

# Spain: PSOE and PP collude to rush through austerity legislation

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Until recently, the right-wing opposition Popular Party (PP) has voted in parliament against the austerity budgets of Spain's Socialist Workers Party (PSOE) government, forcing it to rely on the small nationalist parties to pass its measures.

Since Prime Minister José Luis Zapatero announced the general election would be brought forward four months to November, the PSOE and PP are colluding to ensure the legislation required to further impoverish working people gets through unhindered.

Zapatero's announcement in August of early elections came as the danger of a debt crisis reached fever pitch in Spain (one of the euro zone's "PIIGS" along with Portugal, Italy, Ireland and Greece). Speculation also increased about a possible bailout for the country as the interest rate for 10-year bonds peaked close to the 7 percent mark that triggered the emergency "rescues" of Greece, Ireland and Portugal. Zapatero is reported to have said the country was on the "edge of the abyss".

In response, PP and PSOE leaders declared they would do whatever is required by the international finance markets to slash the total public deficit from 9.2 percent of GDP in 2010 to 6 percent by the end of this year and to 3 percent by 2013.

At the beginning of September, the PP abstained to allow an unprecedented change to the Spanish constitution—the imposition of a ceiling on public spending deficits for all future governments—to go through in the space of just two weeks.

Now, the PP has abstained on a labour reform law, cynically labelled as "urgent measures for the advancement of youth employment", that attacks working conditions, wages and permanent employment.

The aim of the law is to change the type of contract used for young unqualified people. Such contracts

currently last between one and three years and pay a salary equivalent to the minimum wage of €641 a month. The young person is supposed to spend 75 percent of his/her time working for the employer and 25 percent on training.

In a reform last year the government raised the age limit from 21 to 25. Now, it will be raised to 30 years of age—extending a mechanism for the cheap employment of youth to all young adults.

The law also changes temporary contracts. Over the last two decades the percentage of workers on temporary contracts has soared across Europe and in Spain, in particular, where a quarter of all workers are affected.

In 2006, parliament passed a rule limiting these contracts to a maximum of two years after which the job became automatically permanent. Many employers responded by replacing people before the two years were up. Since the global financial crisis erupted in 2008 some 90 percent of workers who have lost their jobs have been on temporary contracts.

The worsening of the conditions facing youth and temporary contracts has exposed the bankruptcy of the trade unions, which made putting pressure on the Zapatero regime to curb endemic temporary employment in Spain their flagship policy. The unions claimed they had been instrumental in lowering the numbers of casual jobs.

According to reports, the minister of labour, Valeriano Gómez, spoke to Fátima Báñez, a member of the PP's economic team, to request the party abstain on the law. The PP's parliamentary spokeswoman, Soraya Sáenz de Santamaría, justified the close cooperation between the two parties, saying, "It is a bad decree because it is taking us to an absolute precarious system of employment.... Nevertheless, the government has

asked us to abstain ... and because of our responsibility and sense of statesmanship we will abstain”.

Support for the PSOE has collapsed due to its imposition of austerity measures, wage and social welfare cuts that have resulted in widespread hardship. Unemployment is around 21 percent, with half of all under 25-year-olds without work. Anger at the worsening social conditions was at the core of the May 15 movement, which erupted outside of the traditional parties and unions and saw tens of thousands of *indignados* (indignant ones) occupy central squares in cities and towns throughout Spain.

That month saw the PSOE receive its worst result in history in regional and local elections. The most recent polls suggest the PSOE will be crushed in the November 20 general election, giving the PP a majority. Whoever is the winner, however, will be set on a course of direct confrontation with the working class and youth.

It is this that has prompted senior PSOE politicians to raise the question of a government of national unity in order to drive through austerity measures. At a press conference held directly after the labour reform vote in parliament, Gómez declared that if the “degree of approximation” between the two parties had been greater during this legislature “the country would have fared much better”.

Others have expressed similar opinions. The president of the Congress, José Bono (PSOE), declared in an interview with TV Onda Cero on August 5, that in his opinion the two parties should work together after the November election.

“I support the PSOE and PP understanding each other and I am not ashamed to say so even when we are near the elections”, he said. “It is patriotic to understand each other and I support that they even govern together when it is possible. Perhaps it would not be good for the PSOE or the PP, but it would be good for Spain and Spaniards deserve it”.

Bono later added that it would be beneficial for all the parties, including the nationalists, to be united so that the international markets see Spain “as a single man or a single woman”.

Another voice in support has been that of the previous president of the Congress and ex-president of the European Commission, Manuel Marín. Marín was previously the international policy secretary of the

Federal Committee of the PSOE.

Already in April, he had suggested that an alternative government could be “a national coalition government of a short duration, two or three years”, involving the PSOE and PP, which should agree to pacts on the economy, foreign policy, the territorial structure of Spain and public expenditure.



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