

# PSOE-Podemos government, Spanish trade unions agree to savage austerity

Santiago Guillen  
7 December 2021

Spain's Socialist Party (PSOE)-Podemos government is set to close the year with a battery of European Union (EU) austerity measures agreed to by the trade unions.

In July 2020, then-Podemos leader and deputy prime minister of the PSOE-Podemos government, Pablo Iglesias, endorsed an EU bailout funneling €750 billion to the banks and corporations. The fund was engineered as COVID-19 spread throughout Europe, killing hundreds of thousands, due to the ruling class's herd immunity policy prioritising profits over lives.

Iglesias described the fund as "a good agreement for the European Union (EU) and for Spain, and it is a breath of fresh air for the European project." He added, "There is no doubt that today, one of the most brilliant pages in EU history has been written."

He then claimed that bailout funds would not be tied to austerity, as the EU "seems to have learned the lessons after the previous crisis, this time we will not have austerity, but an ambitious plan of fiscal stimuli." Unsurprisingly, the PSOE-Podemos government said nothing about the conditions to which Madrid committed in order to obtain EU funding. However, it sent letters to the EU pledging major labour, pension and spending reforms.

The WSWs's warning that Podemos' claims there would be no EU austerity were a fraud has been fully vindicated.

On November 15, the government and the General Union of Labor (UGT) and Workers Commissions (CCOO) unions reached an agreement on pensions. It is an assault on the public pensions system, favouring its privatisation. It will extend the retirement age to 67, increase workers' social security contributions (a de facto paycut), promote company pensions and slash future pensions by linking their amounts to the

increases in life expectancy. Future workers retiring will see their pensions cut by up to an estimated 20 percent, or 300 euros for the youngest workers.

The agreement is based on the so-called Intergenerational Equity Mechanism (MEI) that is fraudulently presented as current workers contributing to the "baby boom" generation, those born after 1947, who are now retiring.

It will entail employers and workers increasing social contributions by 0.6 percent to Social Security for 10 years. This will provide money to the Reserve Fund, used to guarantee the payment of future pensions, and which is currently practically exhausted after successive PSOE and right-wing Popular Party governments systematically misused these funds for other purposes. Workers will assume 0.1 percent, which is a disguised wage cut under conditions of rampant inflation levels of 6 percent.

In turn, employers will assume 0.5 percent. This has led them not to support this agreement, to which the unions have reacted by cynically claiming the agreement as a great victory for workers.

Secretary General of the UGT Pepe Álvarez declared, "The doomsayers, those that don't dare to tell the pensioners and workers of our country what they would do, which is to increase the retirement age and lower the pensions, have seen that there is another formula ... one that allows us to guarantee the future for current generations and pensioners."

Álvarez, however, is lying through his teeth. To start, the rise in contributions, according to calculations by the research group on Pensions and Social Protection of the University of Valencia and Extremadura, will barely amount to about 2 billion euros a year, of which employers will contribute slightly more than 1.6 billion euros.

This is ridiculous when compared with the €30 billion profits that Spain's listed companies earned just in the first half of this year; or the €212 billion that all businesses obtained in 2020 despite the COVID-19 pandemic. This is thanks to the herd immunity policy implemented by the PSOE- Podemos government that has cost the lives of over 105,000 people in Spain alone.

This figure is also completely insufficient to guarantee the future payment of pensions. Next year, Social Security will have a deficit of €50 billion. The government and trade unions are fully aware of this and are leaving the door open to new rounds of pensions cuts in the coming years.

The government and the unions are simultaneously negotiating with employers for changes in the 2012 labor reform passed by the right-wing Popular Party (PP). Podemos claimed that the repeal of that reform was one of its fundamental objectives when it entered government.

Even before negotiations started, the new Podemos leader and Labor Minister Yolanda Díaz stated, "Technically, can the labor reform of the Popular Party be repealed? No." She added, "One thing is the political fetish and another is what we are going to do, which is to change the PP's framework of labor relations, which has been deeply damaging." The central point of the PP's reform, mass cuts to severance pay, will be untouched. Díaz herself declared, "We are not going to touch the severance pay. It is a balanced reform."

Another of the proposed measures to limit the number of temporary contracts to 15 percent, in a country where one out of every four contracts are of this type, was also removed from discussion. Podemos thus guarantees employers that they will continue to have legal mechanisms to fire at low cost and continue to exploit workers on precarious, temporary contracts.

As with pensions, what Podemos and the trade unions seek in these talks is that the employers make minor, face-saving concessions in front of workers to avert an eruption of working-class anger.

At the same time, Podemos has showered the unions with money. Díaz nearly doubled the capitalist state's payoffs to the unions since Podemos took office. On November 2, she pledged €17 million in subsidies in the 2022 budget.

The role of the unions was made clear by UGT leader Pepe Álvarez. He warned that "if the employers' association is not aware of the protest moment that Spain is experiencing, many more situations will be experienced, such as those of the protests over the provincial metal agreement of Cádiz." CCOO Secretary General Unai Sordo called for calm, asking "to let the negotiation run its course" because it is "complex but not impossible" and calling for an "exercise of prudence."

Along similar lines, Enrique de Santiago, general secretary of the Stalinist Communist Party, now integrated in Podemos, appealed to the workers who maintained a militant 9-day indefinite strike in the metal sector in Cádiz to "have confidence in the work this government is doing. Obviously, the economy in this country is not intervened by the State and depends on the decisions of private companies." In other words, they trust the government that sends hundreds of policemen and a 15-ton armoured vehicle tank to try to break their strike.

A genuine fight against the attacks on public sector pensions and labor reforms can only be prepared through a rebellion of the working class against the trade unions and the PSOE-Podemos government. This entails a struggle against the diktat of the banks and of the police-state machine raising key political questions—above all, that of revolutionary perspective and leadership. This requires building a section in Spain of the International Committee of the Fourth International that advances the perspective of an international, revolutionary struggle by the working class to take power, expropriate the financial aristocracy, and build a socialist society as the alternative to the bankrupt capitalist system.



To contact the WSW and the  
Socialist Equality Party visit:

**[wsws.org/contact](https://wsws.org/contact)**