

UPDATE ON SPANISH POLITICS – 12TH February 2013 by Kevin Bruton



Since the last Update, corruption in Spain has hit the international headlines, although the coverage of the issues raised has inevitably at times been oversimplified or simplistic. This Update is an attempt to flesh out the bones.

It is no understatement to say that Spain, at this juncture, is in institutional crisis. The government is totally discredited; there is a complete lack of faith in the two main parties; millions are living in poverty, hopelessness or despair; and thousands are on the streets every day manifesting their total rejection of official decision-making. It is the biggest crisis facing Spain since Franco died in 1975 and since the first General Election on the basis of democratic universal suffrage since the Second Republic of 1936 took place in June 1977. It is not just the present writer who says that Spain is in institutional crisis. All Spanish newspapers are saying so. It is the leitmotif of radio and TV discussion programmes. And the 'New York Times', on 2nd February, lamented the fact that "investigations into corruption have contaminated the institutional framework of Spain, from the Monarchy to the High Courts."

These Updates have been discussing endemic corruption in Spain for years. So, what has changed in the past few weeks? The first bombshell was fired by the right-wing newspaper 'El Mundo', hitherto supportive of the PP government, which, on 16th January, published compelling evidence that a previous Treasurer of the PP ruling party, Luis Bárcenas, had 22 million euros in a Swiss bank account which could not be explained by legitimate reasons. Bárcenas was dismissed as PP Treasurer three years ago when he was implicated in the long-running 'Gürtel' case. 'Gürtel', it may be recalled, was and is the umbrella name for a huge web of corruption encompassing PP nationwide but especially in the Madrid and Valencia regions. Numerous court cases deriving from 'Gürtel' are still proceeding and it was 'Gürtel' which indirectly brought down Francisco Camps, former head of the Regional Government in Valencia.

Bárcenas has been facing charges for years but, given the appalling slowness of the Spanish Justice system and the deliberate obstruction of PP, he has still not been held to account. Now 'El Mundo' claims that Bárcenas, with 22 million euros in a Swiss bank, has been supplementing the official salary of PP leaders by distributing 'dinero negro' or 'dirty money' or a 'slush fund' in cash and literally in envelopes. On the day that 'El Mundo' published this information, hundreds of demonstrators protested outside PP headquarters in Madrid. They protested with banners proclaiming "¡Dimisión, dimisión!" ("Resign! Resign!") or "Here is Ali Baba's cave!" or "That's where your missing pay is – in envelopes". The social networks organised this first demonstration and the demonstrations have increased in size and vehemence ever since.

The second media bombshell dropped on 31st January when the centre-left 'El País' newspaper published extracts from a notebook kept by Bárcenas and his predecessors at PP headquarters which revealed that, from 1990 to 2009, an illegal slush fund (called account B) was used to make payments to PP leaders. PP was in government from 1996 to 2004 and a number of these leaders occupied cabinet posts in that government. The extracts included entries made in Bárcenas' handwriting and, on 3rd February, 'El País' published all fourteen pages of the notebook before handing over their evidence to the police.

Among those paid illegal money was the present Prime Minister Mariano Rajoy who held ministerial posts in the PP government. 'El País' alleges he was paid 25,200€ a year for eleven years, from 1997 to 2008. Rodrigo Rato, while Chancellor of the Exchequer, was also paid Money from this illegal fund. (Rato, of course, later went on to head the IMF prior to

Christine Lagarde and then went on to bankrupt Bankia. He is currently a director of the Spanish telecommunications company, Telefónica.) Rato was paid money as also were other cabinet holders at the time – Jaime Mayor Oreja, Alvarez Cascos, Javier Arenas and Angel Acebes who, infamously, as Minister of the Interior, deliberately misled or lied to the Spanish people between the Madrid bombing of 11th March 2004 and the General Election three days later, claiming it was the work of ETA. Also, the very prominent María Dolores de Cospedal, currently PP 'secretaria general' or Party leader in the country as well as President of the Castilla La Mancha Region, was alleged to have received two illegal payments.

'El Mundo' has continued to produce damning allegations, viz. that Bárcenas made thousands of payments of cash in envelopes to the top people in PP (amounts usually of 5,000, 10,000 or 15,000 euros) and also paid smaller amounts, also cash in envelopes, to people lower down the PP pecking order and to officials or administrators (amounts this time of 1,000 or 2,000 euros).

What is wrong with these additional or cash payments? Firstly, there is a "Ley de Partidos Políticos" (Law of Political Parties) in Spain which sets down official salaries and also allocates a limit on income or donations which may be used for electoral purposes. The payments identified by 'El País' and 'El Mundo' do NOT fit into this category. Secondly, where do these amounts of money come from and why are they not officially declared? As one might expect, the money comes from companies, usually construction companies. 'El País', for example, on 4th February, published an extract from Bárcenas' notebook showing that a large construction company 'Constructora Hispánica' paid 600,000€ in cash to Bárcenas. He apparently only allocated 144,000€ to PP.

Why would construction companies pay illegal money to PP? Everyone knows the answer to this question and 'Constructora Hispánica', for example, was awarded contracts between May 2000 and March 2004 to the tune of 99.1 million euros to work on the AVE – Spain's high-speed rail network.

What have been the responses of those people named in the allegations? Mariano Rajoy, to date, has spoken twice. Firstly, on 2nd February, he said "It is false. I have never received or distributed illegal monies". Rajoy said this in a televised statement made 'in camera' and refused to answer questions from reporters. Again, in a visit to Germany on 4th February and, embarrassingly, standing alongside Angela Merkel, he repeated this denial. Other PP leaders have closed ranks but so far their denials have not convinced Spaniards and nor has Rajoy's publication on 9th February of his income tax returns. As Rubalcaba, leader of the Spanish opposition Socialist Party said "Let's be serious here. Would illegal payments really be included in official tax returns?"

Rubalcaba has called for Rajoy to resign or at least to appear in Parliament to explain the situation. To date, Rajoy has refused to do so or to hold a press conference to answer questions. He cannot, however, escape the date of 20th February when an annual State of the Nation debate takes place in Parliament. As for Bárcenas, he is still at large but awaiting court charges. Breaking his silence on 4th February, five days after the 'El País' notebook revelations, Bárcenas said "The notebook does not exist, it is crude manipulation and the handwriting is not mine". He claims he will undergo a handwriting test. But, already, most Spanish newspapers have called in hand-writing experts and all say that it is Bárcenas' handwriting. Now the "Fiscalía Anti-Corrupción" or the Anti-Corruption public prosecutors office, is contemplating applying to place electronic tags on Bárcenas in case he tries to flee the country.

Virtually no-one in Spain believes PP denials, especially as three ex-PP leaders (one an ex-speaker of the 'Senado' or Upper House of the Spanish Parliament, and another, a former Minister of the Environment) have all admitted that they were paid additional cash amounts. Also, several companies have admitted giving cash to Bárcenas. Despite the overwhelming

evidence, the Spanish Socialist opposition cannot precipitate a general election by winning a motion of 'no confidence' in Parliament since PP has an overall majority.

A further strand to what many call 'Bárcenasgate' is that it has now been revealed that Bárcenas took advantage of a Law passed by PP last year which gave a Tax Amnesty to allow companies to regularise their books. The Spanish Socialists, always suspicious that this tax-amnesty law was brought in to cover up illegal dealings between companies and PP, are now calling for the resignation of Cristóbal Montoro, Chancellor of the Exchequer.

One cabinet minister whom almost everyone in Spain thinks should resign or be dismissed is Ana Mato, the current Secretary of State for Health. A recent National Police Report has revealed that 'Gürtel' paid Ana Mato and her husband, Jesús Sepúlveda, ex-PP mayor of Pozuelo, for presents, birthday celebrations for their children, plane tickets and train tickets, hotels and holidays, and two luxury cars, amongst other things. The sums amount to many tens of thousands of euros. Ana Mato refuses to answer the allegations, saying merely that she was separated from her husband at the time, although the chronological evidence shows that they both benefitted from 'Gürtel' money. Also Rajoy refuses to sack her. It was only on 11th February that PP finally dismissed her husband Sepúlveda from a paid job with the Party. An opinion poll in 'El Mundo's' 9th February edition showed that 84% of Spaniards think that Ana Mato should resign or be sacked, including 68% of PP voters. That she is still in post is a national scandal. As the 'El País' editorial said on 4th February, in any self-respecting democracy she would be gone, adding "for Don Corleone to pay for the baptism of his grandchildren is okay for the cinema but not for the image of a member of the government".

Rightly or wrongly, Spaniards do not believe that the Spanish Socialist party is any or much better. In the past month, it has been revealed that Carlos Mulas, the Head of the Socialist think-tank "Fundación Ideas", was paying considerable sums to an occasional contributor to the Foundation's journal. The contributor's name was Amy Martin who turns out to be Mulas' wife using a pseudonym.

The King's son-in-law, Iñaki Urdangarín, also facing charges of corruption, is currently having to sell property and other assets to finance bail set at 8.1 million euros. His wife, Cristina, daughter of King Juan Carlos and Queen Sofia, may also face charges. Meanwhile, their names, as the present 'Duques de Palma', have been removed from one of Palma de Mallorca's main thoroughfares. They have also been removed from the royal website.

The former PP mayor of Lloret del Mar on the Costa Brava was apparently in cahoots with a Russian mafia gang and, in the region of Valencia, the Archbishopric and the Cathedral of Valencia are currently being investigated over misappropriation of funds, together with the PP regional government, in connection with the Pope's visit to Valencia in July 2006.

What is the reaction of Spaniards to this apparent miasma of corruption? Well, up to 9th February, the 'Indignados' movement had accumulated one million signatures online calling for Prime Minister Rajoy to resign. An opinion poll in 'El País' on 3rd February asked - "Do you have any confidence in Rajoy as Prime Minister?". 85% said 'no'. The same question was asked of Rubalcaba as Socialist leader. This time 89% said 'no'! If there were a general election now, 23.9% would vote PP (6 percentage points less than in the November 2011 general election) and 23.5% would vote for the socialist party (5 percentage points less). The poll is astonishing in suggesting that with all the corruption charges involving the governing party, the socialists would not win a general election. Also, fewer than one in two Spaniards would vote for the two main parties. It is no wonder that Spaniards feel betrayed, ashamed, humiliated and very angry, as is evident in the daily demonstrations that take place. The message that the present writer receives from PP denials of guilt is that PP is saying to Spaniards, in effect, - "WE don't care that YOU don't care that we're corrupt. And we know this because you voted en masse for corrupt PP councillors and regional MPs in the last local and regional elections in May 2011!"

Spain has come well out of the recent EU Summit, with Spain still for the next seven years being a net recipient, although only just, of EU funds. Many Spaniards, however, are questioning whether Spain is really a modern European democracy or just another Hispanic banana republic. However, help from world-wide capitalism is at hand!! The Scottish oil company, Cairn Energy, is to start prospecting for oil in the Gulf of Valencia in the next two years. And, nationally, US money will soon be arriving to put Spain back on its feet! The US company, Las Vegas Sands, is to build a European Las Vegas casino/hotel/leisure complex with golf courses, apartment blocks etc in Alcorcón, a large dormitory town to the south of Madrid.

The provisional name for the development is 'Eurovegas' and, since the local council is PP, the Madrid region is PP and central government is PP, the party is doing everything possible to make it happen, including tax concessions and subsidies. Apparently, PP is even considering repealing a national law banning smoking in public buildings so that punters can smoke while gambling! Naturally, all transactions involving the development will be above board. And, naturally, no-one from PP will benefit personally!