Podemos, Spanish unions collaborate with big business to slash pensions

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22 July 2021

Spain's Socialist Party (PSOE)-Podemos government, working with the Workers Commissions (CCOO) and General Union of Workers (UGT) unions have announced an onslaught on public pensions. This is one of several cuts to basic social rights that the government is planning at the European Union's (EU) behest, in exchange for hundreds of billions of euros in COVID-19 pandemic bailout funds.

The unions and Podemos deceitfully trumpeted two measures in the pension reform as beneficial to workers. The first one is to revalue pensions annually in line with inflation. This means returning to the situation before 2013, when the right-wing Popular Party (PP) set cost-of-living adjustments at only 0.25 percent per year, well below inflation. However, this by itself is not enough to give pensioners a decent standard of living. Around 58 percent of them earn less than the minimum wage of 950 euros, and one in four receive the minimum pension of around 600 euros.

The second measure repeals a plan to cut pensions in line with increases in life expectancy, which was also approved by the PP in 2013 but never went into effect.

On this basis, the Stalinist CCOO hailed the pension reform as "an agreement that changes the course of pensions by suppressing the [PP] cuts of 2013." UGT General Secretary Pepe Álvarez was even more enthusiastic, declaring: "I feel very comfortable signing agreements. I would feel very bad if we did not have to sign agreements."

In the same vein, Podemos co-spokesman Pablo Fernández claimed the agreement "represents a fundamental step in the consolidation and care of benefits, by eliminating the most damaging aspects of the reform undertaken by the PP in 2013."

Through this cynical ceremony of confusion, Podemos and the trade unions tried to mask the basic content of their measure—cutting overall pension levels—by delaying the cuts over time and touting the abandonment of this or that cut that was considered too politically explosive to enforce.

Social Security Minister José Luis Escrivá was clearer, however. He told TVE that the so-called baby boomer generation, born between 1959 and 1977, is "wider" and will have to assume "some of the effort that must be made to moderate pension spending during a specific period of time." Therefore, he said, they will "choose between several options: one may be a small adjustment in their pension, which would be very moderate, or alternatively, they could work a little more."

Such was the uproar that the following day Escrivá claimed he had been misunderstood.

Podemos rapidly intervened to extinguish the fire. Fernández said: 'Podemos will not allow pension cuts in the present nor the future, either in relation to the inter-generational equity factor referred to by Escrivá or to the calculation of the pension pay-in period". What Fernández did not say is that Podemos had already voted in favor last January of the Resilience Plan that commits the government, of which Podemos is a part, to the European Commission to make those cuts.

The PSOE-Podemos government's presentation of the pension reform is a pack of lies: the reform aims to plunge broad sections of retirees into poverty. At its heart is the penalty workers receive to their pension payments if they retire early. This could reach to up to 30 percent penalty for those who retire four years in advance, and up to 21 percent for those who voluntarily retire two years in advance. It also confirms previous plans to raise the retirement age to 67.

The brunt of this pension reform will be borne by the

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most oppressed sections of the working class, with the most physically-demanding jobs. It would confront them with two choices. The first is to try to stay on the job until 67 despite the physical punishment this imposes on them, thus putting their lives at risk and drastically cutting their life expectancy. The second is to request early retirement and accept living on a poverty pension for the rest of their lives.

Poverty among the elderly will skyrocket. Older workers are routinely laid off in mass redundancy schemes, enriching a layer of union bureaucrats involved in negotiating these schemes, in order to employ younger, cheaper workers or offshore work to cheaper-labor locations. Many workers who are laid off after 60 will find it very hard to find a new job. With early retirement their only option, they will receive meagre pensions.

The final objective sought with these attacks on the pension system is to force layers of workers who can afford to do so to contract private pension plans. The reform proposes to promote so-called "company pension plans", to increase private pension funds managed by the banks five-fold to €500 billion. The unions have vested interests in private pensions. In large companies that adopt them, a parity commission is established, made up of company management and union representatives that receive lucrative commissions to oversee the private plans.

These measures are yet another devastating exposure of the irrationality of capitalism and of the reactionary agenda of the petty-bourgeois "left populist" Podemos party. In Spain, where the government and unions aim to make currently employed workers work more, there are already four million unemployed desperately seeking work. Youth unemployment stands at a staggering 37 percent.

The EU engineered the pandemic bailout fund even as EU countries rejected a shelter-at-home order on the pandemic, claiming there was no money for a scientific policy to halt the coronavirus. Instead, it demanded that non-essential workers return to work to produce profits on the massive sums of financial capital being handed over to major corporations. This led to over 1.1 million deaths across Europe, as the EU sacrificed workers' health and lives to the profits of the financial aristocracy.

Podemos had previously claimed there was no austerity commitment in exchange for pandemic bailout funds. Last year, the PSOE-Podemos government celebrated that Madrid would receive €140 billion over the next six years from the €750 billion EU fund. The then-leader of Podemos, Pablo Iglesias, hailed it in July 2020, declaring: "There is no doubt that today, one of the most brilliant pages in EU history has been written."

Iglesias contrasted the current bailouts to EU bailouts of Greece after the 2008 Wall Street crash: "We all remember the response of the European institutions to the financial crisis 10 years ago: austerity, men in black and demands for social cuts that caused the suffocation of the countries of the south and a serious crisis to the European project." Now, he said, "For the first time in the history of the EU, a package of subsidies financed with joint debt is being proposed."

As the WSWS warned, this was a lie. It is now clear that, like the post-2008 bailouts in Greece, the current bailouts are massive handouts of funds to the super-rich which are to be paid for with slashing attacks on basic social rights negotiated between the PSOE, Podemos, the unions and the Spanish Confederation of Business Organisations (CEOE).

There is nothing to negotiate with the PSOE-Podemos government, the unions, or the CEOE and the EU. The billions of euros in public funds the EU is distributing to the super-rich must be impounded and used to fund a scientific anti-Covid-19 policy of vaccination and social distancing, and basic social rights such as public pensions. Fighting for this requires mobilising workers and unifying them across Europe and the world on the basis of a revolutionary socialist program.

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