Spanish unions collude in mass unemployment and wage cuts

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In the space of two years, the Popular Party (PP) government in Spain and its Socialist Workers Party (PSOE) predecessor have agreed to three labour "reforms" with the trade unions.

The February 2011 measure declared that it "ensures employers' flexibility in managing human resources of the company as well as the safety of workers in employment and adequate levels of social protection. This is a reform in which everyone wins, employers and workers; it seeks to meet the legitimate interests of all."

With capitalism in deep crisis, it is impossible for "everyone to win," and it hasn't taken long for this to become clear. Workers have lost out—suffering a steep rise in unemployment, lower wages and worsening labour conditions, while the employers have reaped the rewards. All the limited protections won during the transition to bourgeois democracy following the death of the fascist dictator General Francisco Franco in 1975, enshrined in the Moncloa Pact and the Workers' Statute, are being erased.

Deregulation, flexibility and job insecurity are now rife. A two-tier employment system has developed, with mainly young people and migrant workers on low-paid temporary contracts replacing older unionised workers on relatively better-paid, more secure permanent contracts. The main employers' demand has been to break up the conditions attached to permanent contracts by reducing wages, pensions and redundancy payments, making it easier to fire workers, and ending national bargaining arrangements.

Much of this has been accomplished in the last two years. None of it could have happened without the connivance of the trade unions.

Among the measures agreed to by the unions were a three-year limit on pay rises and new rules making it easier and cheaper to fire workers, paving the way for the onslaught on jobs, wages and public services. In the past, up to 70 percent of workers had their terms and conditions determined by national agreements, with most others covered by agreements at the sector level, such as mining or the hotel trade, or at a regional level. Agreements reached at company level are now prioritised.

Recent agreements between business associations and trade unions exemplify the role the unions play in policing the work force. Last week, the Association of Large Retailing Companies (Anged), which includes major corporations like El Corte Inglés, Carrefour, IKEA, Cortefiel and C&A, signed an agreement with unions that lowers wages and eliminates extra pay for working Sundays or holidays—in effect, a 6 percent salary cut. The 230,000 workers affected by the agreement will also work 56 hours more per year, with their salaries frozen until at least 2016.

The web site of Anged celebrates the fact that "representatives of the unions renounced their initial demands with the aim of finding an equilibrium which guarantees employment in the [retailing] sector."

Auto companies such as Ford, Peugeot and Renault have announced plans to increase production in Spain. At Nissan, the unions agreed this month to cut wages for new starters by 20 percent. Renault struck a deal to boost production and hiring in return for more-flexible work rules and the ability to take on temporary workers at much lower salaries. The deal allows factories to run seven days a week and keep wage increases below inflation.

Renault CEO Carlos Ghosn recently stated that the deal with the unions in Spain was a road map for the company's efforts to cut costs in France, where it is in the midst of talks with the unions. Unit labour costs, used by economists as a gauge of competitiveness, have fallen five percent in Spain over the last five years, while in France they rose 10 percent, according to the Organisation for Economic Cooperation and Development.

The Spanish unions have agreed with the chemical employers association, FEIQUE, that the salaries of 250,000 workers will be frozen this year. In 2014, salaries will rise by 0.2 percent only in the improbable case that gross domestic product (GDP) grows by 1 percent. Salaries will rise by 0.4 percent if GDP growth is greater than 1 percent. This slight increase will hardly benefit workers, as the increase in taxes (especially VAT), livings costs and fees for social services that were previously free will mean that workers are losing out.

Spanish unions are once again in “social dialogue” talks with the employers’ organisation CEOE and using the pretext of mass unemployment as an excuse to further lower wages, increase flexibility and destroy working conditions. Cándido Méndez, the leader of the PSOE-aligned General Workers Union (Union General de Trabajadores—UGT) 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.”

A record 6 million Spanish workers are now without work, compared to 1.7 million in 2007, shortly before the economic crash. The unemployment rate stands at 26 percent, the second highest in the European Union behind Greece. Among migrant workers, unemployment is 36.5 percent. In southern Spain, the situation is even worse, with nearly a third of workers unemployed. Spanish youth have been particularly badly hit, with 55 percent of those under age 25 without work. In the southern region of Andalucia, youth face 65 percent unemployment.

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

According to a study by the Organisation of Consumers and Users, 63 percent of workers received cuts in their income of 1 to 10 percent in the last two years. The same study states that one in ten workers has seen his salary slashed by more than 20 percent, and only 37 percent of workers have maintained the same salary for the past year.

An indication of how these attacks on wages and conditions have benefited employers is the increase in exports. Latest figures show that the cumulative trade deficit from January to October 2012 stood at €28 billion, 28.3 percent less than the same period in 2011.

Secretary of State for Trade Jaime García-Legaz said it is “relatively reasonable” to think that 2012 may end up with a trade deficit below 2 percent of GDP, compared to the 10 percent that occurred in 2007. García-Legaz pointed out that Spain has not had a trade surplus in its history.