

UPDATE ON SPANISH POLITICS – 11th September 2012 by Kevin Bruton



The date of writing this Update, 11th September, is the annual National Day of Cataluña, the “Diada”, ie. the day that Catalans in the north-east of the Peninsula celebrate their own national and linguistic diversity. As usual, therefore, in Barcelona, Lleida, Gerona, Tarragona and hundreds of other Catalan towns and pueblos there are huge demonstrations in favour of Catalan independence which always cause embarrassment to central government in Madrid.

In the meantime, Spain’s right-wing Prime Minister, Mariano Rajoy, steers the country towards a full bail-out from the EU – a bail-out estimated to be at least 300 billion euros. This is, of course, in addition to the 100 billion euros bail-out already agreed for Spain’s bankrupt banks. The banks are currently drawing up restructuring plans in anticipation of this bail-out.

If (or, almost certainly, when) Spain requests a full country bail-out it will be another PP pledge broken. Spaniards were promised that there would be no income tax rise – it has already happened. They were promised no increase in VAT – a VAT rise came into force on 1st September. People were assured that Spain’s banks were the best in Europe and, throughout 2012, PP leaders have asserted constantly that there will be no country bail-out.

On 10th September, PM Rajoy gave his first television interview since winning the General Election on 20th November 2011. The “Invisible Man” finally took on flesh! An interesting aside is that he was interviewed by six journalists of whom five were women and that fact was the most progressive event of the evening. From the present writer’s left-wing perspective, Rajoy’s response was one of plausible platitudes and self-serving sophistry. He avoided many questions and made only one commitment – that he will not reduce pensions – watch this space! He employed the well-worn and contemptuous analogy (familiar to Britons with memories of Thatcher) of comparing a full country bail-out to a family or individual taking out a mortgage. While hinting at further austerity measures he repeated ad nauseam that reducing the public deficit is more important than a bail-out.

As Rajoy was speaking, Spain’s recession was worsening. Austerity measures and a consequent drop in consumer demand have seen Spain’s GDP fall 0.4% in the second quarter of the year, the fourth quarter in a row that Spain is in red figures. A brief respite was accorded Spain’s stock markets last week when Mario Draghi, Head of the European Central Bank, said that the Bank was prepared to buy Spain’s sovereign debt. Government bonds fell straightaway. Unemployment, however, rose 38,179 in August to leave official unemployment figures at 4,625,634 – a rise of one million on August 2011.

What has been the response of the opposition Socialist Party? In the present writer’s opinion, the PSOE leader, Rubalcaba, has been ineffectual to date in opposition. He virtually admitted this on 9th September when the “Comité Federal” of PSOE met for the first time since Rubalcaba was elected leader seven months ago. This is the federal committee comprising delegates from Spain’s 17 Regions and it is the most important PSOE organ apart from full conference. Rubalcaba made three promises at the Committee: firstly, that he will toughen his opposition stance to government measures; secondly, that PSOE is against a full country bail-out and PSOE will seek a full parliamentary debate should the government pursue this option; and, thirdly, that PSOE will produce a complete alternative budget to the government’s (planned for November) including progressive redistributive tax policies.

Spain’s Regions have a major liquidity problem. Many of them are unable to pay their workers and the Regions are responsible for 40% of Spain’s public spending on health, education and other welfare. Already three Regions have gone cap in hand to central

government. Cataluña (run by nationalists) is Spain's most indebted region and it has requested five billion euros from central government. The PP-run Murcia Region has asked for one third of a billion euros while Valencia (governed by PP since 1995) has asked for three billion euros. The Valencia Region is now a by-word in Europe for waste, corruption and nepotism. This was the subject of an article by Giles Tremlett in the Guardian on 30th August in which Tremlett quoted Enric Morera, leader of Compromís in the Regional Parliament (a small green-cum-nationalist party) as saying – "Nepotism is a word invented for the Borgias and they were from Valencia. The PP has lived up to that."

VAT went up officially on 1st September. The standard rate of 18% was increased to 21% while lower rate products went up from 8% to 10%. A number of products at 4% (for example milk, white bread, eggs) stayed the same. Cars, clothing, and white goods rise from 18 to 21% while housing goes up from 4% to 10%. Initial estimates suggest an additional cost of 600 euros per person in a year. The most invidious increase in VAT is that upon the arts, which rises from 8% to 21%. This affects ticket prices to cinemas, theatres, concerts, private museums and arts events generally. Arts associations estimate that of the 4044 cinemas registered in Spain at the end of 2011, 859 will close. The average VAT rate on arts in the Eurozone is 10.1% while in Germany, where the standard VAT rate is 18%, the arts VAT rate is 7%.

Forest fires and wild fires have raged across Spain this summer, the hottest for 40 years, and destroyed vast areas of the country. Heat and strong winds have fanned the flames but so also have government cuts. For example, in 2011, the Valencia Regional Government hired only 10% of temporary summer fire-fighters compared with previous years. Cataluña and Galicia are spending 20% less than in 2010. While PP central government ponders the problem they have proposed putting the unemployed to work on cleaning up after the fires. The unemployed can be forced to work on the clean-up or lose their unemployment benefit.

Schools are back in Spain and, as costs of school materials, text-books, school meals and transport all increase, parents face an average cost of 640€ per child to return each pupil to school. In the Valencia Region, there was chaos as the school year began. Thousands of children were left standing by the road as school buses left empty after refusing to take pupils/students who did not appear on vastly reduced bus-driver rosters. This included many disabled pupils, while some parents were left to take one child to school while another went on the bus.

There are Regional Elections in Galicia, currently run by PP, and in the Basque Country, run by PSOE, on 21st October. Given that Rajoy himself is from Galicia there will be no bail-out request from central government until after this date.

Finally, it is worth exposing the huge disconnect in Spain between elected politicians (or at least the majority of them) and the electorate. A veritable storm blew up at the end of August when the PP member of parliament for Orense in the Galicia Region, Guillermo Collarte, stated that he struggled to pay his bills on a salary of 5,100€ a month. (According to the National Institute for Statistics the most common gross income in Spain for working people is 1,400€ per month). Prior to this, another PP MP, Andrea Fabra, representing Castellón in the Valencia Region, when Rajoy announced in Parliament on 11th July cutting benefit for the unemployed, was heard to shout out "¡Que se jodan!" – "Let them f**k themselves!".

Within days almost a quarter of a million people signed an online petition demanding her resignation. It is to be hoped that all of these signatories will join mass demonstrations in Spain on Saturday 15th September, and in future weeks and months, exhorting both a U-turn on government cuts and a referendum on any Spanish bail-out as demanded by the trades unions.