Banks and multinationals announce mass layoffs in Spain

Alejandro López
22 May 2019

Major Spanish banks Santander and Caixabank, automakers Nissan and Ford and other multinationals have announced layoffs of thousands of workers. They are part of a global assault on jobs and working conditions.

The state-sponsored redundancy schemes (Expediente de Regulación de Empleo, ERE) enables companies to collaborate with the trade unions to regulate working hours, close for short periods and carry out collective dismissals. They were created in 1994 to maintain "social peace" by incorporating the unions still closer into the state apparatus while providing well-paid jobs to the bureaucracy—during the Socialist Party (PSOE) government of Felipe González.

Last week, Banco Santander announced it was preparing to lay off 3,700 workers, around 12 percent of its workforce and to close 1,150 branches (26 percent of its network).

Santander is the largest bank in Spain and the fifth largest in Europe, with assets valued at €1.4 trillion (US$1.6 trillion). Earlier this year, Santander reported an 18 percent increase in net income for 2018 on the back of strong growth in the United States, Brazil and Spain. The bank reported a net income of €7.81 billion last year, compared to €6.62 billion in 2017.

Santander's announcement came on the eve of the mass layoff negotiated between Spain's third-largest lender, Caixabank, and the trade unions. In early May, Caixabank announced it had closed a deal with the CCOO, SECB, UGT, FEC, SIB and CIC unions to lay off 2,023 workers. Further job losses are expected after Caixabank merges with Unicaja y Liberbank.

In a statement, the bank said that the cost of laying off workers would be €890 million, but in exchange it would save up to €190 million per year. On the same day, Caixabank's stock value rose by 1.25 percent.

Both Santander and Caixbank cite "organisational and productive" reasons for the layoffs in their EREs, even as Santander had posted a €1.8 billion profit in the first quarter of this year and Caixabank €533 million. While thousands of jobs are being cut, Santander has distributed €4.7 billion in dividends and Caixabank €1 billion.

Since the global economic crisis in 2008, 45 savings banks have either been taken over by other banks or forced to merge. Over 85,000 workers have lost their jobs and nearly 17,000 offices closed.

Other multinationals have also announced layoffs.

Japanese carmaker Nissan announced earlier this month it had reached an ERE agreement with the unions to cut 600 jobs at its plant in Barcelona, almost 20 percent of the plant's workforce—a condition the company demanded in exchange for a €70 million investment.

Vodafone announced earlier this year it was laying off 1,200 workers, 25 percent of its workforce and supermarket chain Dia will cut 2,100 jobs after it announced it had lost €352 million in 2018. The Finnish company Nokia has announced it is planning 162 redundancies, representing 17 percent of its 915 staff. German chemical giant Bayer AG is planning to eliminate 67 jobs in Spain, one in 10, as part of its announced 12,000 job cuts worldwide. In Germany, it is eliminating 4,500 jobs.

On Sunday, Ford announced it would activate its ERE at its Valencian plant of Almussafes where around 7,000 workers are employed. It is still unknown how many workers will lose their jobs, as the unions and the company are involved in backroom negotiations. The auto company has already said it will cut 5,000 jobs in Germany, close three plants in Russia, another in France and will also cut jobs in the UK. The

automaker's suppliers are also announcing EREs. According to Las Provincias, "sources from the supplier industry point out that summer is going to be a key period for the application of adjustments in its workforce, which may exceed 20,000 jobs."

These are only the latest examples of a process of restructuring that has swept major companies and the manufacturing industry in recent years, as firms have sought to offload the cost of the economic crisis onto workers by substituting older relatively better paid workers on more secure contracts with younger employees on "precarious" working conditions.

The number of workers losing their jobs as a result of EREs has started to increase again after a fall from a record 483,313 in 2012. In 2017, the number of workers made redundant had fallen to 57,497 but rose in 2018 to 72,896.

If companies can implement EREs it is due above all to collaboration with the unions. The unions even profit from each ERE, receiving direct financing for "legal advice," which can be as much as 10 percent of the redundancy pay. This is on top of the large subsidies the unions receive from the state, regional and local government.

The increase of EREs points to a looming economic crisis. As economic professor Gay de Liébana told *La Vanguardia*, companies "see a storm is coming, and that is why they are adjusting now."

The raft of recent job losses is further proof that increased exploitation of the working class is at the heart of the capitalist system, whether in "bad" or "good" times. The Spanish economic "miracle"—growth is expected to be over 2 percent in 2019, outperforming most other European countries—was due, in large part, to three labour reforms in the past decade that have had a devastating impact on the working class. The latest statistics show that unit labour costs in Spain remain 4 percent lower than they were at the beginning of 2008.

Poverty and inequality are rampant. Spain's Gini coefficient—a measure of a country's income inequality—is among the highest in Europe. More than a quarter of the population remains at risk of poverty or social exclusion and unemployment remains high, with total unemployment around 14.5 percent and youth unemployment close to 40 percent.

The acting PSOE government, which recently won the elections but without a majority, is expected to form a coalition with the right-wing Citizens or pseudo-left Podemos parties or try to form a minority administration.

Whatever the outcome, austerity, militarism and attacks on democratic rights will intensify. This is clear from the statement made by Manuel de la Rocha, senior economic adviser to acting PSOE Prime Minister Pedro Sánchez, who declared, "I want to send a firm and reassuring message to investors and markets: The economic policies will continue. … Fiscal consolidation, macro-economic stability and reduction of inequalities and very pro-European policies will be the priorities for the next government."

The reference to "reduction of inequalities" is a fraud. The PSOE has already sent letters to the European Commission promising a new labour reform, cuts in pensions and more austerity. However, de la Rocha's throwaway line about reducing inequalities performs a political function—to cover for a filthy deal with Podemos.

Party leader Pablo Iglesias has been making constant appeals for a PSOE-Podemos government, saying that Podemos will not impose "red lines or ultimatums" in negotiations. Earlier this week, he insisted that he will not ask Sánchez "for the moon," but a "coalition government that guarantees social rights as spelled out in the Spanish Constitution."