

UPDATE ON SPANISH POLITICS – 15th July 2015

By Kevin Bruton



The last Update dealt largely with the Local and Regional Election results on 24th May, results which left most of Spain with numerous pacts and alliances of left and right, necessary in order to form local and regional governments. By 13th June, the official swearing-in date for new town councils, PP held the ‘mayorship’ in 2,768 cases while PSOE did so in 1,937, whether because of alliances or overall majority. The thirteen Regional Governments took longer to form. The Madrid Region went to an Alliance of PP and Ciudadanos (the new right-wing party) by only one seat over the left. The Valencia Region finally got rid of PP by putting together a triple alliance of PSOE, Podemos and

Compromís with Ximo Puig (PSOE leader and ex-mayor of Morella) as new President, The City of Madrid is now run by a left-wing pact between PSOE and Ahora en Madrid, a community-based group whose leader, Manuela Carmena, is Mayor. Barcelona City has Ada Colau as Mayor, a woman who came from an ‘anti-desahucios’ or ‘anti-evictions’ background. The city of Valencia, with a left-wing coalition in power, has said adieu to PP’s Rita Barberá, a long-standing and much-detested Mayor. Elsewhere, pacts supported by Podemos will govern in the cities of Cádiz, Zaragoza, Santiago and La Coruña as well as in Madrid and Barcelona. Málaga, on the other hand, has PP and Ciudadanos in power.

The headline in “El País” told most of the story: “Grupos alternativos de izquierda gobernarán las mayores ciudades” or “Alternative left-wing groupings will govern the major cities”. The right-wing national newspaper, “La Razón”, on the same day, was not happy that, in parts of the Basque Country and in Navarra, the Socialists, breaking pre-election pledges, had gone into Alliance with Bildu, a nationalist party close to ETA. Their headline read: “El PSOE de Sánchez traiciona sus líneas rojas al pactar con Bildu” or “The PSOE of Sánchez crosses its own red lines by making pacts with Bildu”.

Post-election, a major development in Bárcenasgate took place on 2nd July when the ex-treasurer of PP, Luis Bárcenas, presented a written defence to the courts accompanied by numerous documents. In this written defence, Bárcenas asserts that the illegal financing of PP is as old as the Party itself and involves ALL its leaders and people in high positions since 1982. This includes each successive leader of PP, from Manuel Fraga, who founded the party, through to Jose María Aznar, Prime Minister of Spain from 1996 to 2004, and to the current leader, Mariano Rajoy, Prime Minister since 2011.

In his written statement, Bárcenas alleges that PP “has a system of illegal financing totally institutionalised” in which “as in every hierarchically organised pyramid, orders come from above down”. Of course, as opinion polls show, the complete denials of this by Rajoy and other PP leaders convince virtually no-one in Spain.

Rajoy’s reaction to the Bárcenas bombshell is to launch an early but obvious general election ploy (with the General Election due in late November) by announcing that Income Tax will be lowered from 1st July. This is the party that, contrary to manifesto promises in 2011, dramatically increased Income Tax and VAT rates once in office. A breakdown of the new Income Tax rates shows that one has to be earning 30,000€ per year to save 15€ a month. An income of 15,000€ a year will generate a saving of 4.5€ a month while 12,000€ per year produces no savings at all. Thus the majority of Spaniards will gain nothing, or virtually nothing, from the tax changes. At the other end of the earnings range, an income of 150,000€ a year will produce a monthly saving of 185€, revealing that the new rates can in no way be considered progressive.

Rajoy’s further reaction to election losses on 24th May produced a minor reorganisation of leading party posts and a “political conference” held on 10-11th July. At this conference, Rajoy called on Spaniards to “stop the left” and slammed PSOE and Podemos for “appropriating councils where PP was the biggest party voted for”. The only ‘substantive’ outcome from the conference is that PP are changing their logo to make it “more diaphanous, clear and iconic”!

As regards PSOE, a certain amount of common sense has invaded party members because Pedro Sánchez (who was only elected leader a year ago) is the only candidate in the primary elections to be the candidate to face Rajoy in this year's General Election. Sánchez dismisses Rajoy's criticism of PSOE's pacts with Podemos by saying that Rajoy is increasingly acting like the leader of the opposition. And, on 8th July, Sánchez launched a major initiative - a working party to examine reform of Spain's Constitution, a Constitution, it will be recalled, which was approved in referendum on 6th December 1978, 37 years ago.

Sánchez, for a year, has advocated reform of the Constitution, which will form a major plank in PSOE's manifesto for the General Election. He wants a new document to incorporate new rights and freedoms, to improve democracy in Spain, to reinforce the Welfare State and to produce a new federal model for the country. The 14-person working-party consists of experts in Law and Constitutional Law, nine of them University Chair holders and five of them women. The Socialist Party, of course, will discuss and debate the recommendations in due course.

Greece, naturally, has been a subject of much discussion by journalists and commentators in Spain as elsewhere. The present writer concludes from their comments on Greece that, firstly, there is a huge collective memory loss in Spain. While assailing Greece for its sins and its bail-outs Spanish critics conveniently forget that, to all intents and purposes, Spain ALSO was bailed out three years ago when the EU poured hundreds of billions of euros into Spanish banks to stave off a "country bail-out" such as Greece, Portugal and Ireland endured. Secondly, there is a significant amount of "schadenfreude" in the attitude of many Spanish commentators, especially those on the right.

Political response from Spain has been what one would expect. Pablo Iglesias, leader of Podemos, said that a Greek "No" in the referendum was a "Yes" to Europe. Pedro Sánchez from PSOE, adopts a middle-of-the-road stance similar to that of Renzi in Italy and Hollande in France, ie for the EU to show solidarity with the Greek people but to seek responsibility from Tsipras. Rajoy's standpoint has been hard-line throughout and, at a press conference on 13th July following the extremely tough deal forced on Greece, Rajoy denied that the EU had taken revenge for Syriza's calling of the referendum.

Pablo Iglesias and Podemos, incidentally, are facing internal strife with a group of Podemos supporters called Ahora en Comun saying that they will present alternative lists for the General Election. Worse has happened in Cataluña (due to have a Regional Election on 27th September) where the two parties that form the governing coalition, CiU, or Convergència i Unió, have split.

On 8th July, the OECD published a report in which it said that, in 2015, Spain would be one of the top three members for job creation. The OECD predicted that employment by year-end would rise by 2.9% in Spain, comparable with New Zealand, also with 2.9%. Top of the jobs list with 4.1% is Iceland. It barely needs commenting any further that most of the new jobs in Spain are "basura" or rubbish jobs (part-time, zero-hours contracts etc) and that youth unemployment, still over 50%, is as bad as Greece.

This Update coincides with the dog-days of summer in Spain and with many people complaining about the weather. The present writer's literary brain cannot help but fixate on the final pages of Joseph Conrad's novella "Heart of Darkness" (the basis, of course, of the film "Apocalypse Now"). In the book and in the film, the mad, stricken Kurtz constantly moans "The horror . . . the horror". In Spain at present the cry is "The heat . . . the heat!"

There is a point to this apparent diversion since it is British sun, ironically, which is saving an important sector of Spanish industry - the renewables sector. Spain, and especially the Valencia Region, is a major construction location for solar panel complexes, with 150 firms in Valencia alone. However, the PP government in Spain has removed support for the sector to the tune of a 40% reduction in incentives and credit over two years.

Spanish firms now look elsewhere, with 85% of their business going abroad, much of it to the UK which, in two years, has trebled its solar energy production. One Valencian firm, Grupotec, with a total billing of 150 million euros, relies on the UK for 85% of its sales. Another, Axial, sells 70% of its solar panels to the UK and, like other Spanish companies, has hundreds of its employees working in the UK. This Update finishes therefore with a success story for Spanish exports and proof that "The Sun Also Rises" in the UK!