

# After Syriza's victory, Podemos now poses a major threat to the Spanish political establishment

 [blogs.lse.ac.uk/europpblog/2015/01/28/after-syrizas-victory-podemos-now-poses-a-major-threat-to-the-spanish-political-establishment](http://blogs.lse.ac.uk/europpblog/2015/01/28/after-syrizas-victory-podemos-now-poses-a-major-threat-to-the-spanish-political-establishment)

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*Following Syriza's victory in the Greek elections on 25 January, a number of commentators have turned their attention toward Spain, where the left-wing Podemos, which originally emerged from the Indignados protest movement, has been receiving strong polling numbers since the end of 2014. [Vicente Navarro](#) writes on the growth of Podemos and his role in shaping the party's economic programme. He argues that the anti-austerity and pro-democracy narrative put forward by Podemos has deeply resonated with the Spanish electorate, and that the party now poses a major threat to the Spanish political establishment.*



Something is happening in Spain. A party that was only founded a year ago, [Podemos](#), with a clear left-wing programme, could well gain a majority in the Spanish Parliament if an election were held today. Following the victory of Syriza in the Greek elections on 25 January, speculation has been raised as to whether Podemos could achieve a similar feat in Spain's parliamentary elections later this year, but what is driving the party's success?

Support for Podemos is intricately linked to the policies pursued by the conservative [People's Party](#) government, led by Mariano Rajoy. These policies have included the largest cuts in public social expenditures (dismantling the underfunded Spanish welfare state) since democracy was established in Spain in 1978, and the toughest labour reforms pursued in the same period, which have substantially deteriorated labour market conditions. Salaries have declined by 10 per cent since the Great Recession started in 2007, and unemployment has hit an all-time record of 26 per cent (52 per cent among the youth). The percentage of temporary, precarious work has increased, becoming the majority of new contracts in the labour market (more than 52 per cent of all contracts), and 66 per cent of unemployed people do not have any form of unemployment insurance or public assistance.

These measures have created an enormous problem in terms of a lack of domestic demand, a major cause of the long-term recession. It has only been recently that very limited growth has appeared, due primarily to the decline in the price of oil, a devaluation of the euro, and the commitment by the European Central Bank (ECB) to buy public bonds. The Spanish government did not have anything to do with any of these events, although it claims now that the short recovery is a result of its policies.

These policies were promoted by the European Union through the European Council, European Commission, and ECB, and by the International Monetary Fund. They were carried out in Spain with the support and encouragement of financial capital, major business enterprises, and their political instrument, the People's Party. The Spanish right has arguably got what it had always wanted: the reduction of salaries and the weakening of social protection with a dismantling of the welfare state. These policies are what the participants at the latest G-20 meeting in Australia presented as a strategy for all countries to follow, championing Spain as a model country.

## Why have the cuts happened?

The reduction of salaries and of the number of people receiving salaries, as well as the reduction of public expenditures, has resulted in an enormous decline in domestic demand and, as a result, of economic growth. The waning of salaries meant increased indebtedness of families and of small and medium enterprises. Debt increased enormously. This meant that banking also increased enormously (Spain has one of the largest banking sectors in Europe, proportionally three times as large as in the United States). But the low profitability of the productive economy meant a large increase of banking investments in speculation, causing huge bubbles, the most important of which was the housing bubble.

When the bubble was still occurring, there was a feeling of euphoria among the political establishment. Even the governing socialist leader, José Luis R. Zapatero, felt that, in a time of such exuberant growth, taxes should be reduced – his slogan at the time was that ‘reducing taxes should be an objective of the left’. He reduced taxes enormously, primarily on capital and high incomes. He announced his slogan in 2005 and passed the Tax Reform Act including the tax cuts in 2006. And in 2007, when the bubble exploded, a huge hole appeared in state revenues: 27 billion euros. According to economists at the statistical office of the Ministry of Finance, 70 per cent of this hole was due to the tax cuts and only 30 per cent to the decline of economic activity at the beginning of the Great Recession.

This is how the cuts started, under the false argument that the country needed to face austerity measures because it was spending too much. In reality, when the crisis started, the Spanish state had a surplus. Spain’s public expenditure is in fact far too low: much lower than its economic level of development would call for. The cuts demonstrate the political nature of these interventions.

Zapatero froze public pensions to save 1.5 billion euros, when he could have obtained 2.5 billion by recovering the property taxes that he had abolished, reversing the lowering of inheritance taxes (2.3 billion), or reversing the reduced taxes of individuals making 120,000 euros a year (2.2 billion). These cuts were expanded later by Rajoy, who cut 6 billion from the National Health Service, stressing, as Zapatero said before, that “there were no alternatives” – the most frequently used sentence in the official narrative.

There were alternatives, however. He could have reversed the lowering of taxes on capital to large corporations that he had approved, obtaining 5.5 billion. Indeed, I wrote, along with Juan Torres and Alberto Garzón, a book on this subject entitled ‘*There are Alternatives*’ (*Hay Alternativas: Propuestas para Crear Empleo y Bienestar Social en España*). The book showed, with clear and convincing numbers, that there were in fact other options to the policies pursued. It became a bestseller in Spain and was widely used by the *Indignados* movement.

### **The *Indignados* movement**

The cuts to public social spending and the three labour market reforms carried out first by the socialist (PSOE) government, and later by the conservative (PP) government, angered many citizens, since not one of these measures had a genuine popular mandate. None of those policies had been mentioned in the electoral programme of the governing parties. In response, the *Indignados* movement appeared and quickly spread all over the country. Its slogans, such as “They, the political class, do not represent us” became widely popular. Consequently, state institutions started losing legitimacy, while the state responded by trying to repress the movement. That did not stop the *Indignados*, however: many of their leaders were young and therefore highly affected by the crisis.

The *Indignados* movement demanded a second transition, calling for an end to the 1978 regime (the political system established in 1978 when the dictatorship ended) and for the establishment of a new democratic order, explaining the need to substitute existing representative institutions with new ones, complemented by other forms of democratic participation such as referendums and/or popular assemblies. The goal was to establish an authentic democratic system with forms of direct citizen participation such as referendums, plus indirect forms of participation such as representative democracy, ensuring political parties would be much more democratic than they are today.

The movement had an enormous impact, with its starting point being a protest against the slogan “There are no alternatives”. In fact, the leadership of the *Indignados* showed our book, *Hay Alternativas*, in front of police who were trying to control a demonstration. The photograph of thousands of people displaying the book was widely distributed within the movement and published in the press. Their major aim was essentially to highlight that there were indeed alternatives, and to question the legitimacy of the state, which was imposing policies that did not have a popular mandate.

### **The new political party: Podemos**

The *Indignados* became aware that alongside protests they also had to intervene in the political arena, and this is essentially how Podemos began. The leaders of Podemos were drawn from individuals who had played a leading role in the movement. Some are junior faculty members in the Department of Political and Social Sciences in the largest public university in Spain, Complutense. Many have been active in the youth movements of the Spanish Communist Party.

Regardless of where they come from, they all felt that the root of the problem was the control of the state by a class of politicians, based primarily in the major parties – the liberal-conservative party (PP) and the socialist (PSOE) – who were closely related and tied to the major financial and banking corporations that have corrupted state institutions. They called for the establishment of a democratic state and a democratic Europe, “a Europe of the people, not the Europe of the bankers”.

They stood in the elections to the European Parliament in 2014 and received a much larger vote than they had expected. More importantly, the polls showed substantial growth in their support, to the point that at the end of 2014 it **became clear** they might even be capable of becoming Spain’s governing party – a situation they had never thought possible in such a short space of time. The party’s message, “*Vote against the caste: Throw all of them out,*” has deeply resonated with the electorate. It is clear that the majority of people are fed up with the political and media establishments and have turned to Podemos for an alternative.



Pablo Iglesias, Credit: La Veu del País Valencià (CC-BY-SA-3.0)

Nevertheless, at this stage the party still lacked a clearly defined structure. This created an urgent need to develop a party organisation, based on an assembly model within a frame developed by the leadership. To prepare its programme, they have asked myself and Juan Torres (co-author of *Hay Alternativas*) to formulate an outline of the economic programme that the Podemos government should implement if it is elected. This outline would be the basis for a full discussion within the Party. The title ‘*The Need to Democratise the Economy in Order to End the Crisis and Improve Justice, Well-Being and Quality of Life: A Proposal to Initiate a Debate to Resolve the Problems of the Spanish Economy*’, describes the intention of the document. It was widely distributed by Podemos, under the new title *Un Proyecto Económico para la Gente (An Economic Project for the People)* and has so far had an enormous impact.

The presentation of the proposal by the spokesperson of Podemos, Pablo Iglesias, together with ourselves as authors, became a major event in Spain. The hostility of the mainstream and economic media, as well as the intellectuals and spokespersons of the major governing parties (PP and PSOE) has led to some notable attacks against the document – and indeed its authors. In Europe, the President of the Bundesbank indicated that the proposals put forward in the document would be harmful to the Spanish and European economies. Alongside these unprecedentedly negative responses, however, it has also created considerable positive responses at the street level in Spain and has contributed substantially to altering the character of the economic debate by challenging the prevailing ideology.

Our document was not a budget for the future Podemos government, but rather the strategic lines to be followed. The analysis of the causes of the crisis focused on the enormous growth of inequality responsible for the financial, economic, and political crisis. It puts at the centre of the analysis the conflict of capital (under the hegemony of

financial capital) against labour. This has led to an enormous decline of domestic demand caused by the decline of wages, increases in unemployment, and cuts of social public expenditures. The proposals, therefore, aimed at reversing this growth of inequality by increasing domestic demand (via salaries and employment growth) and by expanding public expenditures and investments (in particular, the social infrastructure).

It also underlined the need to expand public banking, as a way of providing credit to families and to small and medium-sized enterprises. It proposed reducing the working week to 35 hours and reducing the age of retirement from 67 to 65, reversing policies approved by the PP and the PSOE. The impact of the programme would strengthen labour at the cost of capital. Furthermore, it showed the clear need to correct gender inequalities as a way of increasing employment. It also suggested how all the proposals could be funded, asking for substantial changes in the fiscal policies of the country and the reduction of tax fraud.

### **What explains the success of Podemos?**

It is easy to answer this question. There is enormous anger toward what Podemos calls “*la casta*,” the cast. That includes the governing elites in the political establishment who have developed close complicities with the major financial and non-financial corporations that dominate the political and media institutions of the country. The call for “*throwing all of them out*” awakens general support among the majority of the Spanish people.

In addition, Podemos uses a language that people relate to, redefining class struggle as the conflict between those at the top and everyone else – a narrative that mobilises a diverse support base. Moreover, Podemos makes the call for democracy central to its strategy, redefining democracy to include different forms of participation, such as referendums (defined as the right to decide, *el derecho a decidir*) together with indirect or representative forms of democracy. It is because of this commitment to democracy that it has accepted the right of self-determination for the different nations that exist in Spain, breaking with the vision of Spain as a uni-national state.

This understanding of Spain as a ‘plurinational’ state has been a historic demand of all left-wing parties (including the PSOE), but it was abandoned during the transition to democracy by the socialist party because of the King (appointed by Franco) and the Army. The enormous popular demand by the Catalan population for the right of self-determination (not to be confused with the call for independence: 82 per cent of Catalans support the first, 33 per cent support the second) has created enormous tension within the central government and today is highly unpopular.

The success of Podemos has become a major threat to the Spanish (and European) establishment. Today, the Spanish financial, economic, political, and media establishments are on the defensive and in panic, having passed laws that strengthen the repression. The heads of the major banks in Spain are particularly uneasy. The chairman of the Spanish banking group Santander, who died in September last year, indicated shortly before he died that he was extremely worried, noting that Podemos and Catalonia posed notable threats to Spain. He, of course, meant his Spain. And he was right. The future is quite open. As Gramsci once indicated, it is the end of a period without a clear view of what the next one will be. Europe, Spain, and Catalonia are ending an era. This is clear. What remains unclear is what will come next.

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*Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.*

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