

Spain on the Ropes

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PARIS, Oct (IPS) The days of social peace are over. The general strike held on September 29 protesting the labour reforms decided by the government of Prime Minister Zapatero marks the opening of what promises to be a period of social turbulence.

The government has decided to present to congress before the end of the year with a new bill that would raise the legal retirement age from 65 to 67 and extend the computation period from 15 to 20 years of work. Together with the labour reforms and last May's decree lowering the salaries of civil servants, freezing pensions, and cutting spending on public works, this bill has aroused the anger of labour unions and a significant proportion of salary workers.

Zapatero presented his decisions as irrevocable: "The day after the general strike," he stated in Tokyo on September 1, "we will move ahead with the same approach." This incited the unions to plan new protests.

In his intransigence, the Spanish leader is following the lead of other European governments. In France, despite three recent massive protests against pension reform, President Sarkozy repeated that he would not change the law. In Greece, six general strikes in as many months against the austerity measures had no effect on Prime Minister Yorgos Papandreu.

Grounding themselves in the principle that in a democracy policy is decided in parliament and not in the street, these leaders have brushed aside the discontent of wide swaths of society that were obliged to participate in the strikes or street protests -expressions of social democracy- to make known their specific grievances. [i]

But the reaction of these leaders is a mistake. They are assuming that electoral legitimacy trumps other forms of legitimacy and in particular social democracy [ii]. In any case, their inflexible attitude may serve only to fan the discontent and encourage the people to reject a subsequent phase of social dialogue and resort to a frontal conflict.

Since last May and the announcement of a brutal adjustment plan, the disgust of a large sector of Spanish society has not stopped growing [iii]. The nearly 5 million unemployed, precariously employed, jobless youth, women salary workers, low level civil servants, and all of their families are united in the conviction that the government has sacrificed them.

At the same time, through the bank rescue fund, the government transferred to banking and savings institutions (responsible for the real estate bubble) almost 90 billion euros. It is not considering significantly raising taxes on the top income bracket, imposing a tax on the largest fortunes, or cutting defence spending (now 8 billion euros a year), funding to the

Catholic church (6 billion euros) or even to the royal family (almost 9 million euros).

What many citizens find distasteful is the certainty that the government adopted these repressive measures against salary workers less out of its own conviction than in response to the dictates of the European Union and the International Monetary Fund and to pressure from the financial markets which, threatening not to invest in Spain, demanded lower salaries and a reduction in the standard of living. Zapatero himself recognised this addressing a group of Japanese investors:

“We are undertaking the reforms that international investors are most concerned with [iv],” he confessed. And he repeated to the top managers of the major US commercial banks and investment funds that the reforms were intended “to make investors and the markets appreciate my firm determination to make the Spanish economy competitive [v].”

Labour reform has no relation to cutting the public deficit or reducing the state budget, which are the primary demands of the financial markets. But because the government cannot devalue the currency to stimulate exports, it decided instead to lower salaries in order boost competitiveness.

What is worst is the fact that these mistaken measures have no guarantee of success. Employment figures from August show that 93.4 percent of new contracts were temporary. In other words, the labour market remains highly precarious. The only difference is that for businesses, it is now cheaper to fire workers.

After the crisis of the 90s, unemployment took three years to drop to the European average -and in a period of strong growth when Spain was receiving massive assistance from the EU. Today with this labour reform and anaemic growth expected for a long while, “employment in Spain, according to US economist Carmen Reinhart, will not reach 2007 levels until 2017.[vi]”

And so, rejected by voters, this government will probably have lost power and hand over guidance of the country to the conservative and populist opposition. In general that is what happens when leftist parties jettison their own values and opt for policies that are shamefully right wing, as we have seen in Germany, the UK, and more recently Sweden.

Ignacio Ramonet is editor of *“Le Monde diplomatique en espanol”*.

Notes

[i] Voting in a democracy, because it is general and universal, does not always allow the expression of particular sensibilities.

[ii] see Pierre Rosenvallon, “Le pouvoir contre l’interet general”, Le Monde, Paris, 21 September 2010.

[iii] According to a recent poll by the Centro de Investigaciones Sociologicas (CIS), the ruling PSOE party has lost 3.1 percent of its support. Only 2.5 percent of those polled said that the economic situation is good or very good, as opposed to 22.6 percent who described it as normal and 74.4 percent who considered it bad or very bad.

[iv] El Pais, Madrid, September 1, 2010.

[v] Ibid, September 21, 2010.

[vi] Ibid, September 12, 2010.

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