

A Country on a Tightrope: The Economic Crisis and the End of an Era in Spanish Politics

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ABSTRACT *This commentary tries to study the current socio-economic crisis in Spain and the end of the political era which began with transition to democracy in the second half of the 1970s. Following pages deal with the intense rise of the unemployment rate and the social drama caused by the increase of material inequalities in Spain. It also analyzes the political crisis that threatens to destroy the institutional model which was crafted after 40 years of harsh dictatorship. All these factors are provoking political suspicion and social despair among some sectors of Spanish society. But there are not only feelings of disappointment and defeat in Spain. The large-scale protests that have engulfed the country over the last two years represent a powerful social force for grass-root democratic regeneration in this part of the Iberian Peninsula.*

After the years Spain's Transition to democracy in the late 1970s, this country is standing at its second major historical crossroads in less than half a century. Following a period of incredible prosperity between 1991 and 2007, the country is currently experiencing the worst economic situation since the "hunger years" following the Civil War in the late 1930s. What is more, the political system's inability to correct flaws in the market has increased Spanish citizens' mistrust in their democracy.

Three factors explain the interrelation between the economic and political crisis currently plaguing Spain. First, an increasing number of citizens believe that neither the economy is under control nor is Spanish democracy. Second, the negative distributive effects of austerity policies have deepened social inequality and destroyed the social consensus on which the Transition to democracy was based. Third, the economic measures adopted to curtail the impoverishment of the middle and lower classes have been totally ineffective. However, such measures are still in place despite popular rejection, prolonging the negative effects on employment, welfare, social protection, and other essential social issues.

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Crisis, Unemployment, and Inequality

The Spanish economy, once one of Europe's healthiest, went into a tailspin in 2008, as the international financial crisis contributed to the collapse of its key construction sector. After the housing bubble "burst, the main consequences have been: 1) the shrinkage of the fourth-biggest Eurozone economy, whose GDP fell by 16% between 2007 and 2012, and 2) the unstoppable increase of the country's unemployment rate. According to the National Statistics Institute (NSI), at the end of 2012 the unemployment rate exceeded 25% for the first time in Spain's history. Yet, the elimination of jobs has not ceased since then. Unemployment hit 27.2% during the first quarter of 2013. Today, there are around 6.2 million unemployed, a number which, according to *The Guardian*,

brings to mind the figures reached by "the near-feudal agrarian state the country used to be" during the darkest years of the Franco regime.¹

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In mid 2007, Spain reached its highest ever employment levels thanks to the "building boom." They were happy years during which the country created some 750,000 jobs per year and the "Spanish miracle" even became a model of economic success for the rest of the EU. Since

then, however, over 3.2 million workers have lost their jobs. Between 2007 and 2013, unemployment in Spain increased by over 19 percentage points, while a series of harsh labour reforms and cutbacks in social spending have done nothing to reverse the situation. Furthermore, since Spain climbed on the bandwagon of austerity in May 2010, over 1.5 millions Spaniards have lost their jobs. These official figures mean Spain's jobless rate is twice the European Union average. In February 2013, Eurostat recorded the highest unemployment rates among EU-27 members in Greece (26.4 %) and Spain (26.3 %). The high number of young people without a job is particularly worrying. The rate of 16-24 year old Spaniards without work has jumped to just over 57%, the highest level, together with Greece, in the industrialised world.²

This "lost generation," the best educated yet least hopeful since the advent of democracy in Spain, will have little choice but to leave the country to find work. But this is just one single example of the social drama caused by the neoliberal measures encouraged by Brussels. Despite promises from national and European leaders that reducing deficits would spur growth, the massive spending cuts are leaving thousands of Spaniards on the brink of exclusion. Among them, there are 2.2 million children living in poverty according to

organisations such as UNICEF, Save the Children, and the Red Cross. It is a disturbing reality, which could potentially have dramatic consequences in the not-too-distant future. Nearly 2 million unemployed workers are no longer entitled to unemployment benefits, while all the members of some 10% of households (approximately 380,000 families) are now out of work. It is hardly surprising that Eurostat figures released in April 2013 showed that only Bulgaria and Romania had a higher percentage of people deemed at risk of poverty.³

Previously, in September 2012, *The New York Times* (NYT) published a devastating report entitled “In Spain: Austerity and Hunger.” It is certainly true that the combined effects of unemployment, wage cuts and the dismantling of the welfare state have left 11 million Spaniards in poverty. What is more, Oxfam has warned that if the current austerity measures are maintained, “by 2022, some 18 million Spaniards, or 38% of the population, could be in poverty.” Meanwhile, the social gap between rich and poor is constantly widening. Together with Portugal, Bulgaria, and Latvia, Spain is the country with the highest levels of inequality. Between 2007 and 2013, the gap between the richest 20% and the poorest 20% grew by 30%. In the words of the Red Cross, Spain is dangerously “moving towards a two-tier society” of rich and poor.⁴

Institutional Paralysis and Corruption

However, Spain’s troubles are not limited to a deep, lasting economic depression. Instead, the problems involve a systemic failure: a moral, cultural, and political crisis that threatens to destroy the solid political model which was crafted after 40 years of harsh dictatorship. It is the third time in less than a century that Spain has faced a major economic recession leading to a political crisis. The first time, in the 1930s, ended in civil war and a long dictatorship. The second, in the late 1970s, led to a post-authoritarian transition that has usually been represented as the “paradigm of success” among third wave democratisations.⁵ Yet, the institutions created at that time are now in a state of paralysis, incapable of providing political responses to the challenges presented by the dire economic situation.

The economic crisis is bringing to light the deficiencies of the institutional mechanisms set up during a post-Franco transition controlled by the de facto powers that were heirs to the old regime. As a result, a democratic system was established which, according to the political scientist Joan Subirats, “only keeps the door open to formal and institutional rites.” According to the *2011 Democracy Index* drawn up by *The Economist*, Spanish democracy occupied the last place in the list of “full democracies.” In fact, it is no coincidence that 43% of Spaniards think that the level of democratisation of their country’s political structure is very poor. This is a sign of a society that is ever more distanced

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from its institutions, a society that is beginning to seriously rethink its connections with politics.⁶

Likewise, the image of the constant ring of police surrounding the Spanish Parliament symbolises the fact that the contract of trust between Spanish people and those who govern them has been broken. Perhaps that is why the Eurobarometer of January 2013 highlighted that Greece, Spain, and Latvia were the European countries whose citizens had the least trust in their leaders. Unfortunately, in recent times it has become common for political parties and their leaders to be considered the third most important problem in the country, only preceded by the soaring unemployment rate, and the dire economic situation.

The results of the official surveys carried out in April 2013 by the National Centre For Sociological Research (NCSR) showed that 83% of Spaniards regard the country's political situation to be "bad or very bad." According to other surveys, 88% of those interviewed considered their political representatives to be part of an elite group that defended the interests of a privileged minority.⁷

However, Spaniards' discontent is not only aimed at their national leaders. It also affects the European Union, which is increasingly seen as an organisation at the service of the financial powers. According to the Eurobarometer, distrust in the EU runs at 53% in Italy, 56% in France, 59% in Germany, 69% in the UK and 72% in Spain. Prior to the crisis, 65% of Spaniards trusted the EU, whereas only 20% do so now. According to the head of the European Council on Foreign Relations (the Spaniard José Torreblanca), these results reveal that "citizens now think their national democracy is being subverted" by the impositions of barely democratic institutions, such as the European Central Bank (ECB). During the holiday period in 2011, this organisation forced the main Spanish parties to agree to an express neoliberal reform of a Constitution, which had remained practically untouched since it was passed 35 years before.⁸

In fact, one of the main consequences of the decline of traditional Spanish politics has been the gradual destruction of the two-party system, which prevailed during the last three decades. In the elections, which took place in November 2011, the conservative Partido Popular (PP) and the social democratic Partido Socialista Obrero Español (PSOE) won 84% of the seats in parliament. However, some current surveys show that 87% of Spaniards reject the two-party system. The latest opinion polls suggest that support for both the PP and the PSOE has continuously declined in the last year and a half. At present, they would not even obtain 50% of the votes and if elections were held today, both parties would obtain their worst results ever.



The historian José Álvarez Junco even considers that these two parties are in a “pre-moribund situation.” In Spain, the collapse of representative democracy threatens to erode the traditional party system. Yet, unlike in Greece (with Syriza) and Italy (with Grillo), there is no political alternative capable of harnessing the loss of prestige suffered by the PP and the PSOE. Possible options like the left-wing Izquierda Unida (IU) and the central Unión Progreso y Democracia (UPyD) are also regarded as part of a system which is becoming increasingly unpopular among important groups of the Spanish society.

The decline of the two-party system is a reflection of the growing social criticism of the Electoral Law and the party system in general. The legislation on elections and political organizations has enabled the two major parties to control the whole Spanish institutional framework. During the last three decades, PSOE and PP have influenced and intervened in the work of supposedly independent State institutions, such as the Constitutional Court, the Court of Audit, the Ombudsman, the Bank of Spain, the Public Prosecutor’s Office, and other important official agencies. The result has been a never-ending series of corruption scandals that have fuelled the feeling of political disaffection among citizens. A recent opinion poll revealed that 96% of Spaniards believe that politics is tainted by the abuse of authority, bribes, misappropriation of public funds, the illegal funding of parties, and the peddling of political favours. In May 2013,

A man reacts as he holds a placard reading “Not like this” in front of fences blocking the street leading to the Spain’s parliament (Las Cortes) during an anti-government demonstration in Madrid on April 25, 2013.

AFP / Dani Pozo

the New York Times warned that while Spaniards were suffering the effects of harsh deficit-cutting plans, the revelations of widespread political corruption were “stoking bitter resentment” and “undermining the credibility of the political class as a whole.” Yet, instead of introducing greater transparency, the political class has attempted to hush up the corruption scandals with transparency laws that do not comply with the minimum international criteria.⁹

Nowadays, there are more than 300 politicians involved in court proceedings concerning their participation in illegal schemes. All the same, there is a widespread impression that the legal tools used to combat this problem are inefficient. Spaniards have not yielded to the temptation of oversimplifying the matter and considering all their politicians corrupt. They do, however, state that corruption is not fought with sufficient vigour. There are currently over 1,600 investigations into corruption in almost 800 different courts. Police unions have reported pressure from their political superiors to not investigate certain cases of corruption and judges have complained because the authorities refuse to provide them with the means required to eradicate this scourge. In short, in the words of the sociologist and columnist Gil Calvo, “Spain has ceased to be a social, democratic State and has become an asocial State of justified impunity.” In fact, almost half the people of Spain believe that the problem of corruption is going to get worse during the years to come. The front page of the New York Times itself highlighted that “there is still far more to come.”

Not even the monarchy, until recently the best-respected institution in the country, has managed to remain unscathed. According to a survey carried out by a major radio station, 57% believe that corruption has seriously damaged the image of the Crown and could even endanger its very survival. The various different scandals, which have surrounded the Royal Family over the last year and a half, have led the majority of Spaniards (53%) to disapprove of the King’s leadership as Head of State. In October 2011, a survey by the NCSR showed that the King’s popularity had dropped below 50% for the first time. From that point onwards, official surveys avoided asking about the King’s role for fear of receiving negative results. The criticism made the NCSR include again Juan Carlos I in their opinion polls in April 2013. On this occasion the King obtained a mark of 3.6 out of 10. The monarchy’s prestige in Spain is rooted in the King’s popularity. Therefore, the deterioration of his image is provoking a deep crisis in the monarchist institution. When Juan Carlos’ reputation began to fall, the monarchy went into a tailspin.¹⁰

The problem of corruption is not a new phenomenon in Spain. However, the consequences of the current series of multiple cases of corruption may have serious consequences. This is because they are framed within the context of a deep sense of social mistrust in the institutional pillars of the system. Citizens’ ratings of the Constitution, Parliament, the Monarchy, the party system and

the judiciary are at their lowest levels since the current democracy was introduced in the late 1970s. The economic and political crisis has also taken its toll on the second level of the state's administration, the regional governments. Although the true problem lies in the lack of resources due to the flight of capital and tax evasion, the regions have been blamed for excess spending. Moreover, the duplication of institutions, uncontrolled growth of the regional "political caste", funding problems and corruption have brought the current territorial structure of Spain into the spotlight.

This has been used as a scapegoat by the country's conservative sectors to justify their re-centralising ambitions. Thirty-nine per cent of Spaniards would like to see the regions lose their 'autonomous status' or their authority curbed. Yet, the socio-economic circumstances and the institutional crisis have also stimulated a powerful wave of nationalism in Catalonia and the Basque Country. It would therefore seem necessary to reach a new national agreement on the reconfiguration of the current system of autonomous regions, which was created during the Transition period in order to deepen Spain's democratisation.

However, while the crisis has affected the prestige of the institutions created during the post-Franco transition, citizens' trust in civil society organisations is increasing. According to a study published in mid-March 2013 by *El País*, 81% of those interviewed trusted the new social movements, whereas only 10% trusted the government and 34% trusted the rest of the opposition parties. Other surveys show that up to 57% believe that "democracy would work better without political parties and with elected social platforms to manage public affairs." This popular disaffection suggests the end of the "*partitocrática*" political culture that has dominated Spanish politics since the transition to democracy. Nowadays, the institutional model established during those years is increasingly questioned by large sectors of the Spanish population.¹¹ The political era that followed the passing of the Constitution in 1978 appears to be coming to an end. In its place, a new scene is slowly emerging in which new actors are rising to speak: the time for civil society has come.



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Time for Social Entrepreneurs

Many Spaniards are perhaps justified in considering their leaders to be extractive elites similar to those studied by Acemoglu and Robinson in their

book *Why Nations Fail*. Yet, the loss of prestige of the “political caste” is also being promoted and used by a kind of conservative *regenerationism* with populist overtones. This trend is attempting to depoliticise the causes of social discontent and move the public debate towards a moralistic discourse. The political class has become the scapegoat with which right-wing populist sectors are attempting to sow an anti-political mentality to pave the way for the arrival of a Spanish-style Berlusconi.

However, despite such tactics of demagogical distraction, an unusual politicisation is reverberating throughout Spain at present. The number of demonstrations doubled between 2010 and 2012, yet this new wave of civic protests against the political establishment is not a symptom of exhaustion but rather of democratic vitality. In contrast with other more cynical expressions, which encourage a lack of interest and political apathy, these new citizens’ movements allow the social discontent to be channelled towards a constructive

The new movements represent the re-modernisation of a participative, egalitarian, and transformative understanding of civil society

democratic debate. Unlike in Greece, the emergence of these movements in 2011 has enabled the majority of those disenchanted with the system to be drawn towards progressive values.

In actual fact, there are not only feelings of disappointment and defeat in Spain but also new ideas and positive social dynamics. The crisis has created a climate of fear, political suspicion and social despair among some sectors of Spanish society. But it has also resurrected values buried during the period of economic prosperity, such as solidarity, neighbourly support, grassroots collective organisations, and other social movements. It is true that for years, Spanish society passively accepted the gradual deterioration of democracy and the welfare state. But the indignation caused by unequally sharing the burden of this deep crisis has led many citizens to abandon their previous role as spectators and take the reins of their own destiny. The Spanish case clearly lies in the crossroads between European disheartenment and the recent Arab uprisings.

A good example of this was the emergence in 2011 of powerful movements of popular indignation, which occupied the squares of dozens of Spanish cities with slogans such as “we want real democracy and not marketocracy” and “Error 404: democracy not found.” This grassroots mobilisation called into question the whole range of fundamental rules and hegemonic discourses of the post-*Francoist* period. As a result, voices have emerged demanding the start of a constituent process, which would involve reforming the current State model.

It is true that in modern-day Spain, democratisation and political decentralisation have always gone hand in hand. In fact, the only two democratic constituent processes in the country's history, in 1931 and 1978, concluded with the establishment of decentralised States. The demand for autonomy as opposed to authoritarian centralism represented one of the main fronts of opposition to the Franco regime. But unlike in the 1960s and 70s, the new social movements have not included the territorial issue among the main points of their political agenda. They consider it to be a debate exploited by the elites, which diverts attention away from the serious problems affecting the country.

Instead, these movements are a response to the devastating effects of the neo-liberal economic policies on the social rights recognised in the Constitution (employment, housing, health care, and education) and on the workings of the democratic system. They embody citizens' rejection of the dismantling of the Welfare State and the increase in social inequality. Faced with such problems, these movements have set out a wide range of demands, which are gradually starting to make an impression on the public discourse. These demands include putting an end to evictions and payment in kind, bringing the bankers who caused the crisis to trial, persecuting tax evasion and the flight of capital, auditing unlawful debt, defending public services, democratising and bringing transparency to institutions, and reforming the Electoral Law.

These social movements are changing Spanish politics. A recent survey estimates that "the number of citizens convinced that the current situation demands their participation in social protests as a means of trying to change things" has increased to 64%. According to other studies, between 68% and 75% of the population sympathises with movements like the Platform for Mortgage Victims or the 15M Movement. Even their symbolic repertoires of mobilisations have received levels of support ranging from 60% to 90%.¹² For these groups, the solution to the political situation in Spain is still democracy. However, it is a form of democracy, which revives the definitions of social justice and popular participation constructed during the anti-authoritarian struggle of the 1960s and 1970s.

Therefore, even though they introduce many new elements, the indignation movements are not, as they have been presented in the media, "social mushrooms" born out of nothing. Instead they are collective players espousing values, making demands and taking on repertoires from previous cycles of protest. Obviously there are differences between the civil society mobilisation triggered by the crisis and the cycle of anti-authoritarian protests in 1960-70's Spain. The struggle against Franco's dictatorship was characterised by the close links between the clandestine parties and the social movements. However, the new indignation movements have come about irrespective of political parties, trade unions, and institutions. The current use of new technologies,

greater social and ideological transversality and links with similar movements like “Occupy Wall Street” mark a clear difference with the mobilisations of the past. Even so, there appears to be a certain line of continuity between the new wave of activism and the proposals of political, economic, and social citizenship deployed on the fringes of the *Francoist* State.

In other words, the new movements represent the re-modernisation of a participative, egalitarian, and transformative understanding of civil society, which emerged in the social mobilisation against the Franco regime. However, the subsequent consolidation of the transitions in Spain and Portugal, later followed by the fall of the Soviet Union, contributed towards redefining this radical notion of civil society born in the 1960s international cycle of social uprisings. The West’s victory in the Cold War extolled parliamentary liberalism as the only legitimate ideology, replacing other definitions that championed direct democracy. As Gideon Baker states in several of his works, from 1989 onwards, the hegemonic discourse in social sciences began to consider civil society merely as a structure to support liberal democracy rather than a social space, which was independent from the State.¹³

As a result, during the last two decades, past experiences of civic self-organisation have been removed from the public discourse of countries like Spain, where regime change was followed by the demobilisation of political life to preserve the stability of the new democracy. Thus, recovering the different versions of democracy presented by the anti-authoritarian opposition during Spain’s transition can help to re-introduce this subject into the public debate. In other words, reframing the regime change as a dispute over the definition of democracy can shed light on the different paths available.

This is a relevant social, political and intellectual task in the current context of crisis, in which this discussion seems to have been re-opened in light of the largest citizen mobilisations since the transition years. Nowadays, the recovery of the transforming notion of civil society, which emerged during the final years of the Franco regime, can add highly valuable elements to the current debate on the country’s democratic regeneration. The lessons of the past may be useful when it comes to facing a problematic present. Criticism of the legacy of the transition to democracy must not discredit the value of the anti-authoritarian struggle, which needs to be vindicated in order to retrieve politics as an instrument of democratic innovation. ■

Endnotes

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