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Spain: Political stalemate in Madrid

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The shock of the last election continues to reverberate. Can the Socialists avoid another vote?



King Felipe VI meeting the leaders of the four main parties in Spain. Clockwise from top left: Pedro Sánchez, Pablo Iglesias; Mariano Rajoy and Albert Rivera

His face gave nothing away but the king had every reason to feel weary of the visitors arriving at the Zarzuela palace last week. The Spanish monarch is supposed to be a national figurehead not a political troubleshooter. Yet here was Felipe VI presiding over another round of delicate talks, with the leaders of Spain's main parties aimed at breaking a seven-week political deadlock.

He put on a well-practised smile and shook hands in front of the cameras before leading his guests into his private office. The purpose of the talks was unchanged from 11 days before, when the same men showed up in much the same order. Under the constitution, it is the monarch's duty to propose a prime ministerial candidate to parliament. No one had thought this task would ever be anything but a formality: the king simply had to pick the winner of the last election. Yet this assumption, along with so many other certainties, was being tested to the limit by Spain's volatile new political order.

The royal conundrum was resolved, at least for the moment, a few hours later. In a statement Felipe said he had called on Pedro Sánchez, the leader of the Socialist party, to form the next government.

Mr Sánchez has done his best to sound upbeat and statesmanlike since he received the royal tap on the shoulder. The 43-year-old secretary-general of Spain's Socialist party (PSOE) has already held a first round of coalition talks with other parties. But he knows the political arithmetic as well as anyone else: Spain's parliament is more fragmented than at any point in recent history. Neither the left nor the right have a clear path to power.

The political manoeuvres may seem bewildering and inconsequential to outsiders. Lurking behind the Madrid deadlock, however, are profound challenges that have become alarmingly familiar to policymakers in the rest of Europe and beyond. These range from discontent with the establishment and the rise of populist movements to the decline of the middle class and soaring inequality. They include anger at political corruption and the loss of faith in key institutions, as well as the resurgence of separatist movements and fears over territorial division.

Spain brings together most of these trends in one country — a study in political dislocation that will require attention long after Mr Sánchez, or a rival, is made prime minister. Business leaders are worried and markets nervous but there is no sign that Spanish voters are alarmed at the turn of events. A poll last week showed they would vote much the same way if, as some believe is likely, the country

has to go for elections in June.

The sense of rupture is clear, however. In the four decades since Spain returned to democracy, the country has been mostly a beacon of stability, blessed with strong governments and clear majorities. Even during the financial crisis in 2012, with unemployment soaring and banks toppling every other week, Mariano Rajoy, the prime minister, and his cabinet never lost their ability to govern.

“We are in a new phase. People will have to get used to the fact that things will take longer, that there will be moments of paralysis and that no single party can dictate its policies,” says Pablo Simón, a professor of political science at the Carlos III University in Madrid. “This is not a fleeting phenomenon. The fragmentation is linked to a deep crisis of the country’s political institutions.”

Spanish general election results, 1989-2015

Number of seats (Total 350)



FT graphic Source: Election Resources



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Just how hard it is to navigate Spain’s political map is clear when considering Mr Sánchez’s options. The Socialists command 90 seats in the 350-seat legislature, their worst result in modern times. To become prime minister, he needs the support or acquiescence of at least two parties and possibly a few more. Mr Sánchez has made clear that his priority is to wrap up a deal quickly with the centrist Ciudadanos party but even that alliance would leave him 46 votes short of a majority.

The anti-austerity Podemos movement has challenged the strategy, insisting it will not back Mr Sánchez if he allies with Ciudadanos. The leaders of Ciudadanos, meanwhile, have ruled out any deal with the Socialists that relies on the support of Podemos.

When asked last week about his chances of success, Mr Sánchez, a basketball fan, sought refuge in the slogan of Adidas, the sportswear company. “Impossible is nothing,” he said.

<p>CIUDADANOS LEADER: ALBERT RIVERA</p> <p>40 seats won</p> <p>The centrist party will ally with the Socialists, but not Podemos</p>		<p>POPULAR PARTY LEADER: MARIANO RAJOY</p> <p>123 seats won</p> <p>The Socialists will not back Mr Rajoy for a second term</p>
		

Most observers believe Mr Sánchez’s chances of success are poor but no worse than those of his rivals. When the king called on Mr Rajoy, the acting prime minister, to form a government last month, he flatly refused. The leader of the conservative Popular party argued there was no point in trying to form a coalition when his only viable partner — the Socialists — had no intention of backing Mr Rajoy for a second term.

Some argue that the removal of Mr Rajoy could change the dynamic. But such expectations are dismissed as fantasy by senior PP officials who insist the party is united — and ready to pick up the pieces if Mr Sánchez admits defeat. What would happen if the Socialists offered to support a PP candidate who is not Mr Rajoy? “This is a very presidential party,” a PP official remarks. “The ranks would close completely [behind Mr Rajoy].”

Spain's predicament is in many ways the result of two unfinished revolutions. The first is the revolt by voters against mainstream parties — the Socialists and the PP. For 34 years, the two took turns to govern, usually with absolute or near-absolute majorities. That duopoly ended on December 20, when voters abandoned the establishment in their millions: the Socialists slumped to 22 per cent of the vote. The PP saw its share plummet from 45 per cent in 2011 to 29 per cent.

“People in Spain used to see political stability as a great value but the last two experiences with strong majority governments have not been positive. People are tired of this form of government,” argues Javier Solana, the former Nato secretary-general and current president of the Esade Centre for Global Economy and Geopolitics. “There is a sense that the old parties have not changed with the times,” the former Socialist minister says.

Both parties were punished in part for corruption scandals, which rocked the PP in particular and led to a sense of revulsion of the political elite. They were dealt an even bigger blow by the economic crisis, the effects of which still fester.

Despite two years of growth, 4.8m Spaniards are still out of work. The country's unemployment rate, at 21 per cent, is one of the highest in the developed world. A recovery is under way and companies are hiring in large numbers but too many new jobs are poorly paid and temporary; younger Spaniards in particular fear that the middle-class lifestyle enjoyed by their parents will remain forever out of reach.

Among younger voters, the PP and the Socialists did terribly, holding on to enough older supporters to still be called the leading parties in Spain. In terms of governability, that is the problem. The newcomers, Podemos on the left and Ciudadanos in the centre, managed to wound their mainstream rivals, not kill them. “The new has not replaced the old. The new and the old simply live side by side,” says Charles Powell, director of the Real Instituto Elcano, a Madrid think-tank.

The result is a heavily fragmented parliament accompanied by paralysing fear and mistrust between the parties. Ciudadanos is painfully aware that its support could be swallowed up by a resurgent PP. The Socialists know that Podemos wants to replace them on the Spanish left and Podemos knows the Socialists will defend their turf.

Catalan question

The second unfinished revolution is the one taking place in Catalonia, where many voters have given up on the Spanish state. Close to half the Catalan electorate backed secessionist parties in a regional election last year. Seventeen of the 47 Catalan lawmakers who sit in the Spanish parliament advocate an independent Catalan republic.

Their vision is likely to remain unfulfilled for years to come (if it can ever be achieved) but until the Catalan challenge is resolved their presence in the legislature removes a potentially decisive number of deputies from the coalition equation.

<p>SOCIALISTS LEADER: PEDRO SÁNCHEZ</p> <p>90 seats won</p> <p>Sánchez must make a deal with two or more parties to form a government</p>		<p>PODEMOS LEADER: PABLO IGLESIAS</p> <p>69 seats won</p> <p>The anti-austerity party will not support any coalition if Ciudadanos are also</p>	
			

The Catalan question is also a source of friction between Spain's leading parties. The PP is determined not to give an inch to the independence movement while the Socialists are adamant the problem can be solved only by way of a new constitutional settlement. Podemos insists the way forward is an independence referendum and scoffs at the notion that tinkering with the constitution can solve the challenge.

“If you think you can solve the Catalan question by way of a constitutional change, for example recognising Catalonia as a nation, you know nothing about Catalonia and you know nothing about Spain. You cannot solve this issue with cosmetics,” says Carolina Bescansa, a senior Podemos leader.

Mr Sánchez may yet defy the odds and put together a coalition, or perhaps Mr Rajoy will get his way and persuade the Socialists to support his bid for another term in office. The relevant question remains: what can a minority government — or a government

between disparate and mistrustful parties — actually achieve? In the absence of understanding, what kind of reforms, what kind of fiscal policy and what kind of approach to Europe will the next government be able to set out?

“The problem is that we now have a political scene that requires consensus, but we don’t have a culture of consensus,” says Ángel Pascual-Ramsay, a Madrid-based senior fellow at the Brookings Institution.

“Between left and right there is still a sense of us against them. And there is very little trust: the right proposes a labour market reform and the left won’t even look at it. And when the left makes a sensible proposal, the right, too, won’t even look at it.”

If that mentality continues to prevail, there is little chance of breaking the deadlock. The Spanish right cannot govern without the support or acquiescence of the Socialists and the Socialists will be unable to implement their plans for constitutional reform without at least the tacit support of the PP.

Spanish politics may have shifted to the left in December but Mr Rajoy and his party still hold a blocking majority in parliament that allows them to veto all changes to the constitution.

Finding common ground

Party leaders are being given repeated reminders that consensus is possible. Over the past few weeks, commentators and politicians have made frequent references to the 1978 Moncloa pacts that paved the way for Spain’s transition from dictatorship to democracy. Among the signatories were the leaders of the Communist party and the Socialists but also men who had been faithful to the Franco regime. Their readiness to set aside enmity has been held up ever since as proof that the country’s political divisions can be overcome.

The stakes in 1978 were much higher, but Spanish society has shifted a lot since the convulsions of the post-Franco years. “Back then there were deep divisions between political leaders but not within society,” says José María de Areilza, an adviser to a previous PP government who now teaches law at Esade business school. “Spanish society is far more fragmented today . . . and there is no common project as there was at the time of the transition.”

Spain has a stark choice: the country could face years of feeble and shortlived governments with old and new parties locked in a battle for political space, or Spanish politics could enter a phase of cross-party co-operation, with rivalries and resentment giving way to trust and consensus.

Mr Sánchez or whoever comes next on the king’s list of candidates must hope that his rivals will embrace the latter. Politics, however, rarely conforms to the logic of Adidas. Sometimes the impossible is just that — impossible.

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