

Spanish economic recovery through savaging workers' living standards

By James Lerner
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Even as months of manoeuvres aimed at installing a new government in Spain grind on, the country's media and political parties have enshrined as undisputed truth the country's emergence, safe and sound, from the economic downturn.

According to official accounts, the post-2008 recession is nothing more than a bad memory. The fact that millions have been plunged into poverty is of little concern for the ruling elite and upper middle class layers. Throughout the crisis their wealth has soared as the result of a sustained, European Union-backed offensive against Spanish workers to depress wages, worsen working conditions and extract record profits.

Spain is now among the top 10 countries with more than 1,000 people classified as super-rich. The gap between the highest and the lowest incomes has risen to between 40 and 50 percent, making Spain the advanced capitalist country where inequality has grown most sharply since the onset of the economic crisis in 2008.

The official story of the recovery begins with the headline figures:

Since the mild upturn in growth began in 2014, economic growth has been positive for 12 consecutive quarters, and the country's budget deficits are now being financed on the cheap, with sovereign bonds yielding around 1 percent. Other favourable, conjunctural factors include the global fall in oil prices and negative interest rates, which have lowered mortgage payments.

Despite the euphoria over these figures, this cycle of mild economic growth is clearly flattening out and even starting to slip downwards as the year-on-year rate of growth in the second quarter fell to 3.2 percent, down from 3.4 percent in the first quarter. The 1.6 million jobs created so far fall well short of compensating for the 3 million jobs lost in the crisis up

to 2013. The very slight recent uptick of wages in no way compensates for the 12 percent loss in household income.

The statistics relating to the labour market paint a clear picture, revealing that successive labour reforms of Socialist Party (PSOE) and Popular Party (PP) governments, combined with years of huge unemployment and unremitting austerity, have created a massive pool of cheap labour. These are "disposable" workers that employers can hire and fire at will.

Official figures show that wages in Spain have remained flat for no less than four years, at an average of €1,638 a month. In the worst paid sectors—the hotel and restaurant trade and retail industry, which account for a large majority of the new jobs—wages have declined. It is no surprise then that clothing retailer Amancio Ortega is the richest man in Europe and the wealthiest retailer in the world, with a net worth of \$79.5 billion. Several billionaires have made their fortunes from these sectors.

The scale of the cut in workers' income is enormous. The UGT trade union issued a report indicating that unpaid overtime of Spanish workers between 2010 and 2015 amounted to €12.5 billion in lost wages, and a loss of €3.5 billion for Spain's social security system. The report estimated that unpaid overtime increased by a third in that period.

Spain leads Europe in the use of temporary contracts for hiring—4.6 million in 2015. No less than 95 percent of the contracts signed in July of this year were temporary. In 2015, temporary contracts accounted for 82.6 percent of applications for unemployment benefits. The official Economic and Social Council (CES) identified a pool of 648,400 people who rotate back and forth between a job and unemployment benefits during the year.

Temporary contracts are also becoming shorter and shorter. Currently, the average duration is 51 days, but the number of “ultra-short” contracts of less than one week is growing. That the ruling elite is determined these conditions are here to stay was made clear by Juan Rosell, the head of Spain’s main business association, who publicly stated recently, “A permanent and secure employment contract is a nineteenth-century concept.”

Young people make up a large proportion of the cheap pool of temporary and part-time workers. An extraordinary 92.3 percent of employed workers under the age of 30 have temporary contracts. Nearly 80 percent of youth temporary work is involuntary—that is, they are forced to accept temporary or part-time work when they would prefer to work full-time with a permanent contract.

This is not to mention that roughly half of Spain’s youth population remains unemployed.

The near universality of precarious, insecure working conditions among young people makes it nearly impossible for them to set up their own household, take out a loan or undertake other commitments.

Employers fully exploit workers’ fear of losing their jobs, in a situation where the unemployment rate is still above 20 percent and unemployment benefits and other forms of assistance have been slashed to the bone.

Figures rarely noted in the media include: 12 million people (out of 46.8 million) in Spain are at risk of poverty, 700,000 households have no income and 5 million people are unemployed. Unemployment increased by 14,435 people in August of this year, and the social security system lost 144,997 contributors.

In their outrage and search for a way to oppose this state of affairs, young workers have been led into a blind alley. The “indignados” (angry ones) movement which arose in 2011 won support as an initial, angry response to the hardship faced by working and middle class youth intensified by the austerity measures imposed by the PSOE government. But this movement could never challenge the capitalist profit system and its political parties because it was led by pseudo-left forces opposed to any such struggle. Their “no politics” demands sought to block the development of an independent programme, perspective and political leadership in opposition to capitalism.

The main leaders and spokespersons of the

movement then made careers out of these protests, emerging as the new leaders of the pseudo-left parties and “social movements” that subsequently created Podemos in 2014. Since then, Podemos has suppressed the nascent rebellion among young people, providing an invaluable service to the ruling class in its pursuit of social counterrevolution.

The number of demonstrations, rallies and other spontaneous actions has plummeted since Podemos appeared on the scene. It has betrayed any struggle against deteriorating conditions and declared its support for the European Union, NATO and austerity, while seeking to project itself as a “progressive” face for Spanish capitalism. While Podemos continues to jockey for power, young people face either a bleak future of living in their parents’ home as “expendable” members of the cheap labour pool or the prospect of emigrating in a desperate search for work.

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