Spain: Rebound in employment based on wage cuts and increased job insecurity

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Figures released by Spain's Ministry of Labour suggest that employment has begun to increase, after years of deep contraction triggered by the 2008 economic crash.

According to the Spanish Ministry of Labour, joblessness fell by 60,214 in March, reputedly the best month of March on record, making a total reduction of 343,927 over the previous 12 months.

Prime Minister Mariano Rajoy of the Popular Party (PP) government stated, "They are good figures, we should celebrate," after data showed the Spain had created half a million jobs over the past year.

However, data from other sources paints a grim picture—leaving no doubt that workers will continue to face high unemployment, "precarious" jobs, low wages and diminished life prospects.

Unemployment still remains at 23 percent, one of the highest rates in the advanced capitalist countries. Almost half of the country's unemployed have not worked in more than two years. More than half of all youth are also jobless, with tens of thousands continuing to leave the country in search of work, mainly in other European countries.

A closer look at the figures and the current economic climate reveals that the tenuous upswing in employment is premised on across-the-board wage slashing and nearly non-existent job security, conditions that are being used to divide-and-conquer by the European ruling class in their war to drive down workers' wages and living conditions across the continent.

Spain was one of the European countries hardest hit by the 2008 capitalist crisis. By 2013, no less than 3.5 million jobs were destroyed. Joblessness soared to at least 27 percent and entire economic sectors, particularly construction, virtually ground to a halt.

Now, after years of austerity, labour market "reforms", and unemployment, the government is trumpeting a turnaround. The "celebration", conveniently timed for an election year, is aided and abetted by the Socialist Party (PSOE) and state-funded trade unions—Workers Commissions (CCOO) and General Workers Union (UGT).

Recent figures from Eurostat, the European Union's statistics agency, indicate that hourly wages in Spain have in fact fallen even further below the EU average since the onset of the crisis. In 2008, Spanish workers earned 14.3 euros an hour, or 24.3 percent less than the Eurozone average of 18.90 euros. Now, Spanish workers earn an average of 15.7 euros an hour, or 27.3 percent less than the current eurozone average of 21.6 euros.

Top executives are the only ones truly benefiting from the official end of the recession: those in stock exchange-listed companies earned 17.5 percent more in 2014 than the previous year, while those in the largest companies (listed on the IBEX 35) earned 24.1 percent more.

Nine of every ten new-hires are temporary workers, who have suffered the bulk of the wage-cutting since 2008, and who, by definition, have no job security. This is partially the result of "wage devaluation", i.e., the war to drive down workers' wages pursued by the PP government and its Socialist Party (PSOE) predecessor, which together imposed three labour "reforms". For years, both parties claimed a major objective of the economic policy more generally was to reverse the casualisation of employment. In practice, the reverse has taken place.

Social conditions remain dire.

Recent studies indicate that Spain's children are the second-poorest in Europe after those of Romania, with

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27.5 percent below the poverty line, according to UNICEF. Even a recent report by the European Commission criticised Spain for effectively delegating social policy to charities like the Red Cross or Cáritas.

The mass pauperization of workers has still not satisfied the financial elites. European Central Bank President Mario Draghi is demanding a new labour reform. After asserting that Spain "had made unquestionable progress," he called for "additional measures" to "reduce the high level of duality" in the labour market, claiming such measures would "make the reactivation of employment sustainable."

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"Duality of the labour market" is a euphemism used to refer to the gap between temporary, usually younger workers, and permanent, usually older workers. What Draghi is calling for is a single contract that has been a main demand for years of the main big business association, the Spanish Confederation of Employers' Organisations.

A single contract would be an attack on older workers, stripping them of their relatively higher wages and stability compared to temporary contracts. No country has yet applied it, but the financial elites hope to use Spain as a laboratory to create a benchmark to be followed by other European countries.

Again, the government has been assisted in its efforts by the acquiescence of the corrupt trade unions and pseudo-lefts, who have mounted no more than episodic and sector-focused protests against this state of affairs. Instead, great efforts are being wasted on promoting the pseudo-left electoral platform Podemos, which has rapidly shed its limited reformist policies since it was created a year ago.

Podemos is following in the footsteps of its Greek counterpart, Syriza, which has become the key instrument for finance capital to continue imposing social cuts on the working class.

The May 1 trade union-led demonstrations were held under the limp slogan, "This is not the way to exit the crisis." A supposedly more radical mobilization demanded "bread, work and dignity."

At the very time the worst of the social crisis raged, Spain carried out an EU-backed bailout of its banks to the tune of 40 billion euros, aimed at protecting the interests of its large shareholders. The European Central Bank has showered Spanish banks with some 411 billion euros in practically interest-free loans.

Yet, there are warnings that even the recent tepid economic growth, which is reliant on low oil prices, a weak euro that favours exports and lower interest rates, will soon evaporate. The International Monetary Fund is forecasting 2.5 percent growth in Spain in 2015, and only 2 percent in 2016.

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