

European
Elections monitor

Mariano Rajoy's People's Party easily ahead in the polls for the Spanish parliamentary elections

from **Corinne Deloy**

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D-7
7 days before
the poll

Around 34 million Spaniards are being called to ballot on 20th November next for early general elections, the 7th of the kind since Madrid's return to democracy in 1976. After 8 years of socialist government and since the country is suffering a serious economic crisis, the main opposition party, the People's Party (PP), led by Mariano Rajoy, is still the main favourite in this election, just one week before the vote, the main stake of which is not so much the name of the future Prime Minister, but the strength of the victory achieved by the rightwing.

Socio-economic questions are almost the only subject of debate in the electoral campaign.

An alarming socio-economic situation

Spain's most recent economic statistics are hardly a comfort. Whilst José Luis Rodríguez Zapatero's government (Socialist Workers' Party PSOE) had set the goal of bringing the budgetary deficit down to 6% of the GDP this year – which totalled 9.2% in 2010, most economists are forecasting that it will still total 6.7% at the end of the year in spite of the work undertaken and the present austerity plan. Some even believe that the deficit might reach 7.5% of the GDP. "Only an improvement in growth or the announcement of extraordinary measures at the end of the year will prevent the budgetary deficit rising to 7.5%," states Fernando Fernandez, an economist at the IE Business School in Madrid.

In the second quarter of this year the country's public debt represented 65.2% of the GDP, i.e. +8 points in comparison with the same period one year ago. The situation is alarming in regions whose debt totals 12.4% of the GDP (10.2% last year). In towns and cities the situation is stable.

GDP growth rose by 0.2 points in the third quarter, in comparison with the previous one. It lay at 0.4% in the first quarter and 0.2% in the second. The Spanish government aims to achieve growth of 1.3% in 2011. "As the year has gone by the Spanish economy has gradually shown a slowing in the weak recovery rate already demonstrated in 2010," read a press release by the Spanish Central Bank at the end of October.

The unemployment rate reached its highest level since

1996 in the third quarter: it now affects 21.52% of the working population and 45.80% of the youngest (16-24 years). Nearly 5 million Spaniards (4,978,000) are without work; amongst them 2.1 million have not worked for a year. The number of households in which no one works has risen from 58,000 to 1.43 million over the last three years – which are "poor figures that are taking us away from the end of the crisis", declared Labour Minister, Valeriano Gomez (PSOE). "3.2 million people have joined the ranks of the unemployed since the start of the economic crisis and many years will be required to reintegrate them into the economy," indicates Juan Carlos Martinez Lazaro, economist at the IE Business School.

The government has announced a reduction in the number of job seekers. It is forecasting an unemployment rate of 18.5% next year, 17.3% in 2013 and 16% the following year. In October the PSOE and the PP rejected the request made by the Confederation of Employers Organisations (CEOE) to reduce the number of days from 20 to 12 in terms of the financial compensation paid out in the event of a redundancy. "We are not going to make laying people off cheaper and make employing them more expensive," declared the PP spokesperson Esteban Gonzalez.

Inflation is still high and lies at 3%. The average family revenue has declined by 4.4% in one year, to lie at 25,000 € per annum per household and at 9.400€ per annum per single person. Around 2% of Spanish families are living under the poverty line set at 7.500€ per annum per person and 13.500€ for a couple with a child. "A sign of how serious the situation: increasing numbers

of young, trained graduates are leaving Spain to work elsewhere," stresses Florentino Felgueroso, a researcher at the Foundation for Applied Economic Studies (Fedea). "No party in government can withstand a crisis of this severity," indicates political expert Fermin Bouza, adding, "especially since the electorate on the left is demotivated by the prospect of further austerity measures."

On 19th October last the ratings agency Moody's downgraded five Spanish banks (Banco Santander, BBVA, CaixaBank, the Caixa and the Confederation of Savings Banks (CECA)) to Aa2 (previously Aa1) likewise that of 10 Spanish regional banks in Castile la Mancha (-5), the Basque country, Galicia, Madrid, Extramadura, Andalusia, Castile and Leon, Murcia, Valencia, and Catalonia. On the previous day, on 18th October Moody's reduced Spain's sovereign rating from Aa2 to A1 with a negative forecast, arguing the country's exposure to market tensions and its weak economic growth prospects. In October the ratings agencies Fitch and Standard&Poor's also reduced Spain sovereign rating, likewise several regions.

Finally the Indignant, young (and not so young), unemployed, civil servants, workers and students rallied under the banner of the Movimiento 15M (15th May Movement), and are planning to demonstrate on 19th November next, i.e. the eve of the parliamentary elections, although they were not given permission to do so.

The Electoral Campaign

After 8 years in the opposition and two personal failures (2004 and 2008), Mariano Rajoy is finally witnessing his hour of glory. Growth and the creation of jobs are the two main goals set by the PP. "To do this we need investments and this requires confidence," he indicated. "The People's Party always managed the country's economy well, which has not been the case of the PSOE. The last time we were in office in 1996 unemployment totalled 2%. When we left power in 2004 it was below 10%. Today unemployment is again over 21%," he recalls.

Mariano Rajoy says that his party will not increase taxes, will not reduce retirement pensions, "because this would affect the weakest" and will not touch healthcare and education. To reduce State spending it suggests a "slimming" down of the civil service. However in order not to weaken his camp just a few days before the election the PP leader is not revealing any details of his programme and the austerity measures that it entails, since social cuts rarely achieve popular support.

On 23rd October, 100,000 people (teachers and parents) demonstrated on the call of the education unions against an increase in the number of pupils per class, the rise in the number of hours required of teachers and the measures featuring on the PP programme, which according to demonstrators, are planning for the privatization of some parts of the education system and the opening of charter schools, which are generally created by teachers or parents and enjoy public funding and extensive autonomy in terms of teaching and school programmes.

The speech delivered by Alfredo Pérez Rubalcaba, the PSOE leader (who replaced Prime Minister José Luis Rodríguez Zapatero as head of the party last summer), former Deputy Prime Minister and Interior Minister (2006-July 2011), resembles that of the head of the opposition. "We want to change the economic policy: create confidence, boost investment, reduce public deficit, restructure taxation and reform the labour laws," he stresses. He states that the lack of employment is Spain's main problem and that 90% of this is due to the collapse of the real estate bubble. He suggests the payment of social security contributions by companies with fewer than 50 employees over a two year period which, he says, would create jobs, a measure that would be funded by the wealth tax.

"Some people think that politicians have lost the battle and that the markets can do what they like. Politicians have to solve the problems, and only the politicians. We should stop complaining about the ratings agencies, and create one here in Europe to defend ourselves," declared Alfredo Pérez Rubalcaba. The latter admitted that the government, led by outgoing Prime Minister José Luis Rodríguez Zapatero, had not come up with the solutions to the economic crisis and insists on the fact that Madrid is not Athens. "Our base is different from that of the Greeks, our accounts are precise and in good order and we have never tried to dupe either Brussels or the markets," he says.

The socialist leader knows that the fight on 20th November next will be a difficult one and that the PSOE is lagging far behind the PP in the polls. "I face a difficult battle ahead but it is vital for the country and my party. Spain needs to undertake major reform and I would like these to be done according to the same principles that have always guided us and which led us to where we are today," declared Alfredo Pérez Rubalcaba. With this he is trying to limit the extent of the PP's announced victory. "At this very moment the victory of Real Madrid against Barcelona is more likely than me winning against Mariano Rajoy" he declared.

On 7th November Mariano Rajoy and Alfredo Pérez Rubalcaba met for the only TV debate of the electoral campaign (the fifth since Spain's return to democracy in 1976). The programme lasted 1 hour and 40 minutes (with 40 minutes being devoted to the economy and employment) and rallied over 12 million viewers (54.2% audience rating). The two men each revealed the measures they wanted to implement to revive the Spanish economy. The socialist, who often seemed to be the opposition candidate and the challenger, tried to push his rival into revealing the details of his programme and mentioned several issues such as abortion, homosexual marriage, without getting an answer from Mariano Rajoy. In 2005 the PP indeed voted against the law on homosexual marriage and lodged an appeal with the Constitutional Tribunal (which in fact has still not delivered its decision). In January this year the opposition leader said in a radio interview that he would modify this law if he came to power. The PP candidate who is cautious has refrained from addressing these subjects during the electoral campaign and has not run the risk of scaring any former leftwing voters who might vote for him on 20th November next. A poll by the Sociological Investigations Centre (CIS) revealed that 7 Spaniards in 10 (70%) supported homosexual marriage, including 71% of the young under 30's, who say they support the PP.

According to a poll by Metroscopia for the daily El País after the TV duel, 46% viewers believed that the opposition leader had dominated the debate whilst 41% thought that his socialist rival had won the fight. "Alfredo Pérez Rubalcaba is not seductive but he has a great amount of experience and is certainly the best candidate the left could find in these elections. Mariano Rajoy is careful and balanced. He does not want to scare off the working class with the announcement of harsh measures," stresses Bernard Bessières, professor at the University of Aix-en-Provence and a specialist of contemporary Spain

ETA: an historic decision welcomed by all

The country is in a difficult socio-economic situation but the Spanish were pleased on 20th October last when the terrorist organisation Euskadi ta Askatasuna (Basque Country and Liberty, ETA), founded in 1959, in a bid to win the independence of the Basque Country and "one

of the last vestiges that remain from Franco's era," according to Jorge Semprun, announced that it was finally giving up its armed combat. This is an historic moment even if it does not mean the end of the conflict or that the quest for Basque nationalist independence is over.

There are several reasons behind this decision. Firstly the efficiency of the Spanish and French police forces, who, together, have delivered fatal blows to the terrorist organisation, which has been responsible for 829 deaths and hundreds of injuries. Then, the involvement of the international community in the peace process that started on 29th March 2010 with the Brussels Declaration signed by five Nobel Peace Prize winners (including Desmond Tutu, John Hume and Betty Williams) and around fifteen moral personalities (two former heads of State – Frederik De Klerk and Mary Robinson –, a former Prime Minister – Albert Reynolds –, the former head of Tony Blair's cabinet – Jonathan Powell –, South African lawyer Brian Currin) was crucial. This text demanded that ETA declare a "permanent, verifiable cease-fire" which might be monitored by an independent international body. The organisation acquiesced nine months later, on 10th January 2011, before declaring the end of the revolutionary activities some months later.

"ETA must now understand that it has to stop all of its activities and relinquish its own existence," declared Judge Baltasar Garzon after ETA's announcement to give up its armed combat. "We believe that this is a major step forwards but the Spanish will only be reassured completely when the organisation has been irreversibly dissolved and dismantled," stressed Mariano Rajoy.

ETA's decision might be considered a "victory" on the part of Alfredo Pérez Rubalcaba, Minister of the Interior from 2006 to 2011. However there has been no change in public opinion in his support in the polls in the wake of this announcement.

According to the most recent poll by the Centre for Sociological Investigations, published on 6th November last, the People's Party is due to win 46.6% of the vote and take between 190 to 195 seats at the Congress of Deputies, the lower chamber of parliament. It is due to pull ahead of the Socialist Workers' Party quite easily. (by 16.7 points) which is due to win 29.9% of the vote and take 116 and 121 MPs.

General elections in Spain 20th November 2011

The United Left (IU) led by Cayo Lara Moya is due to win 6.17% of the vote and 8 seats; the Catalan Electoral Alliance, Catalonia Convergence and Union (CiU), led by Artur Mas is due to win 3.31% and 13 seats; Union, Progress and Democracy (UpyD), 2.91% of the vote and three seats; the Catalonia Republican Left (ERC), 1.23% of the vote and three seats; the Basque Nationalist Party (PNV) led by Inigo Urkullu, 1.17% and three seats. The Basque independence movement, Amaiur, is due to make its debut in Congress with 1.05% and three seats; the Galician Nationalist Bloc (BNG) led by Guillermo Vaz-

quez is due to win 0.77% of the vote (2 seats) and finally the Canaries Coalition (CC) is due to win 0.62% of the vote and two seats.

The Spanish know very well that the austerity policy will continue and that it will even be stepped up, whichever party wins the election. "The first half of 2012 will be very difficult and politicians will have to make some brutal cuts. They will be the most difficult months since the start of the international economic crisis," said Pablo Vazquez, the director of the Fedea.

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