

# Record unemployment adds to Spain's social crisis

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4 February 2013

According to the latest Labour Force Survey, there are a record 6 million Spanish workers without work compared to 1.7 million in 2007, shortly before the economic crash. The unemployment rate now stands at 26 percent, the second highest in the European Union (EU) behind Greece. In southern Spain, the situation is even worse, with nearly a third of workers unemployed in the provinces of Andalusia and Extremadura, the cities of Albacete, Ciudad Real and Toledo, the Canary Islands and the North African enclave of Ceuta.

Spanish youth have been particularly badly hit, with nearly 60 percent of those under age 25 without work. Amongst migrant workers, unemployment is 36.5 percent.

A bloodbath has been carried out in the public sector, where nearly 200,000 jobs were destroyed in 2012, almost seven times the 32,400 cut in 2011. Most of the job losses have been in the autonomous regions and municipalities, which are responsible for providing education and health services.

Nearly 2 million of the 6 million without work have been unemployed for more than two years and are no longer entitled to unemployment benefits. Only 9 percent have a chance of finding work, compared to 30 percent five years ago, according to the employment agency association AGETT.

Some 10 percent of households constituting nearly 2 million people have all their members unemployed—an increase of 16 percent compared to 2011.

At the same time, 63 percent of those in work have received cuts in their income of 1 to 10 percent since 2011, according to a study by the Organisation of Consumers and Users. One in ten workers have seen their salaries slashed by more than 20 percent. A similar disaster has affected pensioners, with one in three losing up to 10 percent of their meager income,

and nearly one in ten losing up to 20 percent.

Between October and December 2012, some 125,500 young people between the ages of 20 and 35 years emigrated, as did 87,000 foreigners, mainly unemployed immigrants from Latin America, Africa and eastern Europe.

Workers who have taken out a mortgage to finance a home find themselves in a terrible situation. Prices have dropped by more than a quarter since Spain's housing bubble burst in 2008. Some 350,000 have been evicted from their homes. Despite these large figures, the default rate is comparatively low compared to other EU countries because many more homeowners are relying on relatives to pay their mortgages to prevent repossession.

"If it were not for the support of families, the situation would be much worse," Esade business school professor Juan Ignacio Sanz told the *Financial Times*. "In many cases grandparents are now the ones who are paying their children's mortgages with their state pensions. I don't know how long that can be sustained", he said.

Spain's mortgage laws are severe. As the *Financial Times* points out: "Under the 109-year-old law, returning the keys of your property to the bank does not rid you of your debt. A bank can seize a home for 60 percent of its appraised value and then pursue the owner for the outstanding sum, including interest and legal fees—leaving those unable to pay both homeless and in debt for life."

A flavour of the social collapse in Spain and the huge inequality that exists can be gained from a *World Socialist Web Site* reader who writes, "I have been working in the coastal town of Moraiha, a typically picturesque town overlooking the Mediterranean Sea. It is mainly inhabited by ex-pats, Dutch and Germans

who have built their bespoke villas sprawling the coastline and inland.

“One other noticeable difference when I was driving through the mountain regions was the abandoned EU road construction projects. Motorways and roads left unfinished. These were projects linking some of the major growing regions like Murcia and Valencia to the rest of Europe.

“I spoke to a property developer/agent who told me this area was the ‘Hidden Gem’ of this part of Spain, stating there were plenty of people with money around here and the current economic crisis hitting Spain would have little effect. When I asked him what the current housing market was like, he seemed to contradict his previous remarks, telling me he had property for sale that had been reduced to less than half its value in four years. Many people had handed their keys back to the banks.

“He saw this situation as a positive thing, telling me that if you want to get a bargain property, buy direct from the bank property auctions. He didn’t want to comment on the consequences of this overpriced housing boom which had left many people homeless and destitute.

“I spent a few days driving on the coastal road from Alicante to Valencia, two days of which I spent in the tourist metropolis of Benidorm. It was obvious to see here the impact of Spain’s economic demise. Traders are competing with each other so brutally they are lucky at best to break even. It was obvious from the general appearance of the town that many people are struggling to survive.

“I came across numerous homeless people begging in the streets. One woman was in a state of emotional frenzy, crying uncontrollably. Another man was pleading with the public for a job. He had a placard written in English saying, ‘Please help me. I am desperate. I need work to live’. Another elderly man was lying prostrate on the side of the pavement with his head in his hands mumbling in Spanish. People were stepping over him like he was not there.

“The presence of the police patrolling the streets was evident all around Benidorm. One local taxi driver told me their priority is to hand out as many on-the-spot fines as possible. I experienced driving through numerous police speed checks myself. If you don’t have the money on you they take you to an ATM for it.

“I spoke to a British woman who has been working in Spain for the last three years. She told me it’s the worst it’s been. Many people are working for two euros an hour.

“One local man expressed real concern for the future of his family, adding, ‘this current financial crisis is going to have far worse consequences than when Franco was in power’.”

Reacting to the latest unemployment figures, the leader of the Communist Party-aligned United Left, Cayo Lara, urged the Popular Party government to change its economic policies as a result of its “complete failure” and declared, “How many unemployed are necessary for the government to react?”

That question should be addressed to the trade unions. Both the Communist Party-controlled CC.OO and the PSOE-aligned UGT signed labour reforms ending national collective bargaining agreements and making it easier and cheaper to fire workers, paving the way for the onslaught on jobs, wages and public services. They have just announced the resumption of further “social dialogue” with the employers’ organisation CEOE. The UGT leader Cándido Méndez made clear the substance of these talks when he said, “We must make policies that favour the maintenance and creation of industrial sectors with greater added value.”

This can only mean more agreements that have made Spain the only large EU economy to witness a fall in unit labour costs since 2009. Recognising this fact, carmakers such as Ford, Peugeot and Renault have all announced plans to increase production in Spain. At Nissan, the unions agreed this month to cut wages for new starters by 20 percent.



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