
Nº 21 - Madrid, 18th May 2010

Adjustment Plan of the Spanish Government and the Trade Union Reply

On May 12th the Prime Minister of Spain presented the Spanish Parliament with an Adjustment Plan that would meet the requirements of the European Commission, the Eurogroup and the Ecofin, as put forth in their meetings held on May 8th and 9th.

The main measures proposed by the Government (to be adopted by executive order) are:

- A 5% average reduction in civil servants' wages starting in July 2010, with a wage freeze for 2011. This represents a unilateral infringement by the administration of the Agreement for Civil Service Wages 2010-2012 signed by unions 6 months ago with the Vice Prime Minister. Furthermore, it makes compliance with the Agreement for Collective Bargaining in the private sector (2010-2012) considerably more difficult.
- A freeze on pensions during 2011.
- More limited access to partial retirement
- Cuts to economic stipends established in the Dependent Persons Act
- Reduction of public investment by 6,045 billion euros between 2010 and 2011.
- Elimination from 2011 on of financial aid for the birth of children
- A 600 million euro reduction in the funds for Official Development Assistance in 2010 and 2011.

These new measures are in addition to the first austerity plan with a 5 billion euro reduction in public investment, a two-point increase in VAT levels, a virtual freeze on civil servant hiring, and a proposal to review the public pension system.

For CCOO these measures are highly unjust, placing the burden of the crisis exclusively on workers and pensioners. A tax increase is not contemplated, nor is there any coherent plan against tax fraud. Furthermore, the Government has no plan to stimulate growth, to invest in sectors that can generate wealth. In fact, the very measures proposed are economically counterproductive, and can only contribute to worsening the recession of the Spanish economy in 2010 by substantially reducing private and public spending as well as public investment. The net result will be higher unemployment rates, (the current level of 4.6 million unemployed, 20% of the workforce, is already intolerable) and less public income, leading to a spiral of a higher deficit and more debt in a progressively impoverished nation.

CCOO and UGT have reached the decision to mobilize against the Adjustment Plan, starting off with demonstrations, culminating in a general public sector strike on June 8th.

CCOO believes that the radical shift in the economic and social policy of the Spanish government responds to an imposition of neoliberal policies by European institutions and governments as well as the IMF, in spite of the fact that the public debt level of Spain, at 52% of the GDP, is still almost 20 points below the EU-of-27 average.

Recent measures taken by the Eurogroup and ECOFIN to save the Euro and the financial stability of several European nations have come too late, after having allowed the situation of the Greek economy to rot and contaminate other countries.

Adjustment plans imposed on various countries are following the most unpleasant traditions of the IMF, worn-out policies that have failed too often in the past, as in the case of the great financial crisis in Asia in 1997.

While the sovereignty of countries, the welfare of its citizens and the bases of European political and monetary union are under attack by speculators, the EU and the G20 are unable to agree upon a planned regulation of financial markets. While hedge funds were already attacking Greek debt and the euro, the Presidency of the ECOFIN decided to withdraw from the agenda of the March meeting the draft directive for regulation, capitulating to anti-democratic powers and fiddling while Rome burns.

CCOO considers it essential that the ETUC design a strategy of industrial action that permits European trade unionism to challenge these restrictive economic policies that endanger the recovery from the recession and hurt the interest of European workers.

Confederación Sindical de CCOO - Secretaría de Internacional

C/ Fernández de la Hoz, 12 -1ª - E-28010 Madrid (España)
Tel. +34 91 7028113 - Fax. +34 91 7028175
E:Mail. internacional@ccoo.es - Internet. <http://www.ccoo.es>