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Police arrest Catalan separatists seething at Spanish PM visit: Inside

PM makes wage increase bet with eye on election

Palma/Madrid.—Spanish Prime Minister Pedro Sanchez yesterday decreed a 22 percent rise in the minimum wage, the biggest in four decades, and a move that could strengthen his grip on power but defies warnings that it could worsen unemployment.

Such decrees are one of the rare ways Sanchez, whose Socialist party controls only a quarter of seats in parliament, can try to make an impact on the economy and get voters on his side ahead of a spate of elections next year.

"This is the biggest rise in the minimum wage since 1977 and it will benefit more than 2.5 million people, mostly women," government spokeswoman Isabel Celaa told a news conference after the weekly cabinet meeting, which was held in Barcelona.

The increase to 1,050 euros (\$1,197.84) per month will allow Spain to jump from having one of Europe's lowest minimum wage, as compared to average wage, to one of the highest.

Wages had been slashed in Spain, the euro zone's fourth-largest economy, as a way out of a steep economic crisis that started in 2008, leaving many struggling to make ends meet.

"Sanchez has realised that he can mobi-

lise left-wing voters with issues that have huge symbolic weight such as the minimum wage," said Lluís Oriols, a political science professor at Madrid's Carlos III university.

Spanish voters go to the polls at the end of May for a series of municipal, regional and European elections. Speculation has been rife over whether and when Sanchez could call snap elections ahead of the 2020 scheduled date.

The Bank of Spain, International Monetary Fund and employer groups warned against the minimum wage increase, which will enter into force on 1 Jan., saying it would make it harder for those struggling to find a job, in particular young people. The OECD think-tank was more positive, saying the move would better align Spain with its neighbours.

The AIREF fiscal watchdog, an independent body, estimates that 40,000 jobs would be lost in 2019 because of the minimum wage increase. But the boost for those who do have a job will bring an extra 1 billion euros into the economy, it said.

2019 BUDGET STUCK

Sanchez has also announced an increase of at least 2.25 percent for civil servant

wages next year and a 1.6 percent increase for state pensions, which were also adopted by decree as a way to overcome his lack of a majority in parliament.

There is no knowing when or if Sanchez will be able to convince a divided parliament to approve his 2019 budget for Spain, now in limbo for lack of sufficient votes.

The government has not yet even sent a draft budget to parliament, but Sanchez said he would do so in January.

If he cannot get it adopted he might struggle to stay in power, but if there were to be snap elections, he would be able to go to voters with measures such as the minimum wage increase.

Sanchez came to power in June after several parties teamed up to oust the conservatives over a corruption scandal.

But he is struggling to get these same parties to back his policies now that he is power, except on issues such as the minimum wage.

Decrees need to be later endorsed by parliament, but opposition parties have said they would not oppose such a popular step. Symbolically, the step will have



Spanish Prime Minister Pedro Sanchez.

been adopted by the cabinet in Barcelona, the Catalan regional capital, yesterday, with Sanchez stressing this is to show that his policies aim to help people throughout Spain.

Catalonia's independence drive is one of the thorniest issues for any Spanish prime minister to handle.

But out on the streets of Madrid, voters were not convinced such steps would be enough to keep the Socialists in power.

"It's a positive step," said 54-year-old accountant Isabel Martin. "But to vote for a party you need more reasons."



London's Gatwick airport reopens after mystery drone saboteur sows chaos: Inside