

# Spanish parliament passes anti-labour laws

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The Spanish Socialist Workers' Party (PSOE) government has won parliamentary approval for new labour laws that will make it easier to sack workers. The measures have been in force since June on an emergency basis. They have now been passed into law and confirm the intention of the Spanish government to impose the cost of the economic crisis on workers and the inability of the Spanish trade unions to prevent the destruction of their members' jobs, pay and social conditions.

The new labour laws are part of what the *Financial Times* describes as "one of the Eurozone's most stringent austerity plans". Introduced in May, the 15 billion euro austerity package includes a 5 percent cut in civil service pay, cuts to pensions, an increase in the pensionable age and the slashing of government capital spending programmes.

The International Monetary Fund (IMF) has described the new labour laws as "absolutely crucial". It has identified what it calls "rigidities" in the Spanish labour market as a major economic problem. What the IMF economists mean is that workers have had some legal protections from being fired. Removing these protections will, it is claimed, create new jobs. But that has not been the experience of the last three months.

Unemployment has soared. In August unemployment rose by 61,000, an increase of 1.56 percent. This brings the total to nearly four million. Finance Minister Elena Salgado described this increase as "normal".

At 20.3 percent, Spain's unemployment is the highest in the 27 member Eurozone. This is double the region's average. Among young people the figures are even worse. Youth unemployment now stands at 41.5 percent in Spain. The European average unemployment rate for under-25-year-olds is at a record high of 20 percent.

Spain has the highest rate of unemployment among the countries included in the Organisation for

Economic Co-operation and Development (OECD). The Slovak Republic is second, with 15 percent unemployment, and in Ireland the figure is 13.6 percent.

Those new jobs that have been created are on temporary contracts, or "garbage contracts" as they are widely known. These contracts allow employers to fire workers cheaply and quickly. The new laws effectively reduce all workers to a similar level.

Employers can now cite potential future losses as a reason for making workers redundant. Workers have fewer legal avenues to challenge job losses. Redundancy payments have been slashed. Previously, workers on a permanent contract could expect to get 45 days pay for every year they had been employed by the company. Now the figure is 33 days pay per year employed.

Zapatero says, "The reforms give flexibility to companies when faced with adverse conditions". What he means is that companies can now hire and fire at will. One third of the Spanish workforce is already on temporary contracts. The new labour laws make the other two-thirds just as vulnerable to dismissal. It will allow the employers to drive down wages and increase their profits.

Zapatero has rushed to comply, because Spain is dependent on funds from a 750 billion euro European Union-IMF fund that was agreed on May 10. It followed a similar "rescue-package" of 100 billion euros for Greece. Zapatero is committed to reducing the Spanish deficit from 11 percent of gross domestic product to 6 percent by 2011 and 3 percent by 2013.

The only rescue involved in these deals is for the international financiers who have lent these heavily indebted European countries money. Their access to IMF and European Central Bank funds ensures that they keep paying their debts. In return they must fundamentally restructure their labour markets and

welfare systems.

US President Barack Obama made an unprecedented phone call to Spanish Prime Minister Zapatero on May 11 as the EU-IMF deal went through. He insisted that Zapatero take “resolute action” to cut the Spanish deficit. In reforming the labour market, Zapatero is making good his promise to Obama, and the workers of Spain are paying the price.

The trade union federations Comisiones Obreras (Workers Commissions, CC.OO) and the Unión General del Trabajo (General Workers Union, UGT) have threatened to call a general strike on September 29. They made this call in June and reissued it at a conference in Madrid as the new labour laws went through parliament.

“Now more than ever a general strike makes sense”, said Ignacio Fernandez Toxo, head of the CC.OO. It was, he said, “the biggest attack on workers’ rights” since 1975, when the Franco-era ended.

There is “a flood of unjustified and unjust measures”, Cándido Méndez, leader of the UGT said.

The strike is timed to coincide with a planned day of action by unions across Europe, including those in Greece. But the threat of a one-day strike has not deflected the PSOE government any more than repeated protests led by the Greek trade unions have persuaded the social democratic PASOK government to abandon its austerity programme.

The Spanish trade union federations and the Stalinist-led Izquierda Unida (United Left, IU) claimed that the strike threat would put pressure on the government to ameliorate the new labour laws in the course of the legislative process. But the PSOE rejected all amendments, and its deputies voted unanimously for the law as it stood.

Having successfully pushed through the new laws, Labour Minister Celestino Corbacho assured employers’ organisations that the full implications of the powers given to them are much more significant than they appreciate at the moment. He told them, “Time will tell. It is probably more far-reaching than some imagine and believe, and if that is so, it means the reforms are good”.

Corbacho’s remarks amount to telling the employers that they should test the limits of this new legislation and see just how far the courts will allow them to go. The PSOE has declared open season on jobs.

The Spanish government, which is closely linked to the unions, initially tried to draft new labour laws in discussion with the union bureaucracy. But when the financial crisis broke out Zapatero took advantage of the situation to act unilaterally and carry out a major restructuring of the labour market. The threat of a general strike does not mean that the alliance of the PSOE and the unions is over. Zapatero knows the unions will not jeopardize his government or its austerity programme.

“Even if a general strike takes place on September 29, I will continue dialogue with the labour union the following day”, Zapatero said.

Zapatero is confident that he can rely on the trade unions to force down wages and impose the austerity measures that the international financial institutions and big business demand. He knows that the unions will mount token displays of opposition, but are fundamentally committed to working with the employers and the government.



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