

# THE SUBTLE SPANISH REVOLUTION

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BUT DOES CATALONIA STILL WANT TO PLAY?

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- Spanish politics is in flux. In addition to the two historically dominant players, the socialist party (PSOE) and the currently governing conservative party (PP), there are two new players in the field that are changing the whole game: Ciudadanos (“Citizens”), a centrist party, and the left-wing Podemos (“We Can”).
- No party is likely to win an absolute majority in the parliamentary elections on 20 December, which means that either Ciudadanos or Podemos will play some kind of role in the next government’s policymaking. This also means that there is a need to find a way to make compromises and coalition politics, a new phenomenon in Spanish politics.
- An optimistic scenario is that the new parties will force the old, closed and elitist parties into a more democratic and transparent way of conducting politics. However, no major reforms regarding the political system or constitution are to be expected in the short run.
- A pessimistic scenario is that there are more political players in the field who neither know nor care what the other players are aiming for. This may lead to political paralysis, and a new series of elections both at the regional and national level, if the parties are unable to reach consensus on the formations of the government.
- The Catalanian independence project suffered a significant setback in the elections for the Catalanian parliament on 27 September. The pro-independence parties were not able to secure a majority of the votes, but due to the electoral system, they did win a narrow majority of the seats in the Catalanian parliament. This means that the independence project is being pushed forward, but it might collapse at any time due to the fragile ground that it is built on. In any case, the Catalanian situation is dominating the electoral debates, and the future government of Spain faces a difficult challenge in keeping the country together.

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## Introduction

Political discontent has been fomenting in Spain since the beginning of the economic crisis. In 2011 there were massive protests on the streets when “Indignados” took over central plazas and demanded an end to elitism, political corruption and the harsh austerity politics that the government had been forced to execute. In Catalonia, some sectors of society, under the leadership of the political elites, blamed the central government of Spain for the crisis. Now the discontent has been funnelled into party politics and demands for change are finally making their way into government meeting rooms.

The only things that can be said with certainty prior to the 20 December vote are that the bipolar party system is receding into history, and the position towards Catalanian independence is the main factor when making a voting decision. Whoever wins the elections is not going to get an absolute majority in parliament, but will need to form a coalition with some of the other parties in order to rule. The difference now compared to earlier cooperation with minor supporting partners is that the power balance is more equally distributed, and the coalition partner will have more of a say when it comes to policymaking, and possibly gain seats in the government, something that would be a novelty in Spain.

Since there are two new parties with significant national ambitions, the political landscape is changing rapidly. All the parties, including the old ones, are jostling to find their positions. The hardest competition is located at the political centre. The Socialist Workers’ Party (Partido Socialista Obrero Español, PSOE) has new rivals both on the left (Podemos) and on the right (Ciudadanos), while the ruling conservative party (Partido Popular, PP) seems to be withdrawing more to the political right to observe the battle amongst its rivals rather than take an active role in it.

At the same time as the political flux, the Spanish economy is showing signs of recovery. The growth in Spain has been fastest in the whole eurozone. Part of the credit goes to internal reforms. Prime Minister Mariano Rajoy’s financing and labour reforms seem to have created much-needed confidence in the Spanish market. At the same time, external factors are playing in Spain’s favour: the oil price is low, the euro is cheap, and tourism is flourishing due to the

economic and migrant problems in Greece and Italy, and the turmoil in Northern Africa.

There is but one major shadow blighting the promising recovery of Spain: the Catalanian independence project. The Catalanian parliament had already decided, before even forming a new government, that they would move forward with their planned roadmap and unilaterally declare independence from Spain. This is set to bring considerable insecurity to Spain and Catalonia, and could easily polarize the political landscape. This briefing paper analyses the current dynamics in Spain and assesses the volatile future of the country before the crucial elections in December.

## Crowded at the centre

In a bipolar party system the two dominant parties tend to position themselves relatively close to the political centre, while the minor parties group closer to the margins. This has also been the case in Spain, where the PSOE has been regarded as a centre-left party, and the PP as a centre-right one. Now that the two new parties have entered the political landscape, the positioning on the political map is changing rapidly.

Current polls estimate that the PSOE, Ciudadanos and the PP are competing for an electoral win, whereas Podemos seems to be sidelined, but not yet marginalised. This means that all four main parties are competing for the attention of the average voter at the political centre. The competition is hardest amongst the newcomers and the PSOE, whereas PP seems to be sliding more towards the political right.

Podemos can still become an important player in Spanish politics if the PSOE wins the elections and wants to form a coalition with Podemos in order to have enough parliamentary support in its policymaking. For the PSOE this would be a clever choice if it wants to remain as the vanguard of the Spanish left, but at the same time it would leave room at the centre for Ciudadanos to grow. For the moment, the PSOE, led by Pedro Sanchez, seems to be uncertain who its main friends and foes are, since its voters are fleeing from the left and the right to the new parties. Furthermore, the alarming situation in Catalonia is working against the PSOE, which has always been relatively moderate and pragmatic regarding the

status of Catalonia. For many voters, the PSOE might seem too weak to resolve the crisis which could, at worst, destroy the state.

The conservative PP seems to be the only party in the field that is highly confident of its political position. It is relying heavily on the economic recovery of Spain, and the Catalanian independence project is, in terms of votes, beneficial to the party since the PP has traditionally opposed any reforms to the autonomic system. Accordingly, the PP has taken a strong stance towards the Catalanian challenge. Rajoy has promised that he will, within the principles of the rule of law, utilise all possible legal means to prevent Catalonia from leaving the rest of Spain. This “lawfare” might be tempting to many voters, but others might see that the hard position adopted by Rajoy’s cabinet has been pushing Catalans towards independence rather than luring them to remain with Spain.

### **Game changers: Podemos and Ciudadanos**

Podemos is the true newcomer to Spanish politics. It was founded in early 2014 and is now facing its first parliamentary elections. The populist left-wing party has its origins in the 2011 protest movements, which mobilised people onto the streets over a period of months in order to protest against inequality, political corruption and economic elites.

Indeed, grassroots-level activism and direct democracy are the core principles of the Podemos party today, and it aims for transparent policymaking, which is a welcome practice in the closed and hierarchical party system of Spain, and which is part of the attraction of Podemos amongst young and volatile voters also within the political moderates at the centre.

This is especially worrying in the eyes of the PSOE. The socialists see Podemos as jeopardising the chances of the PSOE by splitting the left-wing votes. The PSOE could easily undermine Podemos’ support by updating its own party structures to present-day demands, but big ships turn slowly, and the PSOE is not capable of doing this prior to the next elections. This means that the turmoil on the Spanish political left will not be resolved in these elections even if Podemos is significantly sidelined, but will continue for years to come.

In early 2015 it seemed that Podemos could pose a serious challenge to the two biggest parties, when some polls estimated its support as high as 25%. Part of this support was due to the high spirits that Podemos’ “sibling party”, Syriza in Greece, engendered in left-wing parties in general, but the support was not as high in the autonomic and municipal elections of May 2015.

That said, it should be pointed out that at the autonomic and municipal level, several left-wing candidates were in local coalitions and it is very hard to draw conclusions on the actual support for Podemos. In the Catalanian elections of 27 September, Podemos was also in a coalition with several left-wing groups going by the name of *Sí que es Pot*, but since the nature of the elections was completely different, it obtained only 8.9 % of the votes.

All in all, Podemos has tried to make a move towards the political centre and challenge the two dominant parties. In order to make the move more credible, it has dropped some of its more radical ideas, against the will of the majority of its supporters, such as the basic income and non-payment of part of the Spanish debt. This manoeuvre aptly illustrates how detached the party leadership is from its grassroots activists.

Despite the acclaimed direct democracy, those at the core of Podemos, under the leadership of Pablo Iglesias, call the shots as often as they please, and talking about not being located either on the left or the right, but merely obeying the “people’s will”, is a convenient populist trick. Nevertheless, Podemos is still one of the most democratic parties in Spain when it comes to internal decision-making. Its main ideological rival, the United Left party (*Izquierda Unida, IU*), is far more closed and less transparent in its policymaking. Due to this difference, it seems that Podemos is replacing the IU entirely on the political map.

In sum, it seems that Podemos is not living up to its aspirations of truly becoming a key player in Spanish politics. After the move to the centre, its support has dropped. The main reason is that in aiming for the centre, it is losing the support of its original, core supporters, who are located closer to the left margins. Furthermore, Podemos’ leader, Iglesias, is far too demagogic for many voters on account of his simplistic vision of “castas”, namely the elites, and

their opposite, the “public”. Perhaps by remaining truer to its origins, Podemos might have been able to forge a coalition with the IU to form a single, unified left front that could challenge the PSOE as the biggest left-wing party.

The other newcomer, Ciudadanos, is one of the reasons why Podemos cannot succeed in its goal of becoming an alternative to the current big parties. Whereas Podemos’ roots lie in the populist left, Ciudadanos is considered a true representative of the political centre with its mix of social democracy and progressive liberal positions. It appeals in part to the same public as Podemos, since it is calling for significant political reforms and zero tolerance towards corruption, and attacking the traditional bipolarity of Spanish politics. Furthermore, the party has its roots in Catalonia and was founded in order to have a Catalanian alternative at the political centre. It can be said that the *raison d’être* of Ciudadanos is promoting moderate change in the regional system, and keeping Spain together as a state. A significant part of its success is consequently due to the tense situation in Catalonia and the statewide concern about the unity of the Spain.

For those voters who crave change, Ciudadanos is a more credible choice for delivering it than Podemos. Due to its location in-between the PSOE and the PP, it can form a coalition with either party and have a significant say in their policies. However, according to the latest polls, Ciudadanos could even win the elections. In that case, it is more likely that it would prefer to form a coalition with the more flexible and pragmatic PSOE than with the PP, which might be too ideological a partner for Ciudadanos.

Depending on the positioning of Ciudadanos regarding the PP, it can be seen that Ciudadanos might become the preferred choice of the liberal younger generations. The PP’s problem is that its main voters are aging and too conservative for the young voters, whereas Ciudadanos is doing its best to appear young, fresh, dynamic and successful. The leader of Ciudadanos, Albert Rivera, is currently one of the most popular and least opposed party leaders in Spain,<sup>1</sup> and he and his whole party leadership is

mostly under 40 years old, that is to say, born and raised during Spanish democracy, which is a significant difference compared to Rajoy’s PP, amongst which there are still politicians who started their careers during the dictatorship of Francisco Franco.

Nevertheless, more important than the political positioning compared with the PP, or the age of the candidates, is the stance towards the status of Catalonia. Ciudadanos is offering a moderate, yet clearly pro-Spain choice, and it is still liberal in its economic policy. In other words, it is offering the political pragmatism of the PSOE without being socialist.

### **The theme of the elections: the Catalanian labyrinth**

The Catalanian independence movement that has gathered considerable momentum in recent years adds another layer to Spanish politics. Catalan nationalist sentiments have been bubbling under for decades, but support for independence gained true impetus when the Constitutional Court of Spain assessed the Statute of Autonomy in Catalonia in 2010, approved by referendum in Catalonia in 2006, as contravening the Spanish constitution.

At the same time, with the growing discontent towards Spanish policy-making and economic hardship, it was easy to seize the moment in Catalonia and externalize the blame to the national level, utilizing the 2010 court ruling on the Statute of Catalonia. The leader of the Democratic Convergence party (CDC), Artur Mas, played a significant role in formulating the new Statute in 2006, and seeing it failing in 2010 made him break the CDC’s long-lasting relationship with the PP and align his party with the hardline *soberanistas*, no matter what other political points of view they might express.

The central government under the PP’s rule has blocked all the possibilities for changing the Statute by appealing to the 2010 court ruling. According to the court’s interpretation, no referendum in one autonomic region would be possible, since the only way to have a referendum in Spain is to include the whole country, not just parts of it.

Hence, Prime Minister Rajoy has not even bothered to negotiate the Catalanian situation, and Artur Mas was forced to frame the elections in the autonomic

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1 Metroscopia: Barómetro de Clima Social de noviembre, 2015. Available at: <http://metroscopia.org/barometro-electoral-de-noviembre-de-2015/>.

region on 27 September 2015 as a pseudo-referendum. He formed a coalition out of the two main pro-independence parties, the CDC and the Catalanian Republican Left (Esquerra Republicana de Catalunya, ERC), under the label of Junts Pel Sí (Together For Yes) and promised that if the coalition won the elections, the new government would proclaim independence, and start an 18-month transition period, when all the preparations for a new state would be made.

In the elections, Junts Pel Sí obtained 39.5% of the votes, which means that Artur Mas suffered a significant blowback. However, with the support of another pro-independence party, Popular Unity Candidacy (Candidatura d'Unitat Popular, CUP), and its 8.2% vote, the pro-independence parties did win a narrow majority of seats in the Catalanian Parliament, Generalitat, even though they did not win a simple majority of the votes. Therefore Artur Mas and his currently interim government has already promised that the new government will move forward with the independence project as planned.

However, the lack of majority in Catalanian society undermines the political leverage of both Artur Mas and Junts Pel Sí. Given that the CUP, ERC and CDC are very different regarding their political positioning, with the exception of the support for separation from Spain, that leverage would have been crucial. Finding a common path without it is going to be paved with strange tradeoffs. One of these is the unilateral resolution on independence of the Catalanian parliament on November 9, before all the parliamentary groups, not to mention the future government of Catalonia, have been formed. The resolution was demanded by the CUP and Junts Pel Sí approved it, perhaps expecting that the CUP would support Artur Mas for the premiership, but despite the resolution, the CUP continues to oppose Mas. This internal discord between the pro-independence parties, together with the lack of majority backing by the Catalanian public, is making the formation of the new government particularly hard, even impossible, which means that there may be new elections in Catalonia next year.

The central government in Madrid responded to Artur Mas' plans using a legal approach. Two days after the 27 September elections, the Spanish judiciary formally indicted Catalan President Artur Mas,

along with the former Vice-President and the Minister of Education, on four charges: grave disobedience, prevarication, misuse of funds and usurping powers related to the pseudo-referendum.

This "lawfare" against the independence project is a natural continuum in PP's approach to it. However, it shows how dramatically Prime Minister Rajoy's cabinet misunderstands the whole independence project: It is not dependent on the figure of Artur Mas, and putting him, or any other pro-independence politicians behind bars will not solve the problem, even if it might be on a solid legal footing.

It is true that the support of the most important conservative party, the CDC, has been important for the *soberanistas*, but the failure of Mas and possible withdrawal of the CDC from amongst the forces pushing for independence does not mean that the Catalanian labyrinth has been resolved. Quite the contrary, since support for some kind of reforms regarding the Catalanian status is high. The question is what kind of change would be enough to bring stability to Catalonia. Rajoy's stubborn reluctance to engage in dialogue, and habit of conducting politics using the judiciary system, undermines the credibility of the rule of law and pushes many people supporting moderate change towards demands for a complete separation from Spain.

After several years of playing chicken, it is unlikely that even a change of rule in Madrid would make it easier to get out of the Catalanian labyrinth. It might be true that the 2006 Statute, granting Catalonia more financial autonomy in the form of deciding on their fiscal income in a similar way to the Basque Country, would have been enough to prevent the growth of the pro-independence movement, but now the situation is different. The question concerns which reforms would now be enough to keep the majority of Catalans satisfied.

The stakes have risen, and finding common ground is going to be difficult bearing in mind that any minor reform of the Statute of Autonomy in Catalonia might have serious repercussions for the whole system of Spanish autonomous communities. Therefore the main theme of the upcoming elections is the status of Catalonia. The vote is going to be about the unity of the whole country, and the future government has a key role in determining whether Spain is heading for divorce, or not.

## Would federalism be the answer?

Reforms of some sort are necessary not only regarding the status of Catalonia, but also the whole political system of autonomies, with its very different levels. A version of federalism is a credible goal in the long run, but agreeing upon the common rules in the current system seems impossible. For example, would the Basque Country be willing to give up some of its privileges in order to reach some kind of a compromise? Or would all the Spanish regions be allowed to have the same degree of autonomy as the Basques, which includes fiscal autonomy?

The rise of the new political parties offers hope that reforms are possible. Out of the four main parties all but the PP are in favour of some kind of reforms to the power distribution, and even the PP might bend if necessary in order to keep the country intact. However, the political tradition in Spain regarding consensus seeking is still lacking. This means that the entrance of the new parties is, for the moment, only a sign of new debates, not about new policies.

In the short run it is highly likely that these parties are not well aware of, or even interested in, the other important political forces and their opinions, since everyone is aiming to acquire a majority of the seats in the national parliament. It is also likely that the election loser will try to use every means at their disposal to sabotage any reforms that are introduced, just as Rajoy's PP did while in opposition during Zapatero's Government.

Even if common ground is found in Madrid, new reforms would also require decision-making together with the autonomous communities. That is a very difficult task, since the communities currently have very different levels of autonomy. Achieving equality amongst them, that is to say some kind of federal system, would mean that some autonomous communities would be required to give up something. That was possible in the transition period, when Spain had a charismatic and capable Prime Minister in Adolfo Suárez, leading the country from dictatorship into a modern democracy together with King Juan Carlos. Currently there is no such person in Spanish politics that could assume a similarly strong role with full legitimacy and pull different regions together rather than push them apart.

Despite the hopes that the new parties bring in reforming the system, a unilateral Catalanian resolution on independence is currently the biggest hindrance to the reforms. Repercussions of the separation are difficult to foresee. This undoubtedly causes insecurity in Catalonia and may quickly polarize the political environment in Spain once again.

Catalonia would also be expelled from the EU, since it is unlikely that Madrid would vote in favour of allowing special treatment for its ex-partner, not to mention many other EU states wary of the reaction of their own separatist regions. This would lead to a very peculiar limbo. All the existing Catalans would still have their Spanish passports, unless both the Spanish state and the new Catalanian state were to prohibit dual nationality, and would continue using the euro as their currency, but the territory that they inhabit would be outside of the EU, Schengen and the monetary union. Before all the uncertainties are resolved, and that would take much longer than the 18 months that the Catalanian government has promised, it is hard to foresee any reforms taking place regarding the rest of Spain.

## Conclusion

New political pluralism in Spain is a welcome change in the country. Promising economic growth is a sign that the painful austerity policies are finally paying off, and the conservative leaders of the EU are already congratulating Prime Minister Mariano Rajoy for leading Spain out of the crisis. But is it all built on solid ground?

Simple figures on growth may not tell the whole truth. Spain has not yet reached the levels it attained prior to the economic crisis, and the growth is attributable to a number of external factors, meaning that the austerity policy has perhaps not been as successful as some might suppose.<sup>2</sup> Changes in international factors, such as the price of oil or tourist flows, may easily cast Spain back into recession. The country needs to widen and develop its production in order to base the growth more on its own

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2 Tilford, Simon: "Pain or more gain in Spain?". Centre for European Reform policy paper, 19 October 2015. Available at: <http://www.cer.org.uk/publications/archive/policy-brief/2015/gain-or-more-pain-spain>.

actions instead of external factors. Furthermore, the social impact of the economic crisis is still weighing Spain down. Unemployment remains high, and hundreds of thousands of people are still paying a heavy price for the easy loan policies of the banks prior to the crisis. Full recovery from the crisis is likely to take many more years.

Regarding the political changes, many things can still go wrong. Cynically speaking, it can be seen that the fledgling parties are just new, younger versions of the old ones, merely serving to replace their predecessors instead of giving some added value to the whole party system. However, it is not yet time for cynicism. If the new parties consolidate their foothold amongst the big ones, they will force the old parties to adapt to the new situation. All the parties need to find a way to better take into account the other players in the field, find a way to make compromises, and build a reformed, functional, and more accountable democracy in Spain.

The Catalan situation is adding to the insecurity in Spain. A unilateral declaration of independence without the majority of the Catalans would not be a democratic step forwards, but a result of a stubborn game of chicken, where the losing party prefers to crash instead of admitting its loss. However, “lawfare” on the part of the Spanish government towards the *soberanistas* is not a welcome approach either, since it undermines respect for the rule of law. In the end, the whole independence project is a product of political disagreements, and the only lasting solution to such disagreements can be found through political dialogue.

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