

# PSOE and Podemos jointly present Spanish budget to the European Union

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Two weeks ago, Spanish Prime Minister Pedro Sánchez and Podemos leader Pablo Iglesias reached a deal for a 2019 budget. Sánchez's minority Socialist Party (PSOE) government is now presenting it to the European Union (EU) for approval, just as the EU Commission has vetoed the austerity budget presented by the far-right Italian government of Matteo Salvini.

Two weeks ago, Sánchez and Iglesias signed a 50-page agreement on the 2019 budget, which raises the minimum wage to €900 a month from €736, or 22 percent—the biggest hike in 40 years. They also pledged increases in pensions, education spending, unemployment benefits, housing and paternity leave. The agreement foresees a rise in corporate and personal income taxes on those earning over €130,000 a year, as well as a new tax on financial transactions.

The agreement also specifies that if the budget fails to win parliamentary approval and so triggers early elections, the budget will be a joint campaign platform for the PSOE and Podemos. Indeed, it is widely expected that the budget will not pass, as it faces opposition both from the European Union and in the Spanish Senate, dominated by the right-wing Popular Party (PP).

In an Economic and Finance Analysis briefing, the Dutch bank ING bluntly wrote: "There is a deal between Spain's PSOE and Podemos on new fiscal measures for 2019, but that does not mean it will be passed in parliament." It noted that the PSOE is still jailing Catalan nationalist politicians, depriving itself of support it needs to get a majority in the lower house, and "it is also difficult to find a majority in the Senate. The PP has a majority there. ... We therefore conclude that the likelihood of Sanchez winning approval is low."

European Commission sources have already told the daily *El País* that the announced measures "lack the means to finance them." Another "high-ranking EU official" told *El País*: "A responsible government that

wants to govern cannot sign off on a minimum wage raise of more than 20 percent when it has a 15 percent unemployment rate and a low-skilled workforce in general; the measures affecting businesses do not seem to be going in the right direction."

Due warnings must be made: the budget is a political maneuver, designed to win support for the PSOE and Podemos under conditions of growing social anger and class struggle in Spain and across Europe. However, the parties proposing the budget have no intention to fight for the wage increases that they have inscribed in a budget that is not designed to be passed.

PSOE is a long-standing bourgeois party that, since it first took power in its contemporary form in 1982, imposed policies of austerity and war. Podemos is the close ally of the Syriza government, which is imposing EU austerity in Greece. When the PSOE took power this year, backed by Podemos, they maintained the PP's austerity budget for the year. Anyone who believed that these parties would fight against the EU to raise workers' living standards would be sorely deceived.

The only way to obtain substantial improvements in living standards and social conditions is a socialist struggle against austerity and the EU, mobilizing the growing strike militancy of workers in Spain and across Europe in a movement posing the transfer of power to the working class. This struggle would have to be carried out in opposition to both the EU and the PSOE government.

The 2019 budget agreement is the reaction of the PSOE-Podemos government to the upsurge of working-class struggles. In Spain, the number of strikes during the first three-quarters of the year amounted to 395, supported by 641,038 workers, causing the loss of 9.7 million hours of work. Compared to the same period last year, the number of workers who participated in strike action increased by 98.61 percent.

Major sectors include transport (Ryanair, airports, taxi,

Deliveroo, metro), retail (Amazon, H&M), postal services, public health care, social services, education and many more.

The unions, who are closely integrated into the political milieu of Podemos, are frantically trying to suppress these struggles. They have appealed for a deal in airport baggage handling to avoid strike action and called for “partial stoppages” and strikes spread across November and December to avoid calling lasting strike action in the national postal service. They have called off planned strikes by firemen, subway workers in Madrid and Barcelona, drivers of Uber and Cabify, Alumalsa metalworkers, and Canary Islands ambulance staff.

The way forward for workers fighting to improve living standards and conditions is to take these struggles out of the hands of the unions, set up their own independent, rank-and-file organizations of struggle, and link up with rising class struggles across Europe. This entails a break, however, with Podemos and its various allies, who are desperate to tie the working class to the framework of the PSOE budget and the EU.

The main architect behind the deal is Podemos, which is seeking a lasting PSOE-Podemos alliance, to be replicated at the local and regional level. In a sinister manoeuvre, Pablo Iglesias said he will visit jailed Catalan secessionist leaders to try to obtain their support. This is the first time in Spanish history that a budget is negotiated with political prisoners jailed for having called peaceful protests.

The budget, however, is entirely in the EU’s austerity framework. It contains the lowest public spending as a percentage of GDP since 2007. According to government estimates, spending will fall next year to 40.9 percent of GDP, 0.3 percent less than the budget designed by the Popular Party and passed by the PSOE government soon after it ousted the PP government.

The agreement also leaves out the recent labour reforms that have decimated the working class, the notorious Migrant Detention Centres, and the anti-terror laws—measures which both Podemos and the PSOE promised to revoke when in power.

The budget would not touch defence spending, even though the paltry €5 billion in social spending increases in the agreement equal the amount announced by Defence Minister Margarita Robles for the purchase of new weapons for the rest of this year. Earlier this year, the PSOE passed the PP government’s budget, which included a 10.5 percent military spending increase, the largest ever made by a Spanish government.

The pro-PSOE *El País* welcomed the budget agreement, gloating: “In less than five years, the anti-austerity Podemos party has gone from wanting ‘to take heaven by assault’ during the Indignados protests in Madrid’s Puerta del Sol to solemnly signing a budget pact with the Socialist Party (PSOE) at the Moncloa Palace.”

Another writer, Adolfo Piñedo, writes in *Nueva Tribuna*: “The truth is that the agreement marks an evolution of Podemos towards realism. A road that Syriza has already travelled in Greece. [Alexis] Tsipras is today a valued European statesman, well respected by the troika and the markets. I think that is very good news.”

This should serve as a warning of the urgent need for a mobilisation in the working class independent of and against Podemos.

In 2015, Syriza won the Greek elections pledging to end six years of devastating EU austerity imposed by successive social-democratic and conservative governments. Syriza had promised to negotiate an end to the EU austerity Memorandum and improve people’s lives within the framework of the EU and capitalism. It was hailed as a model by its sister parties internationally; Iglesias hailed Tsipras as a “lion” and shouted, “Syriza, Podemos, we will conquer!”

Since his election, Tsipras has imposed four rounds of draconian austerity measures. A fifth of the Greek population is now “severely materially deprived.” The EU estimates that one in three Greeks lives “at risk of poverty or social exclusion” and 420,000 Greeks of working age have left the country.

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