

International finance backs Socialist Party in Spain's April 28 elections

By Alejandro López
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On the eve of the general, regional and local elections in Spain this Sunday, the Socialist Party (PSOE) has emerged as a favoured victor for significant sections of big business and global financial concerns.

Current polls suggest the PSOE will finish first and increase its seats in Congress, but will fall well short of a majority. It is expected to win about 29 percent of the vote (around 128 seats out of 350), followed by the right-wing Popular Party (PP) with 20 percent (83 seats), Citizens with 15 percent (53 seats) and pseudo-left Unidas Podemos with 13 percent (34 seats). The far-right Vox, which has never won a seat in Congress, could take 11 percent of the vote (22 seats).

The outcome of the election is extremely uncertain, with polls showing that up to four in ten voters have yet to decide, and up to half will not vote at all. Several coalition arrangements are possible, including a renewed PSOE government, either in coalition or backed by Podemos and Catalan and Basque nationalist parties, a right-wing PP-Citizens government backed by Vox or even a PSOE-Citizens government. Negotiations to form a government could drag on for months and might break down, leading to a new election.

Some European Union sources are warning about the negative consequences of prolonged political instability in Spain. “Brussels is hoping for a government with a stable parliamentary majority that will be able to push the budget through and put an end to all the wavering that has been the rule since 2015,” a high-ranking EU official told *El País*.

In an editorial, “More political paralysis will not serve Spain well,” Britain’s *Economist*, known for its neo-liberal and pro-EU stance, calls for Spanish voters to “give the Socialists a governing majority.”

It urges, “To sustain growth, it needs plenty more

reform: to its schools system, its pensions, its complicated political structure and the labour market, building on [former PP Prime Minister] Mr Rajoy’s useful work.”

A PSOE government is seen therefore as the best mechanism to deepen the savage austerity policies unleashed by its PSOE and PP predecessors since the outbreak of the world economic crisis in 2008.

These policies have had devastating consequences for workers and youth.

Unemployment is at 20 percent and 50 percent among young people. For those employed, 30 percent are in temporary jobs, of which half are in contracts with periods of less than six months.

According to Oxfam, poverty has multiplied by four since 2008. Its annual report of world poverty notes that in Spain last year there were an additional 16,500 households that did not receive any type of income, bringing the total to 617,000 people. At the same time, the ultra-rich—people whose net assets exceed €40 million—increased by 4 percent, reaching the record figure of 1,690 individuals.

The report also highlights the difference in life expectancy between those living in richer and poorer neighbourhoods—in the capital Madrid it is 7 years and in Barcelona, the capital of the richest region Catalonia, it is 11 years.

A report by JP Morgan, the largest bank in the United States, spoke in similar terms to the *Economist*, saying that “for us, a coalition led by the PSOE will continue to advance towards some sort of fiscal consolidation.” It declared, “A government led by the PSOE will be aware of market pressures and will not be willing to jeopardize the favorable market climate towards Spanish government bonds, thus maintaining a reasonable level of budgetary discipline.”

JP Morgan is also very astute in its assessment of Podemos, which claims that a coalition or support for the PSOE is a means to pressure it to the left and make it responsive to the interests of workers and youth.

In contrast, JP Morgan concludes regarding any such coalition, “We maintain our opinion that there would be no significant systemic risk because the PSOE remains firmly in favor of the European Union and the populist component of Unidos Podemos would be contained.”

It would take very little to “contain” Podemos, given its actual agreement with the PSOE’s central goal of upholding the interests of Spanish imperialism while using left verbiage only in order to head off any political challenge by the working class.

The true measure of Podemos has also been taken by US multinational investment bank and financial services company, Goldman Sachs. It says there could be “three possible coalition governments after a period of negotiations,” one of which could include Podemos, before adding that “all of them are committed to the European project, with solid public finances and a competitive market economy.”

The PSOE and its ally Podemos have done everything possible to secure this positive appraisal from international finance capital. Within two weeks of his installation as Prime Minister last June, Pedro Sánchez announced he would implement the budget passed by the outgoing PP administration continuing austerity while showering the Spanish military with a 10.5 percent increase.

Sánchez also announced he would not reverse the three labour reforms passed since 2010 that have helped decimate the conditions of the working class and would maintain the PP’s law on public security, dubbed the “gag law,” that restricts freedom of speech, prohibits mass gatherings and imposes fines for protesting and making comments on social media.

For ten months, the PSOE pursued an agenda indistinguishable from that of the PP. It continued the prosecution of the Catalan nationalists under fraudulent violent rebellion charges and lobbied in Brussels for the EU to fund Moroccan authorities to terrorise migrants in illegal raids to prevent them crossing over to Spain.

The PSOE’s policies confirm that the entire ruling class is shifting further to the right and closing ranks,

with the aim of suppressing all forms of democratic opposition and intensifying its political conspiracy against the population.

During the electoral campaign, the PSOE has presented itself as the best guarantor of bourgeois rule, while trying to outflank the right-wing parties on law-and-order policies to suppress the Catalan nationalists. The Catalan issue has dominated the whole debate, even though according to the latest survey from Spain’s Centre for Sociological Research people identify the country’s biggest problems as unemployment (61.8 percent), corruption and fraud (33.3 percent), and Spain’s politics, politicians and parties (29.1 percent). Catalan independence was the concern of just 11 percent.

Last Tuesday night, Sánchez opened a party leaders TV debate by saying he “wanted to make clear” he had never made any political agreements with Catalan separatists. Accused by Pablo Casado of the PP of being “the favourite candidate of the enemies of Spain” and Albert Rivera (Citizens) of wanting to “liquidate Spain,” Sánchez insisted there “is not going to be either independence or a referendum” in the region.

Meanwhile, Podemos leader Pablo Iglesias leapt to the defence of the Constitution, calling for its articles relating to social issues (full employment, decent housing), which have remained “unimplemented” for 40 years to be honoured. Iglesias repeatedly asked Sánchez whom he might consider for a governing coalition if the PSOE does not get enough votes to win a majority. He hoped Sanchez would not consider Citizens because “that would be a right-wing government.”

Iglesias pleaded for Sánchez to recognise that “it has become clear that for the PSOE to fulfil some things, Podemos is necessary.” The following day, Iglesias’ moderate temper and tone was praised by professors, journalists and writers in the main bourgeois newspapers, even the right-wing press that is traditionally very hostile to him.

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