

After Trump tariffs, Spain's PSOE-Sumar government hands corporations €14 billion bailout

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Spain's Socialist Party (PSOE)–Sumar government has responded to US President Donald Trump's trade war tariffs with a massive €14.1 billion (\$15.66 billion) corporate bailout. Presented by Prime Minister Pedro Sánchez as a plan to “shield the economy” and “protect Spanish companies and jobs,” it is in fact is a sweeping gift to Spain's largest corporations, as the working class faces an unrelenting cost-of-living crisis, stagnant wages, and spiraling rents.

Sánchez unveiled his plan last Thursday, just hours after the Trump administration formally announced a blanket 10 percent tariff on all imports, supplemented by “customised” duties for each country. For the European Union, these are 20 percent. In addition, a punitive 25 percent tariff on EU auto exports to the US came into effect that same day, hitting Spain's car industry.

Hours later, Sánchez convened an emergency meeting at Moncloa Palace with representatives of Spain's major industrial and business sectors and union bureaucracies. There, he unveiled a plan of tax breaks, subsidies, and state-backed loans to offset US tariffs' impact on Spanish exports.

It includes €7.4 billion in new financing and reallocates €6.7 billion from existing funds. It offers financing guarantees via the Official Credit Institute (ICO) totalling €6 billion, alongside a €200 million investment fund. These provide liquidity to large corporations in sectors including auto, agri-food, pharmaceuticals, steel, wood, and semiconductors.

Additionally, the plan includes €2 billion for credit insurance and export risk coverage, ostensibly to bolster companies' confidence in international markets. A further €500 million is allocated to help small and medium-sized enterprises access international markets. The plan also allocates €400 million to subsidizing electric vehicle

sales.

The PSOE-Sumar government also will activate the RED mechanism, letting companies cut working hours or temporarily suspend employment contracts. This scheme reactivates the furloughs used during the COVID-19 pandemic. Under this system, the state assumes 70 percent of the base salary costs for affected employees, while the remaining income is effectively lost by the worker. This is in effect a subsidy for capital and a pay cut for workers.

To finance these corporate handouts, Spain issued €15 billion in debt in 10-year bonds. This debt is to be offloaded onto workers through future austerity—labour market reforms or cuts to pensions, healthcare and education—as after the 2008 financial crisis and COVID-19 bailouts.

Sánchez also called for a European fund to support sectors hit by US tariffs, financed through revenues from EU customs duties. He also urged speeding up ratification of the EU-Mercosur agreement with Latin America, aiming to open alternative markets for Spanish corporations, which have a significant presence in the region. Next week, Sánchez will embark on a tour of Vietnam and China—two key economies also targeted by US tariffs—to strengthen trade ties and boost Spanish exports.

The whole political establishment and media came out to defend Sánchez's bailouts, whipping up Spanish nationalism and patriotism.

Deputy Prime Minister Yolanda Díaz, the de facto leader of Sumar—the PSOE's governing partner—had already signalled her support, dressing them up as part of a struggle to defend workers against the far right. “In the current international moment, there are political forces seeking to spread fear and suffering. The International of

Hate is pursuing economic chaos. While the Spanish right applauds Trump's policies and his attacks on the working class, we will respond with a social shield and rights," she declared on Bluesky.

Díaz, as deputy prime minister in both the current PSOE–Sumar government and the previous PSOE–Podemos administration (2019–2023), piloted an anti-worker labour reform, pension cuts, and social cuts amid the COVID-19 pandemic and the inflation surge during the NATO-Russia war in Ukraine. She openly backed the war on Russia and maintained military support for Israel, as Spain continued exporting arms worth millions of euros to Israel. Díaz also supported Sánchez's raising of defence spending to record levels.

Right-wing opposition leader Alberto Núñez Feijóo said his Popular Party (PP) would back the government, calling the bailouts "very reasonable." Feijóo attacked far-right Vox party for its ties with Trump, saying "no patriot can defend this decision [of tariffs] or minimize them."

Not to be left behind in terms of patriotic hysteria, Podemos, a former member of the ruling coalition, criticised the PSOE-Sumar government for not retaliating aggressively enough against the United States.

Podemos General Secretary Ione Belarra, demanded the government expropriate housing and shares owned by US investment funds in Spain. "At Podemos, we believe that a global trade war must be answered in the most forceful and courageous way possible," she said, adding: "Attacking the Americans' economic interests in our real estate sector is currently the most effective measure to carry out the act of patriotism we need at this moment."

She continued, "I believe that confronting this trade war requires not grandiloquent words that amount to absolutely nothing, which is what European leaders and the Spanish government are proposing, but rather action that is forceful and courageous." She called to end the relationship of "serfdom" that she claims Washington is imposing on Europe.

Podemos is advancing an imperialist policy for the European Union, one that would divide the international working class along national lines and sever solidarity with workers opposed to Trump inside the United States. This comes as millions of Americans took to the streets this weekend against the fascist policies of the Trump administration and the rule of the oligarchy.

Podemos' call for EU "strategic autonomy" is in line with the pro-war, militarist agenda of Europe's bourgeoisies, who are determined to assert their own imperialist interests. This policy involves massive

rearmament programmes, the creation of a self-sufficient European defence industry, and calls for a continental nuclear deterrent. It is not an anti-imperialist alternative to US hegemony, but reflects deep-rooted inter-imperialist conflicts that twice in the 20th century plunged humanity into world war.

Belarra's calls to expropriate US firms in Spain do not reflect socialist opposition to private property, but the struggle over the division of profits between US and European capital. Under fraudulent invocations of patriotic resistance, they seek to bind workers in each country to their "own" bourgeoisie.

Similarly, the union bureaucracies are also defending EU retaliation. Both Workers' Commissions (CCOO) linked to Sumar and Podemos, and the PSOE-linked General Union of Workers (UGT), sit alongside business associations at the government-sponsored "social dialogue table" that is coordinating Spain's response to the tariffs. Both unions welcomed Sánchez's bailouts and proposed EU retaliatory tariffs against the Washington.

CCOO General Secretary Unai Sordo declared: "This is an undesirable situation, but there is no choice but to confront it." Like Podemos, he called to reinforce Europe's "strategic autonomy," reducing dependence on the United States and Russia, and reorienting trade toward Latin America and China. CCOO also claimed it is "essential to identify the sectors exporting from the United States" in order to impose retaliatory tariffs.

The answer to Trump's tariffs is not further handouts of public wealth to the banks and corporations or attempts to formulate war plans to rival those of Washington. The deep opposition to war and fascism in the working class on both sides of the Atlantic must be mobilized and united in a movement against imperialist war, aiming to take control over the economy out of the hands of the capitalist oligarchy and build socialism.



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