Uncertainty reigns just one month before the parliamentary elections in Spain

Abstract:
On 20th December next the Spanish will be renewing the two chambers of parliament (Congress of Deputies and the Senate). Just one month before the election the People’s Party of outgoing Prime Minister Mariano Rajoy is in the lead but it seems that it will not win the absolute majority.

The Spanish have been severely hit by the economic crisis that started in 2008 and the ensuing political crisis. They have expressed their extreme mistrust of their political leaders. The two party system that has prevailed since the country’s return to democracy in 1975 is under threat. The party which wins – either the People’s Party or the Socialist Party (PSOE) will probably have to govern in coalition with another party, undoubtedly Podemos (We can) or Ciudadanos (Citizens).

In this struggle for alliances the PP is in a worse position than its socialist rival. Indeed since union between the PP and Podemos is impossible, Mariano Rajoy’s party has almost only one option, of turning to Ciudadanos, to form a government whilst the PSOE can make an alliance with either one or the other party.

According to the polls victory will fall to the centre on 20th December. The most recent poll by Sigma Dos, published on 19th November credits the PP with 27.3% of the vote ahead of Ciudadanos (21.4%) and the PSOE (20.5%). Podemos is due to win 15.7%.

The polls must however been considered with caution. The emergence of two new parties and the situation in Catalonia makes any forecast difficult.

"Never have four parties been as close in Spain. Everything is possible," said José Pablo Ferrandiz of Metroscopia.

IS SPAIN OVER THE CRISIS?

The Spanish economy recovered growth mid-2013 after two years of recession. From 2009 and 2013 the country’s GDP contracted by 7.5 points in the wake of the collapse of the real estate bubble. In office since the November elections of 2011 Prime Minister Rajoy has implemented structural reform including that of the labour market in 2012 (flexibility of dismissal rules and permission for semi-redundancy for businesses in difficulty in order to make the labour market more flexible), and many budgetary cuts (reduction of staff and salaries in the civil service, modification in the calculation of retirement pensions).

In the second quarter of 2015 Madrid recorded its highest growth rate since 2007. The country took advantage of two external factors (the fall of oil prices) and the policy implemented by the European Central Bank (reduction of euro and interest rates). According to analysts the GDP is due to grow by 3.3% this year. The renewed rise in confidence in the Spanish economy is clear: domestic investments and demand are up and businesses have improved their competitiveness and increased their exports (from 17% to 23%). The building industry, which was wiped out by the collapse of the real estate bubble in 2008 is now recovering. Hence housing prices have increased by 4%, the highest rise in 7 years.
Mariano Rajoy’s government set the goal of reducing the budgetary deficit to 4.2% this year and might succeed, with the help of an increase in fiscal revenues and the reduction of unemployment benefits. Finally the government debt which lay at 36.3% of the GDP before the crisis is due to rise to 98.7% in 2015 but should start to decline next year (98.2%).

Although the unemployment rate has been declining over the last two years and is now below its 2011 level (4.40 million people), it is still high however (21.18% in the third quarter of 2015, i.e. 4.18 million people of which 2.3 million are long term unemployed), i.e. the highest figure in the euro zone after Greece. The Prime Minister promised that unemployment would drop below the 20% mark by the end of the year.

A recent survey by the Centre for Sociological Research highlighted that employment is the main worry for 4/5 of the Spanish population (81.5%). Although figures are better, the quality of the jobs created is lower than that of those destroyed by the economic crisis. These jobs are often short term, part time and the salaries offered are low. In 2015 the minimum wage is almost what it was four years ago: 648 €.

The Spanish are struggling to enjoy the improvements in their living standards of which the government now speaks. The GDP has still not recovered its 2008 level (1,116 billion €); it totalled 1,058 billion in 2014. One Spaniard in four is said to be in a situation of social exclusion and 14% of employees live with less than 7,700 €/per year according to the association Caritas. Moreover the International Labour Organisation (ILO) indicated that Spain was the country in which inequality had grown the most. “Our work has not been finished,” acknowledged Mariano Rajoy. “We are far from having overcome all of the factors of vulnerability in the economy,” indicated Luis Maria Linde, governor of the Bank of Spain.

WILL THE PEOPLE’S PARTY TAKE ADVANTAGE OF THE RETURN OF GROWTH?

Mariano Rajoy likes to highlight that Spain is the country with the highest growth rate in Europe and states that 500,000 jobs have been created in a year thanks to the return of confidence on the markets, a result of the policy undertaken by his government since 2011. In his opinion improvements can only become long lasting if the country maintains political stability, which can only be guaranteed by a victory on the part of the People’s Party in the upcoming elections. He warns of “ruining growth” and against a possible situation like that in Greece. Mariano Rajoy has promised to create 2 million jobs by 2018 if his party remains in office. He is promising an increase in social spending and further reductions in taxes. Initially planned for January 2016 the most recent cut on income tax (1.5 billion €) was brought forward by 6 months and took place in July after an initial cut at the beginning of 2015. It should benefit the middle classes.

Several weeks ago Mariano Rajoy presented an expansionary budget in 2016 which led to the admonition of the European Commission on 6th October. Indeed Brussels deemed that this budget would prevent Madrid from reaching its goals. “Above all the European Commission’s admonition is a warning for the next government” indicated José Antonio Herce, an economist at the University of Complutense Madrid. On 20th October the Congress of Deputies adopted the 2016 budget. This advocates greater redistribution: 1% wage increase for civil servants – the first in six years – and the re-establishment of bonuses, frozen since 2010, in the civil service; a 0.25% increase in retirement pensions; an increase in spending on education (+ 9.3%), culture (+ 7.6%) and healthcare (+ 5.3%).

Mariano Rajoy is struggling to assert his discourse of his government’s economic “successes” in the political arena. He set himself the goal of winning between 140 and 150 seats in the Congress of Deputies (the absolute majority is 176 seats in the lower chamber). He believes that if he achieves this number of seats it will not be possible to form a government coalition without his party. The goal is ambitious however.

The outgoing Prime Minister is emphasising his results and the firm establishment of his party in the country. “We are the Spanish centre-right party, one born with Spanish democracy and not quarter of an hour ago. The PP is not the product of a series of debates or of a media campaign,” he likes to repeat, concerned
about marking his difference with Podemos and also Ciudadanos.

Just after the regional elections in Catalonia on 27th September last former Prime Minister (1996-2004) José Maria Aznar (PP) deplored the fact that his party no longer embodies the defence of the constitutional order and asked Mariano Rajoy to respond to the rise of Ciudadanos (17.9% of the vote won in Catalonia against 8.5% for the PP). “We have to analyse why the centre-right electorate preferred to vote for Ciudadanos rather than for the PP,” declared the former head of government.

Mariano Rajoy explained that Ciudadanos’s result came from this party’s Catalan origins and refused to extrapolate on the basis of regional results. Moreover the PP’s Deputy Secretary Javier Maroto, accused Ciudadanos of being a centre-left party, which in his opinion would join forces with the PSOE after the elections. He pointed to the party’s support to the left in Andalusia as proof of this. “Since most of its voters say they are on the right, Ciudadanos is deceiving its electorate,” maintained Maroto.

Mariano Rajoy seems to be unsure of which strategy to adopt. If he positions himself on the far right and attacks Ciudadanos he may deprive himself of a potential ally; if he positions himself rather more in the centre, he may lose the most right-wing voters in his party.

The PP also has to manage another problem: the involvement of several of its leaders in corruption scandals. Hence 186 people are under prosecution for illegal financing, 74 of whom are PP executives (including Luis Barcenas, the party’s treasurer) in the Gurtel affair, a political-financial scandal of preferential treatment in public procurement. The total amount of embezzled funds in this affair is estimated at 43.2 million €. In another scandal former Economy Minister (1996-2004) Rodrigo Rato (PP) has been accused of tax fraud and capital laundering. It is suspected that he received payment from companies which won contracts from Bankia, of which he was then the CEO, and of having invested in the purchase of a hotel in Berlin. He is also accused of fraud on Bankia’s entry onto the stock market, whose total collapse in 2012 forced Spain to request international aid of 41 billion euro to save its banking sector. Legal proceedings against Rodrigo Rato, who has come to symbolise the corruption of power are extremely embarrassing for the authorities in office in Madrid. According to the Centre for Sociological Research, corruption is still the second greatest concern on the part of the Spanish population (43.7%) just behind employment.

PSOE is led by Pedro Sanchez. On 13th July last he beat Eduardo Madina and José Antonio Pérez Tapias during the primary election that was organised by the party to appoint a lead candidate. Pedro Sanchez then won 47.6% of the vote.

On 20th December the party might benefit from not having been in office over the last four years but, however, it does not seem to be in any position to win. The socialist programme is suggesting that the State have greater control over the banks and the removal of the golden rule from the constitution – in other words, the limit set on the country’s government deficit. The PSOE has also been affected by corruption scandals; the main one of these being the ERE affair (Expediente de regulación de empleo), a social plan enabling a company to dismiss its employees. The Andalusian government created a fund in 2001 to a total of 721 billion € designed to help the unemployed, to pay vocational training or to subsidise businesses. At the beginning of 2011 the courts revealed that these funds were never used for that purpose but were embezzled by the politicians. 227 people are being prosecuted 49 of whom are political executives.

The PSOE and the PP each hope to retain a majority in the most rural constituencies, where they believe that Podemos and Ciudadanos will struggle to find support.

THE END OF THE TWO PARTY SYSTEM?

In the parliamentary elections on 20th November 2011 the country’s two main parties (PP and PSOE) won 73.85% if of the vote. In the previous election on 8th March 2008 they won 83.81%. Weakened after each election, the two party system is still strong in Spain. On 20th December it seems that this is being threatened by two parties: Podemos (We can), on the left and Ciudadanos (Citizens), positioned in the centre.
The many corruption scandals have played a role in the emergence of these two parties. The number of these brought before the courts is estimated at 2000 and around 500 high ranking civil servants and politicians have been involved in these financial scandals, the cost of which to the country has been estimated at 40 billion € per year. "We are living in turbulent times involving the worst economic crisis in Spain’s history and a political crisis that has been marked by corruption scandals," stresses Antonio Barroso of Teneo Intelligence.

**PODEMOS**

Founded in January 2014 and led by Pablo Iglesias, Podemos has asserted itself in the political arena with a debate programme called *La Tuerka* (The Lock) which is broadcast by various local TV channels and on the internet. A legatee of the spirit of the 2011 protest movement, the “Indignados” (Indignant), which developed after the economic crisis of 2008 based on the experience of the South American left wing, Podemos believes that the collapse of the real-estate bubble and the ensuing economic crisis destroyed the 1978consensus (year in which the Democratic Constitution of Spain was adopted).

Podemos is therefore fighting for the renewal of democracy and Spanish political life via a transformation of electorate/MP relations. Pablo Iglesias believes that the terms “bourgeoisie” and “proletariat” are too conceptual, there is no right or left but, "people at the bottom" and "people at the top", an elite and a majority. The majority in his opinion is under attack by those he calls the "cast", an expression which includes those who are elected, political and economic elites etc. "We prefer to speak of people and oligarchy, of top and bottom, rather than left or right," stresses the leader of Podemos.

The party is highlighting transparency, collective deliberation, decentralization (it supports regional self-government). It supports a social Europe and Spain’s membership of the euro zone, but it would like to recover the State’s sovereign prerogatives that have been transferred to Brussels. Podemos is also promising to organise a referendum on the monarchy. Podemos is fighting to transform the Spanish economic model and is suggesting the payment of a monthly sum of 600€ to families without any resources and a complementary wage to poor workers, an increase in social benefits and employment aid, fiscal reform, a restructuring of the government debt, the transfer over to a 35 hour working week, the upkeep of the present retirement age, a halt in water and electricity cuts made against those who do not have the necessary means to pay their bills etc.). The party maintains that it will finance these measures by increasing taxes paid by the wealthiest and via the development of measures to counter tax fraud. Leaning extremely to the left in its first years Podemos has moved more towards the centre as the months have gone by and has given up some of its most extreme positions.

The qualified and even the over qualified, notably in political science, are over-represented in the party. Pablo Iglesias is an honorary professor of political science at the University of Complutense Madrid. On 30th April 2015 Juan Carlos Monedero, the party’s co-founder resigned from Podemos. He stands accused of having received payment of 425,000 € in 2013 from the government of Venezuela and other Latino-American countries for his consultancy work, notably regarding the introduction of the single currency by the Bolivarian Alliance for the Peoples of our America (ALBA) – a sum on which he never paid any tax. On 24th July last Pablo Iglesias was appointed to lead the party’s campaign taking 94% of the vote during a primary election in which only 15% of the party’s members took part.

Podemos, which is experiencing leadership issues (resignation of Juan Carlos Monedero and the emergence of disputes regarding Pablo Iglesias), has been declining in the polls over the last few weeks. The situation in Greece and notably the closure of the Greek banks in the summer, along with Alexis Tspiras’s (SYRIZA) problems in undertaking the policy for which he was elected, seem to have damaged Podemos’s credibility.

**CIUDADANOS**

Ciudadanos was launched 2006 in Catalonia based on the civic platform Ciutadans de Catalunya (Citizens of Catalonia), created on 7th June 2005 in Barcelona by a
group of 15 intellectuals amongst others. The party is against the separatists and is defending the principle of the unity of Spain. It would like to revive the kingdom. The fight to counter corruption also features high in its programme.

Led by Alberto Rivera, Ciudadanos aims to be “the party of ordinary people” and defines itself as “liberal-progressive” unlike Podemos, which favours redistribution. It is asking for the introduction of a harmonised work contract in order to bring an end to a “two-tiered” labour market, shared between a hard core of extremely protected workers and temporary employees who have even less protection than in the USA,” in the words of Luis Garicano who works on the party’s economic programme.

“Podemos was born in extraordinary circumstances: there was a deep economic crisis, it comprised a challenge to the two party system, there have been corruption scandals and weak alternative political solutions but this window of opportunity is now closing: the PP in office is basing its discourse on economic recovery and Ciudadanos is providing a new solution,” analyses Ignacio Torreblanca, a political expert and author of “Storm the Heavens: Politics and Podemos after the crisis”. José Pablo Ferrandiz of Metroscopia believes that “We have moved on from the time of indignation, which is embodied perfectly by Podemos to a demand for air, which is better represented by Ciudadanos.”

WHAT LESSONS CAN BE DRAWN OF PREVIOUS ELECTIONS IN 2015?

2015 started with the Andalusian vote to renew the regional parliament on 22nd March. The PSOE came out ahead with only 47 seats (out of 109) and was unable to govern alone. The investiture asked for by Susana Diaz was rejected by Podemos (15 seats), and Ciudadanos (9), which were each prepared to support her on condition that she accepted their terms. Finally she was sworn in as head of the region on 10th June after an agreement was found with the PSOE and Ciudadanos.

On 24th May 35 million Spaniards from 13 regions were invited to appoint their representatives and all of the population were asked to renew their local representatives in 8,122 town councils. “The winners of the local elections will win the following parliamentary elections,” maintains a Spanish saying. This was proven for the PP in 1996, 2000 and 2011 and for the PSOE in 2004 and 2008.

At local level the PP won with 27.7% of the vote ahead of the socialists with 255. Ciudadanos took third place with 6.6%.

At regional level the PP won 30.4% of the vote, its socialist rival 24.8% of the vote. Podemos came third with 14.2% of the vote ahead of Ciudadanos (10%). At local level the right lost Madrid where it had held an absolute majority since 1991. The country’s three main towns are now led by electoral coalitions formed of citizens’ movements. With the support of Podemos, the ecologists of Equo and the United Left (IU), Manuela Carmena became the Mayor of Madrid. She made the fight to counter corruption and the defence of public services the core of her electoral programme. Ada Colau (Platform to counter Foreclosures, PAH) won in Barcelona along with Joan Ribo i Canut of the Coalicio Compromis in the country’s third most important town.

On 27th September the Catalans renewed their regional parliament in elections, which the chair of the Generalitat of Catalonia Artur Mas (Democratic Convergence of Catalonia CDC) turned into a true referendum over the region’s independence. He also appeared in court on 15th October for having organised a referendum on the independence of Catalonia on 9th November 2014, a vote that was prohibited by the Constitution. The Catalan nationalists had been demanding its organisation since 2010, the year in which the Constitutional Court invalidated part of the region’s autonomous status approved four years previously.

The Junts pel si (Together for the “yes” JxS), which rallies the Democratic Convergence for Catalonia, the Republican Left of Catalonia (ERC) several sovereignist associations and secessionist members of parties that have remained unionists, came out ahead in the election with 39.5% of the vote. It took 62 of the 135 seats in the regional parliament.

As for the unionists, Ciudadanos, led by Inés Arrimadas, became the second biggest political force in Catalonia with 17.9% of the vote (25 seats) ahead of the Catalan...
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Socialist Party (12.7% of the vote and 16 MPs). The PP won 8.5% of the vote and 11 seats.

On 10th November the Catalan parliament adopted a 9 point resolution by 72 votes which launched the process for the region to separate from Spain in view of the creation of an independent republic in Catalonia by 2017. The text stipulates that “the Catalan parliament is not subordinate to the decisions of the Spanish institutions and particularly to those of the Constitutional Court,” which is deemed “illegitimate”. It indicates that in the next 30 days the parliament will start work for the introduction of a Catalan fiscal administration and a health service. Prime Minister Mariano Rajoy responded to this however turning to the Constitutional Court regarding the text that has been approved. The resolution is indeed illegal since article 2 of the Constitution maintains “the indissoluble unity of the nation of Spain, a common, indivisible land of all Spaniards.” The action taken with the Constitutional Court suspends the resolution adopted by the Catalan parliament.

At the end of October Mariano Rajoy made a pact for national unity with the PSOE, Ciudadanos. Podemos, which initially approved then withdrew. Anton Losada believes that the separatist threat might be beneficial to the outgoing Prime Minister. “Given his discourse saying that economic recovery will not work with mass unemployment still above 22% Mariano Rajoy has turned to plan B: the discourse focusing on a disintegrating Spain,” stressed the political expert.

THE SPANISH POLITICAL SYSTEM

Spanish Parliament (Cortes Generales) comprises two Houses: the Senate and the Congress of Deputies. The latter comprises 300-400 MPs (350 at present) who are elected every 4 years on the basis of a party-list and proportional representation (the Hondt system with closed and blocked lists) within 48 of the 50 of the Spanish provinces (except for Ceuta and Melilla which vote according to a simple majority). Each of them chooses at least two deputies (one only for Ceuta and Melilla), the rest being spread between the provinces depending on the size of the population. The biggest constituencies are Madrid (36 seats), Barcelona (31), Valencia (15), Sevilla and Alicante (12), Malaga (11) and Murcia (10). A list has to win a minimum of 3% of the vote to be represented in the Congress of Deputies.

The Senate, the upper Chamber, comprises 208 members elected by universal suffrage (provincial senators) and 56 representatives appointed by the 17 autonomous communities (community senators). Each of the 50 provinces elects four provincial senators whatever the population size except for Ceuta and Melilla, which appoint two and the Balearic Isles and the Canary Islands, the major islands of which (Gran Canaria, Majorca and Tenerife) each choose three, and the smaller ones (Ibiza-Formentera, Minorca, Fuerteventura, Gomero, Hierro, Lanzarote and Palma), choose one senator each. In addition to this each autonomous community elects one community senator as well as an extra one for every million inhabitants. This system fosters the development of the least inhabited areas.

The senatorial elections take place on the same day as the ones for the Congress of Deputies. The election is run according to party-lists except on some islands. In all, the upper chamber comprises 264 members. In all, the upper chamber comprises 264 members. The Senatorial elections take place the same day as those for the Congress of Deputies.

In Spain parity laws ban any list which presents more than 60% of candidates of the same sex in any election.

9 political parties are represented in the present Congress of Deputies:
- the People’s Party (PP), created in 1977 and led by outgoing Prime Minister Mariano Rajoy, with 186 seats;
- The Socialist Workers’ Party (PSOE), founded in 1879 and led by Pedro Sanchez, with 110 seats;
- United Left (IU), founded in 1986 and led by Cayo Lara Moya, with 11 seats;
- Union, Progress and Democracy (UPyD), a social-liberal party created in 2007, opposed to all nationalism, led by Andres Herzog, with 5 seats;
- Convergence and Union of Catalonia (CiU), created in 1978 led by Artur Mas, with 16 seats;
- Amaiur, a Basque party founded in 2011 led by Xavier Mikel Errekondo which lies to the left of the political scale, 7 seats;
- the Basque Nationalist Party (EAJ/PNV), founded in 1984, led by Andoni Ortuzar with 5 seats;
- the Republican Left of Catalonia (ERC), founded in 1931, chaired by Oriol Junqueras i Vies, with 3 seats;
- the Galician Nationalist Bloc (BNG), created in 1982, led by Xavier Vence, with 2 seats.

The People’s Party also holds the majority in the Senate: it won 136 seats in the last elections on 20th November 2011. The PSOE won 48 Senator seats; Convergence and Union of Catalonia 9; Agreement for Progress of Catalonia (PSC-ICV-EUiA), 7; the Basque Nationalist Party, 4; Amaiur, 3 and the Coalition of the Canary Islands, 1. 56 Senators were elected by the autonomous communities.

Reminder of the results of the parliamentary elections of 20th November 2011 in Spain

Turnout: 71,69%

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