

## UPDATE ON SPANISH POLITICS – 12TH AUG 2014

By Kevin Bruton



The biggest political story of the past month has been the statement made on 25th July by the former President of Cataluña, Jordi Pujol. Jordi Pujol was the founder of the political party *Convergència Democràtica de Catalunya*, the nationalist party which currently rules Cataluña in coalition and is pushing for an independence referendum on 9th November. Jordi Pujol himself was President of Cataluña for 23 years and, arguably, has done more than any other politician to shape the post-Franco nation. On 25th July, Pujol confessed that for 34 years he had secretly been stashing money in bank accounts abroad, money which some estimate to be more than 300 million euros. The legal and tax authorities are queuing up to question Pujol and the issue of whether Pujol should be called to attend the Catalan Parliament to explain his actions is dividing Catalan nationalists.

Pujol's confession comes after two of his sons also face the justice system. His eldest son, Jordi Pujol Ferrusola, stands accused of laundering monies received from his father into bank accounts in Andorra. Another son, Oriol Pujol, also faces corruption charges. It is no wonder, therefore, that some parts of the Spanish media are representing the Pujol family as if they were the Corleones or the Sopranos. Nor is it any surprise that in all opinion polls corruption is high up in Spaniard's concerns, second only to unemployment. The question many ask, however, is whether Jordi Pujol will ever be held to account properly, or at all!

The Gürtel case of corruption in the governing party, PP, dates back at least to 1999. The examining magistrate or *‘juez’*, Pablo Ruz, after 5 years and 5 months of investigations is only now bringing charges against 45 members of the ring of corruption, including ex-treasurer Luis Bárcenas. If *‘la Razón’* newspaper, arguably the most right-wing newspaper in Spain, can lament in its editorial of 30th July that the lassitude of the justice system is “an anomaly which generates disillusion” then everyone knows something is badly wrong.

The impact of Jordi Pujol's confession on the political scene in Cataluña is a matter for speculation. The present nationalist government in Cataluña still pledges a referendum on independence on 9th November even though, as this Update has reported frequently, neither the Spanish Constitution nor the Spanish Government will allow it. Why this legal question is dragging on is something of a mystery. The Constitutional Tribunal which decides on this matter still has not met or pronounced, although a declaration of illegality is assumed to be certain.

Many have suspected that the current leader of Cataluña, Artur Mas, will attempt to jack up some kind of unofficial, illegal vote ‘a la Crimea’ irrespective of the Constitution. Spokespersons from his party, however, have stated in the last week that they will NOT do this if or when the Constitutional Tribunal pronounces against them. However, *‘El País’* newspaper reported on 11th August that a team of 20 people are working in Catalan government offices through the summer to prepare the logistics of a 9th November referendum. Also, what will happen in the 40% of townhalls governed mostly by the Catalan Socialist Party? The socialists have said that they will only co-operate with the referendum if it is declared legal. The present writer's opinion is that Artur Mas will NOT hold a referendum if it is declared illegal but next year will call an early regional election in Cataluña and make this a plebiscite on independence. Naturally, he will be watching very closely what happens in the Scotland Independence referendum of 18th September.

The other huge story of the past month has been the election of a new leader of the main opposition party, PSOE, the Spanish Socialist Party. On 13th July, Pedro Sánchez was chosen by PSOE members on a one-person-one-vote basis with 49% of the vote, against 36% for Eduardo Madina and 15% for the veteran left-winger, José Antonio Pérez Tapias. The turnout was 67% and Pedro Sánchez won in 11 of Spain's 17 regions with a huge advantage in Andalucía, a region which accounts for one quarter of all PSOE members. The Valencia Region was evenly split with 6199 voting for Sánchez and 5535 voting for Madina. Pedro Sánchez Castejón, 42 years of age, and with a PhD in Economics, is married with two daughters. Despite a year of campaigning behind the scenes, he only appeared in the political half-light on 11th December last year when he presented his book *‘La nueva diplomacia económica española’* (“The new Spanish economic diplomacy”) in the Blanquería bookshop near the Spanish Parliament. He was flanked by some Socialist big hitters but the event went virtually unnoticed in the Spanish media.

A congress of PSOE at the end of July ratified Sánchez's victory and he moved quickly to constitute an executive committee (huge by Labour standards) of 38 people. Within this, he has included supporters of rival candidates although his main leadership rival, Madina, refused the position. Notably, he included Carme Chacón who almost won the leadership herself a couple of years before. Within PSOE, unlike the Labour Party, it is not axiomatic that the leader or "Secretario General" has to be the prime ministerial candidate. The previous leader, Rubalcaba, had announced open primary elections in November to choose a candidate to fight the next General Election, due in the autumn of 2015. Unsurprisingly, given Sánchez's triumph, most of the Socialist Party's regional leaders want this postponed. Sánchez himself has said that he will decide in September. There is a huge question mark as to whether anyone will stand against Sánchez in open primaries.

At the moment, the Socialists are concentrating on the Local and Regional elections in May 2015 and, especially, on a policy to counter PP's proposed tax reform. The PP government have promised, in an election year, tax cuts that will return 9 billion euros in total to Spanish tax-payers. This is the same government, of course, that has increased direct and indirect taxation in the past three years. PSOE has worked out that the proposed PP tax cuts will only benefit lower wage earners to the tune of 300 euros a year while higher wage earners will save between 4000 and 12000 euros.

On the economy, Spain has just learned that it will suffer badly from economic sanctions imposed by Russia as a response to the EU and US sanctions over Ukraine. Russia has stopped the import of most of its EU food products. Spain, in 2013, exported 440 million euros-worth of food products to Russia, mostly fruit and vegetables (roughly 75% of the total) and meat products (about 20% of the total). Within the EU, only Poland, Lithuania, Holland and Germany exported more food products to Russia last year. Within Spain, the Region of Valencia will suffer most, with Valencia accounting for 25% of Spanish food exports to Russia. The devaluation of the rouble (30% in the last few months) is also affecting Russian tourism to Spain, as well as the purchase of Spanish properties.

Pedro Sánchez, the new PSOE leader, will take huge encouragement from an opinion poll on 10th August. Previous opinion polls had given PP an average 9 percentage point lead over PSOE. But "El País" published the first opinion poll which clearly reflects the Sánchez 'bounce'. It announced a technical draw between PP and PSOE with PP at 32.3% and PSOE at 31.7%, the first time in years that PSOE has climbed anywhere near parity with PP. Podemos jumped into third place with 10.7%, with IU (the Communists) down to 4.9%. Sánchez and PSOE will have much work to do in the coming months since PP have announced a whole new swathe of privatisation measures. These include AENA, the Spanish airports, and ITV – the Spanish equivalent of MOT testing. In addition, in another comparison with the UK, the Government has approved fracking exploration off the Canaries despite huge local opposition.

The last two stories bring to mind two famous songs: Gershwin's "Summer time" – "When the living is easy" and Alice Cooper's 1972 "School's out" – "for summer". Neither of these sentiments is true for many in Spain in 2014. Summer has seen a crisis in Spain's hospitals as A and E departments struggle to cope as a result of the cuts. This is especially true in coastal areas where inland populations decamp to the seaside. Recent media reports have focussed on the city of Vigo in the north-west where the hospital system is in a state of near collapse and the huge new La Fe hospital in Valencia which has closed down nine floors.

"School's out" - but NOT for tens of thousands of Spanish school children. As the school year was finishing in mid-June, Eurostat produced figures that showed 2.8 million Spanish children were in or at risk of poverty and social exclusion, the second highest number in the EU after Rumania. Eurostat reported that their only meal of the day was at school. As a result, at least four regions have kept school dining rooms open during the summer – the Canaries, Extremadura and the populous regions of Cataluña and Andalucía. Also, some towns have done the same, notably Elche, Vigo and the capital, Madrid. Elsewhere, hundreds of thousands of Spanish parents and their children are anxiously looking forward to the start of the school year.