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# Where is Spain heading? (Reflections. After the electoral victory of the People's Party)

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## ABSTRACT

For the first time ever, in March 1996 the People's Party led by José Maria Aznar won the Spanish general elections, thereby putting an end to thirteen consecutive years of socialist government (1982-1996). At that time the official statistics bore witness to an extremely difficult economic situation : a weak working population (only 51.03 % of the total, 12,626,700 people), which was suffering an acute unemployment rate affecting 22.83 % (3,280,000 unemployed in absolute terms ) and as a result an employment rate of only 39.38%. At the same time the public debt was over 60% of the GDP (63.3% in 1995, 67.4% in 1996) and was rising rapidly and regularly because of a major budgetary deficit (6.5 % of the GDP in 1995).economic relations – a bilateral tension that has been illustrated by a hardening in tone by both parties, the outcome of which is still uncertain. This study offers an overview of Russian economic influence in Ukraine beyond the customary theme of the gas sector, and attempts to assess its impact on Ukraine and its relations with the European Union.

1. The data on the working population, employment and unemployment (taking account of the adjustments which make the series comparable, and also the changes in calculation methods used since 2001, in line with the European Commission's regulation 1897/2000) were issued by the National Statistics Institute (I.N.E. : <http://www.ine.es/jaxi/tabla.do>, [http://www.ine.es/daco/daco42/daco4211/epa\\_reest\\_paro.htm](http://www.ine.es/daco/daco42/daco4211/epa_reest_paro.htm) and <http://www.ine.es/daco/daco42/daco4211/epa0311.pdf>); the public debt figures were issued by EUROSTAT (<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&plugin=0&language=en&pcode=tsieb090>) ; and those on the budgetary deficit come from Global Finance (<http://www.gfmag.com/tools/global-database/economic-data/10395-public-deficit-by-country.html#axzz1FUJivExd>)

2. Data is now adapted to the new methodology (according to the previous data there are 3.735.000).

3. 2.678.000, according to the previous methodology.

4. With 44.6 % of the vote, the People's Party won 186 seats (32 more than in 2008, and two more than won by José María Aznar in 2000), against the 110 won by the Socialist Party, which with 28.7 % of the vote lost 59 seats in comparison with the previous elections. Other parties won the 54 remaining seats, to complete the total of 350 seats.

5. Registrador de la Propiedad, one of the most traditional and prestigious bodies in the Spanish civil service.

When, eight years later, in March 2004, the Socialist Party won back its majority, the working population had risen to 55.89% (17,600,000 people), unemployment, for its part, had fallen to 11.38% (2,287,000 unemployed)[3] ; and, as a result, the employment rate had increased by more than ten points to a total of 49.46% of the Spanish population. The drastic reduction of the public deficit (3.2% in 1998, 1% in 2000, 0.5% in 2002, 0% in 2004) enabled a reduction of the public debt down to 46.3% of the GDP.

It is likely that the memory of this experience greatly influenced the Spanish electorate which explains, in the main, its reaction to economic data that were again disastrous. Indeed, according to the Spanish National Statistics Institute (INE) at the end of the third quarter 2011 the activity rate totalled 60.11% of the Spanish population, but the increase in unemployment to a total of 21.52% (4,978,300 unemployed) had reduced the employment rate to 47.17% (18,156,300 workers). Public debt had again risen beyond 60% (61% in 2010 and forecasts for the end of 2011 indicate a rate of 68%) because of the constantly high deficit (9.2% in 2010, 6 % in 2011).

## The next Prime Minister: who is Mariano Rajoy?

Given this situation the Spanish again called on the People's Party, which is now led by Mariano Rajoy. A discreet, low-profile politician in spite of a sound education and remarkable experience, whom the ballot boxes granted the biggest centre-right majority in Spain since the restoration of democracy in 1977[4]. Therefore within the next few days this Galician politician, who in his time became Spain's youngest property registrar[5], will take over the government, so culminating one of the most complete political careers in the country, which includes responsibilities on local, autonomous and national levels. He has served as a town councillor in Pontevedra (the capital of his home province), as chair of the county council of the same province (1983-1986); as MP and member of the Autonomous Government of Galicia (1986-1987), and as national MP from 1989 to the present. He was also a member of the government during José Maria Aznar's two terms in office (1996-2004); and has led the Opposition during Rodríguez Zapatero's period (2004-2011). As a Minister, he successively took care of the portfolios of the civil service, education, interior and the presidency, and

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in various times he was the government's spokesperson, as well as being its deputy leader. Moreover, he has also been the Deputy Secretary General of the People's Party (2003-2004), which he leads from 2004.

In the light of this career, it is not surprising therefore that Mariano Rajoy qualifies himself as a "predictable" man, and that this very concept occupies a major position in his electoral programme; indeed this won the support of the majority of Spanish society, especially with regard to European issues and economic policy. Great emphasis is placed on the need for Spain to become a "reliable and dependable" player again in the international arena and for it to undertake an economic reform programme that will make its position "predictable"[6]. We might then legitimately consider that the new government will adopt the principles established during the "Aznar era" placing specific emphasis on the need to guarantee economic stability.

This is why it might be useful to recall what José María Aznar declared in 2003, as leader of the Spanish government, to participants in the summer universities of the European Ideas Network, which met at the Escorial (Madrid): "We (the Spanish) love the German culture of stability so much that we have made it ours. And this is very positive for a country like Spain which a few years ago was -quite rightly - suspected of generating a great deal of economic instability ...." This explains why, in this difficult period, he maintained that the "Stability Pact was one of the foundations of European growth" and that he "supported the introduction of new concepts into the European social model, such as budgetary balance." [7].

Undeniably then it seems that the new government's policy will make "predictability" and economic, international stability, its priority. The first steps taken by the "popular" leader seem to confirm this trend, although this has not been firmly included in a government programme yet.

Indeed one of the features of the Spanish institutional system is that it envisages excessively long delays in the formation of the new government after the elections. Although on 20th November it was clear that the People's Party had won the absolute majority, the new Chambers have met only on 13th December and only afterwards - probably on 19th December- the Chamber of Deputies will hold a session during which it will debate - and possibly approve- the programme put forward by the King's

candidate to the presidency of the government in view of the electoral results.

And so today it is still impossible to define the government's programme which the Spanish Parliament will have to approve. However we might note several important details which point to Spain's absolute priority in its commitment to the ongoing European integration process.

### The government programme: the EU as a priority

- Firstly, the electoral programme. It is no coincidence that the first paragraph, devoted to the economy and significantly entitled "stability and reform for employment" stresses that "Spain will again be a base of economic stability and confidence for the euro zone. The policies which are in force in our country must no longer pose a problem for the other European partners. This is bad for Europe, but above all it is bad for the Spanish. We promise to assume and respect, in an exemplary manner, the commitments we make with regard to stability towards the other partners in the single currency. It is only like this that Spain will be able to recover the highest level of credit and that Spanish entrepreneurs will be able to access funding in conditions similar to those enjoyed by the most prosperous and credible nations in Europe." [8].

It is no coincidence either that in the last chapter, devoted to the foreign policy, it is stated quite literally that "the European Union is the People's Party's vocation"; quite logically it is added that "we shall make policy towards the European Union the priority in our external activities"; to do this "we shall encourage greater economic coordination in Europe, we shall improve the euro zone's governance criteria and we shall foster economic integration." All of this is reflected in more or less concrete commitments such as "defending the strict respect of the Stability and Growth Pact in European economic governance", "support the consolidation of European banks, the completion of the internal financial services market and progress towards truly integrated supervision," and even "assume an active role in the implementation of the Europe 2020 strategy which is laying the foundations of competitiveness and employment in Spain and Europe" [9].

- The same ideas occupy a major part of the interviews granted to various media during the cam-

6. See pages 25 and 193 of the programme, which under the general title "More society, better government", is available on [http://www.pp.es/actualidad-noticia/programa-electoral-pp\\_5741.html](http://www.pp.es/actualidad-noticia/programa-electoral-pp_5741.html).

7. Vide <http://www.eppgroup.eu/Activities/docs/escorial-es.pdf>, pages 40 to 42. In any case the budgetary balance requirement was one of the first victims of the new socialist majority, which in May 2006, modified the 2001 laws that imposed this quite strictly. The result of this relaxation is clear if we consider the economic data quote previously.

8. Loc. cit., p. 24. In this chapter of the programme, it is just as significant that paragraph 1.1 is devoted to "competitive Spain within the euro zone" and that in the latter, the first measure put forward is "to put a complete, coherent plan forward for structural reform for budgetary stability, the consolidation of the financial sector, the deregulation of the economy, the reform of labour and the revival of competitiveness. We shall provide a clear framework with specific goals, means and action to guarantee Spain's success in the euro zone." It is also significant that the following point (1.2), is entitled "public accounts in order" (page 30), thereby placing emphasis on the development and articulation of the principle - which is already constitutional - of budgetary stability.

9. Ibidem, pp. 194 and 198-199.

paign. Hence on the private TV channel Antena 3, Mariano Rajoy insisted on the economic importance of international relations, saying that he imagined "a Foreign Ministry which is extremely up to date on economic issues"[10]. In the daily El País on 16th November he said that the "Stability Plan presented in Brussels plans for a commitment to a 4.4% deficit. I want to implement this. Everyone should know that my government's priority will be to keep the promises Spain makes to Brussels. (...) I firmly and unwaveringly want to honour our commitment to remain in the single currency. I am referring here to the commitment to austerity. This is why the first thing I shall do is to adopt the Stability Law which sets in place the constitutional reform that we decided on in the summer and which all administrative bodies will have to adhere to. But we are just as determined to undertake the necessary reforms to foster growth. The most urgent of these is the reform of the labour market before the summer. It is also urgent for us to finish restructuring of our financial system."[11].

• This is how we should also interpret Mariano Rajoy's declaration made on the evening of the election, after his victory had been confirmed[12]. In a text that was barely two pages and a half pages long he – quite naturally – stressed the priority given to economic issues and his determination to deal with them according to the criteria and principles set out previously: "No one should be worried. My only enemies will be unemployment, the deficit, the excessive debt and economic stagnation ... Spain is at a decisive turning point, a cross roads that will decide the future of our country, not only for the coming years but also for the coming decades." And in this situation "we want to be "influential" in the biggest integrated area: the European Union. Today, more than ever before our fate is being decided in and with Europe. The Spanish voice has to be respected again in Brussels, Frankfurt and in other places where our interests are at stake. We shall no longer be a problem, we shall be a part of the solution." Of course all of this was said calmly, employing the weight of experience: "There will be no miracles. We have not promised them. But as we have witnessed on other occasions, when things are done well, the results are there to be seen. I am convinced that work, seriousness and constancy – which are the principles that I have always relied on –

will also be implemented so that we can all reap the benefits rapidly. I invite you all to share the same confidence."

• Almost identical arguments were used in a recent article published in the specialist review "Política exterior"[13]. It is repeated that "the EU has to occupy a central place and be a priority in Spain's political action" and that "the European project is in great difficulty today, the extent of these problems has to be realised if we are to face them effectively. We need greater pro-European ambition and a pro-active attitude towards the economic crisis, which has revealed our weakest points that we have been ignoring for years. Greater economic integration, the defence of the euro, the strict respect of the Stability and Growth Pact, the completion of the internal financial service market, as well as budgetary consolidation and totally integrated supervision are some of the vital reforms that Spain has to promote (...). This is why we must play an extremely active role in reviving the updated Lisbon Agenda, the "Europe 2020 strategy" for intelligent, sustainable and unifying growth. Also in the negotiation of the upcoming Financial Perspective, Spain has to argue in support of adequate resources for the Union ..."

• Finally the same impression results from the information available about the activity (more than discreet) of the candidate who will surely become the next president of the Spanish government. That is the case of the recent meetings with European leaders such as Antonio Tajani, Vice-President of the European Commission and Commissioner for Industry and Enterprise (29th November)[14], and the British Deputy Prime Minister, Nick Clegg (2nd December)[15].

### Conclusion

In conclusion all of the available information seems to indicate that for the new Spanish government, the strict respect of commitments taken out with the European Union will comprise an absolute priority. It will be difficult for the main party of the parliamentary opposition, which supported the government that assumed those commitments, to challenge these. Particularly, when the next executive will count on the support of most of the local and autonomous governments, also won by the People's Party in the local and regional elections last May.

[10] On 9th November (<http://www.antena3.com/videos/entrevistas-noticias/2011-noviembre-9-2011110900011.html>).

[11] Vide [http://politica.elpais.com/politica/2011/11/16/actualidad/1321476670\\_720434.html](http://politica.elpais.com/politica/2011/11/16/actualidad/1321476670_720434.html). During the official commemorative reception on

Constitution Day (6th December) he repeated that the first law that the new majority would pass would be the implementation of the constitutional reform establishing budgetary stability.

According to his words, the outgoing President would announce it during the European Council on the 9th, as well as the Spanish position in support of "the reform of the Union's Treaties" to strengthen economic union, progress towards fiscal harmonisation and strengthen the single currency. In similar trends, in another interview (El Mundo, 15th November on [http://quiosco.elmundo.orbyt.es/epaper/epaper.asp?tpu=El%20Mundo&pub=15\\_11\\_2011&edi=Madrid&pag=04](http://quiosco.elmundo.orbyt.es/epaper/epaper.asp?tpu=El%20Mundo&pub=15_11_2011&edi=Madrid&pag=04)) he maintains that the message is "that we are going to do things and that we are counting on the euro."

[12] The text can be consulted on <http://estaticos.elmundo.es/documentos/2011/11/20/rajoy.pdf>.

[13] "My vision of Europe and Spain in the World" (in *Política Exterior*, n. 144, Nov/Dec 2011; see <http://www.politicaexterior.com/articulo ?id=4761>).



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**Spain – Election Results 20th November [16]**

(Turnout / Abstention : 2011, 71.7 / 28.3 % ; 2008: 73.85 / 26.15%. Seats : 350)

Party / Coalition	Result 2011 % Votes (seats)	Result 2008 % Votes (seats)
<b>1. PP (People's Party)</b>	44.62 (186)	39.94 (154)
<b>2. PSOE (Socialist Party)</b>	28.73 (110)	43.87 (169)
<b>3. CiU (Convergence &amp; Union, Catalan Nationalists)</b>	4.17 (16)	3.03 (10)
<b>4. IU (Unified Left)</b>	6.92 (11)	3.77 (2)
<b>5. Amaiur (Basque separatists)</b>	1.37 (7)	-
<b>6. UPyD (Union, Progress and Democracy)</b>	4.69 (5)	1.19 (1)
<b>7. PNV (Basque Nationalist Party)</b>	1.33 (5)	1.19 (6)
<b>8. ERC (Republican Left of Catalonia, Catalan separatists)</b>	1.05 (3)	1.16 (3)
<b>9. BNG (Galician Nationalist Bloc, Galician nationalists)</b>	0.75 (2)	0.83 (2)
<b>10. CC (Canary Coalition, Canaries nationalists)</b>	0.59 (2)	0.68 (2)
<b>11. Others</b>	1.08 (3)	0.24 (1)

14. According to a Commission press release, Mr. Tajani expressed to be pleased with "the convergence between the measures announced by the People's Party in support of SMEs, craftsmen and entrepreneurs and the European Commission's proposals in support of SMEs. Reducing bureaucracy and excessive regulation that prevent SME activity, radically reducing the administrative steps required to create companies, facilitating access to loans and promoting the internationalisation of these small companies are the fundamental goals to implement over the next few months" ([http://ec.europa.eu/spain/pdf/np-vicepresidente-ce-industria-emprededores-tajani-entrevista-mariano-rajoy-29-11-2011\\_es.pdf](http://ec.europa.eu/spain/pdf/np-vicepresidente-ce-industria-emprededores-tajani-entrevista-mariano-rajoy-29-11-2011_es.pdf)).

15. During this meeting the two leaders "paid special attention to the challenges facing the euro zone and the need for the EU to adopt vital measures to overcome the present economic crisis and yet guarantee growth and employment (press release issued by the People's Party on [http://www.pp.es/actualidad-noticia/comunicado-sobre-encuentro-mariano-rajoy-nick-clegg\\_5884.html](http://www.pp.es/actualidad-noticia/comunicado-sobre-encuentro-mariano-rajoy-nick-clegg_5884.html)).

16. Provisional results issued by the Interior Ministry ([http://elecciones.mir.es/resultadosgenerales2011/99CG/DCG999999TO\\_L1.htm](http://elecciones.mir.es/resultadosgenerales2011/99CG/DCG999999TO_L1.htm)).

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