As inflation surges, Spanish unions and Podemos slash real wages

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The spectacular increase in inflation throughout 2021 and 2022 has been a severe blow to the wages and living conditions of workers in Spain and internationally, further aggravated by European Union (EU)-NATO sanctions imposed on Russia amid the NATO war drive against Moscow.

Spain's inflation accelerated well above expectations in February to its fastest pace in nearly 33 years. Consumer prices rose 7.4 percent in February from a year earlier driven by food, beverages, fuel and energy, mainly the price of electricity, which last week reached a new maximum of €442 per megawatt hour.

According to data from the Ministry of Labor published in February, wages established in collective bargaining agreements between employers and the trade unions in the first quarter of 2022 saw an average wage increase of only 2 percent, 0.5 percentage points above the December figure, but four points below the inflation registered in January (which was 6 percent, according to the National Institute of Statistics). This is based on the analysis of 1,554 collective bargaining agreements that cover 4.1 million workers.

Significantly, this is also below the minimum wage rise agreed between the Socialist Party (PSOE)-Podemos government and the trade unions for 2022: it will rise 3.6 percent, to €1,000 monthly. Celebrated as a progressive measure, the minimum wage increase in fact nonetheless remains below inflation. That is to say, workers' real purchasing power will go down.

According to the Ministry of Labor report, most collective agreements closed with an increase of between 1 percent and 2 percent: eight out of 10 workers have seen their salary increase in that range. Only one in 10 have seen their payrolls grow at the same rate as inflation, shielded by salary review clauses that legally oblige companies to increase salaries in the same proportion as inflation.

This is an unusual practice among Spanish business, located mainly in industries where militant struggles took place during the transition to parliamentary rule after the death of fascist General Francisco Franco.

However, as *El Periódico* noted, "this is not always a guarantee that companies will comply with it, especially at the present time when the increases are usually agreed upon [between unions and employers] are far from the highest inflation in 30 years." In these industries, like in the poultry and rabbit slaughterhouses or the metal and chocolate industry, unions are scrambling to suppress the workers' struggles to keep wages below inflation.

At national level, CCOO, UGT and Spain's largest business federation, CEOE, are preparing the Agreement for Employment and Collective Bargaining (AENC), a kind of "agreement of collective agreements" where these pro-capitalist organisations set recommendations to update salaries. These negotiations are leading to mass poverty. There are 11 million poor people in Spain of a population of 47 million, of which 4.5 million suffer from severe poverty, according to Oxfam. Among those living below the poverty line, 1 in 4 is an active worker.

Meanwhile, as workers are receiving poverty wages, banks and corporations have received lucrative profits. The 34 largest companies in Spain have declared a combined net profit of more than €54 billion, the maximum ever recorded. Banks earned €20 billion last year, the highest profits since the previous crisis in 2008. The five banks on Spain's stock exchange—Ibex 35, Santander, BBVA, CaixaBank, Sabadell and Bankinter—have achieved the highest profit in the last decade. All these banks have been involved in mass

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redundancies, totaling over 20,000 last year.

Surging inflation is a byproduct of two interrelated policies. The first, the policy adopted by the ruling class in the US and Europe in response to the pandemic of pumping trillions of euros into the financial markets to prop up share values. Further adding to inflationary pressures are disruptions in supply chains due to the refusal of capitalist governments to implement an eradication strategy against the pandemic, which has led to massive infections and deeply disorganized the economy.

Second, the crippling economic sanctions imposed by the US and EU against Russia. The imperialist powers claim the destruction of the Russian economy and the ruble will deepen divisions within the Russian oligarchy and fuel social discontent, creating the conditions for regime change and even the breakup of the resource-rich country. However, by trying to cut Russian oil, gas and wheat out of world markets, they are creating conditions for an unprecedented surge in prices for essential commodities.

The trade unions and the 'Left Populist' Podemos party, in government with the PSOE, function as key tools of the ruling class to impose this policy. They have not only implemented a policy of mass infection during the COVID-19 pandemic, but also are pouring weapons into Ukraine to fight Russia troops. This goes hand-in-hand with war on the working class at home.

Over the past year, the PSOE-Podemos has passed reactionary labour reform presented as "progressive," which in fact consolidates the right-wing Popular Party's 2012 labour reform, the largest attack on Spanish workers since the Franco era. An increase in the minimum wage is below inflation levels. And a Minimum Vital Income subsidy only affects 160,000 households.

The Podemos-backed government is making it clear it is opposed to any salary increase. Mimicking the voices of powerful sections of finance capital that are demanding central banks lift interest rates to suppress the growing movement of the working class for wage rises, the Minister for Economic Affairs, Nadia Calviño, said: "From the point of view of economic stability in the medium term, we have to avoid a sharp rise in wages that produces structural inflation, what is known as second-round effects."

Prime Minister Pedro Sánchez said wages should not increase, to "avoid what economists call the second-round effect, that is, that this rise in prices ends up permeating the entire economy."

CCOO and UGT unions are supporting the mass COVID-19 infection policy and the EU-NATO war drive. Having backed the sanctions against Russia, they are now calling for rallies in front of workplaces throughout the country so that workers can "condemn" the invasion of Ukraine by "Putin's Russia." The rallies will last five minutes and, according to CCOO's leader Unai Sordo, will allow the workers to "express their condemnation of this law of the fittest" imposed by the Russian president.

The CCOO leader acknowledged that, although the sanctions that are being imposed on Russia are "necessary," they will "carry a slowdown in the economy" and a rise in prices, which "has a very decisive impact on wages."

The fight to defend workers' living standards against inflation and the war is part of a broader fight against the global capitalist system. Last year, the International Committee of the Fourth International (ICFI) launched the call for the International Workers Alliance of Rank-and-File Committees (IWA-RFC) to provide a programme and organization to workers seeking to fight outside the debilitating grip of the union bureaucracies. This paves they way for struggles against war, for scientific health policies, and to defend workers' living standards against the attacks of the banks.

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