefinite not permanent" (*indefinido no fijo*) contract, with a redundancy payment of eight days per year worked. The CEOE claims this would give an incentive to temporary contracts becoming permanent "but affordable to the employers," and would increase employment and productivity. Such contracts would end after two years—unless the company and the worker opted for its indefinite continuation on the same terms.

The CEOE wants a reduction in employers' contributions to social security of 5 percent. The government initially said they would only agree to a 0.5 percent reduction. They then conceded a reduction of 1.5 percent, obviously in agreement with the trade unions.

Zapatero declared that reducing employers' contributions by 5 percent would cost €15,000 million and would threaten the "balance of social security and pensions." He added that nobody could "reasonably" defend a 5 percent reduction "unless they wish to harm the system."

The CEOE wants to undermine rights such as judicial job protection.

Both the government and the unions interpret this as an attempt to do away with the legal protection of workers. Spanish employers have for many years been attempting to reform the laws governing redundancy payments and legal security of jobs, won by workers since the end of the fascist Franco regime. They have always met an adamant resistance on the part of the working class.

The trade unions have sold out many of those gains in various social pacts agreed on with the CEOE and successive governments. Employers have partially been able to achieve their long-stated aim of making redundancies easier and cheaper by creating millions of temporary and casual jobs, with the collaboration of the unions. These jobs do not carry the same conditions and legal guarantees as permanent jobs and were to a great extent filled by immigrant workers, who are now the first casualties of the present economic crisis.

The CEOE wants total freedom to hire and fire at will, cheaper redundancy compensations and reduced social security contributions. The government and the unions agree to the necessity of these reforms, but are running scared of the reaction that such drastic changes would encounter.

The unions fear the breakdown of the social dialogue that

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has been maintained since the end of the Franco regime in the 1970s. This dialogue has provided the bureaucracy with jobs, and a role as advisers and, in some cases, a position as shareholders.

After the talks broke down, Ferrán proposed new talks in September "without perimeters or red lines." The PSOE indicated its willingness to continue trying to reach an agreement. Its congressional spokesman responded by asking for "reasonable" proposals rather than the "exorbitant [and] antisocial" proposals already being discussed, which are "lacking in solidarity."

Some commentators have expressed doubt that new talks will even be possible. In previous years, negotiations were a slow process of minor concessions from each side, but the economic crisis, which has hit Spain harder than any other country in Europe, has changed all that. There are today more than 3.5 million workers unemployed, a huge deficit and the collapse of the housing industry, which had been the biggest employer in the country. Unemployment is expected to remain above 4 million through 2010.

The employers' federation has responded to criticism in a public communiqué. Point three states that the "CEOE wants to reemphasise in front of Spanish society as a whole the primary role of an employer as the creator of wealth and employment and as the real motor of the economy, and its renewed commitment to continue this role, continuing negotiating to achieve the best for the economy of our country. To do this it (CEOE) needs an adequate regulatory frame, in line with the countries surrounding us in order to develop its activity efficiently."

By "the best for the economy," the CEOE means the best for the corporations' profits. The only way they see to ameliorate the crisis they have created is to increase the exploitation of the working class through lower wages, cuts in pensions and services, and changing the law to leave workers totally unprotected and at the mercy of the market.

The day before the CEOE presented its updated demands, Ferrán had a working lunch with the head of the opposition right-wing party, the Popular Party (PP). The government and unions have accused the employers of putting forward the secret programme of the PP.

At the meeting, a microphone was left switched on, and Ferrán was overheard privately blaming the gravity of the economic crisis on Zapatero. He was also heard praising the PP's Madrid leader, Esperanza Aguirre, saying she "had balls." Aguirre had publicly blamed Zapatero for the breakdown of the talks, calling him a "retrograde syndicalist picket."

Cayo Lara, leader of Izquierda Unida, the left coalition led by the Communist Party, has merely stated that, in view of the CEOE's actions and the PSOE's current bad poll results, the government should carry out a "more left-wing social policy."

It is likely that the CEOE will push ahead with its programme of smashing the social pact, rather than pursuing further negotiations. Antonio Baylos, professor of labour law at the University of Castilla La Mancha, argues that the CEOE has got the measure of the trade unions, knowing that they are only interested in maintaining the social pact to keep their feet under the table. Leaders of both the CCOO and UGT have agreed that there must be some negotiation of position with the CEOE. Baylos believes the CEOE can break the consensus and impose its reforms without any real response from the unions.

Workers should place no confidence in the "Socialist" government or the trade unions that have proven themselves as the accomplices of the ruling elite. The PSOE and the CC OO and UGT are the servants of capital and not labour. They see the economy and its needs from the same heights as the employers. During the talks, they have repeatedly agreed with the employers on the necessity for economic reform so that capitalism can continue to exploit workers and impose on them the burden of the crisis.

The workers themselves, and not the employers, are the creators of all wealth. The working class is the only class that can transform society so that the wealth is used to satisfy the needs of society as a whole and not a few individuals and organisations who plunder it.

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