Spain restricts aid to long-term unemployed

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Last Friday, Spain's minister of employment, Fatima Banez, announced that the Council of Ministers had decided to extend aid to the long-term unemployed, but with new restrictions on access.

For weeks, Prime Minister Rajoy remained silent as to whether his government would extend the €440 per month subsidy called Plan Prepara, distributed to the 600,000 unemployed workers no longer eligible for regular benefits.

Those living with a parent or grandparent earning at least €481 a month will be excluded from the benefit. The government will only give the subsidy to those who have been "looking" for a job for 30 days and can provide proof of work training.

Eligibility for Plan Prepara will be determined by adding up the incomes of all household members, whether children or parents of the applicant, and dividing the figure by the number of dwellers. Effectively, only the unemployed who do not live with their parents and whose income does not go over €481 will be eligible for the help.

The new extension raises the subsidy from €400 to €450 for people with at least two dependents in their care. This small increase does not compensate for the fact that tens of thousands will be left without this subsidy.

Most affected will be young jobless workers, who already suffer more than 50 percent unemployment. Other measures of the Popular Party (PP) government have also targeted the youth and students. So far, it has eliminated the Basic Income of Emancipation that gave €210 a month to help pay rent for those aged 22 to 30. Those over 26 who have never worked will also be excluded from access to health care—a measure that targets students who have extended their studies. University fees have risen from 33 to 56 percent, depending on the region, an average increase of €540 per year. Student grants have been cut and eligibility restricted.

Banez stated cynically that the restrictions to Plan Prepara will be accompanied by "a number of improvements" in order to "strengthen the protection of those most in need" and to improve "the goal of retraining the unemployed." The reform would be "more equitable and fair," she claimed.

According to Banez, the plan has been a failure because, of the 600,000 who have benefitted, only 6 percent had found jobs—as if the unemployed preferred €400 to a job.

On the same day, the Spanish government presented draft legislation that will change the rental market. The new law, among other things, will permit fast-track evictions of tenants who default on their payments. Even settling debts at the last moment will not save tenants from eviction. Landlords will no longer be bound to a minimum contract for five years if he or she wants the property for personal use. The measure will also eliminate the use of the Consumer Price Index as the basis for raising rent year over year, meaning that landlords will be able to impose higher rents by threatening to evict.

This comes at a time when a record 46,559 people have been evicted from their homes in the first semester of 2012. This in spite of the fact that there are now 3.5 million (13 percent of the total) empty homes throughout the country.

The consumer organisation FACUA has been threatened by the government with being excluded from the Register of Associations because of its campaign against "the rationalisation of public spending" (i.e., austerity measures). It states that this latest measure "minimises the rights of the tenants by favoring the speculators and the financial institutions…. [T]he landlord who wants to get rid of his tenants for a higher rent will have a free pass."

More cuts will begin to take effect in September.

From September on, the approximately 150,000 immigrants in Spain who do not have their residency status will no longer be eligible for free health care. Doctors of the Spanish Society of Family and Community Medicine (Semfyc), which has 20,000 members, have declared that they will refuse to observe the new law.

A three-point rise in the sales tax from 18 to 21 percent on products and services like food, drinks, transport, health, clothes and water, electricity and gas is to be implemented. This will mean around €470 a year for a family.

The billions in cost-cutting measures imposed so far by the previous Socialist Party (PSOE) government and the current PP government are nothing compared to what is to come. In a recent meeting with King Juan Carlos, Rajoy stated that the government plans on making around €90 billion in budget cuts over the next two years, starting in 2013.

The Spanish government wants to show that it is meeting its deficit targets in order to seek a second bailout in September. The Rajoy government is planning the creation of a "bad bank" that would absorb the toxic assets the banks are holding. This has been revealed to be one of the conditions imposed by the troika—the European Union, International Monetary Fund (IMF) and European Central Bank—on Spain as a condition for the €100 billion bank bailout.

Spanish banks are currently sitting on €176 billion of toxic assets, linked with the real estate and other investments that collapsed following the bursting of the property market bubble in 2008. The European Commission has demanded that Spain delay the creation of a bad bank until Brussels' experts can review the project. The central purpose of the bad bank will be to cover the losses of Spain's financial elite with public money.

The fundamental objective of all these measures is the destruction of the social gains won by the European working class by a ruling class that sees public spending on education, health, pensions, public services and infrastructure as restrictions on its own wealth accumulation.

A recent report by the IMF reveals the growth of inequality in Spain since 2007, surpassed only by Lithuania over the same period. The IMF notes that "the income gap between workers with permanent and temporary contracts further widened, with now close to three quarters of temporary workers in the bottom half of the income distribution. Around half of all youth are unemployed, a third has dropped out of school, and those who have jobs are largely on temporary contracts."