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Spain after the June 2016 elections: What implications for the EU?

Abstract

Due to the recent fragmentation of the Spanish party system, the present minority government has the weakest parliamentary support of all previous governments since 1978. Despite this, together with fierce charges of corruption within the ruling Popular Party (PP), the government is currently sitting safely. The collaboration of Ciudadanos and some regional parties is key to this stability. The Socialist Party (PSOE) – until now the main opposition party – is in a process of reconstruction after deep internal divisions, partially related to electoral competition with Podemos, a new party. For the time being, there are scant possibilities of a centre-left coalition that could compete with the current government. The way in which the current PP government is managing the economic crisis is a stabilising element for Brussels and the Eurozone. Support for the EU and Euro membership remains strong among Spanish voters and parties. There are, however, some political divergences regarding austerity policies and calls for more social policy dimensions in the Eurozone. The main factor of rising uncertainty in Spain right now is the Catalan independence process.

1 Introduction

Spain held general elections on the 20th of December 2016 but, given the impossibility to form a government, elections were held again on 26th of June 2016. After several months of negotiations, the Popular Party (PP) was able to form a government at the end of October that year. For the first time, Spain had an interim government for a long period (10 months). When the PP finally obtained the approval of Congress to form government it did not get the support of the absolute majority of MPs. This is not exceptional in Spain – one of the countries in Europe which has most often had a minority government – , but no ruling party has ever had such a limited number of seats in the Spanish Parliament.¹ Mariano Rajoy was finally elected as Prime

Minister in Congress with the support of members of his own ranks, as well as two other parties, the centre party Ciudadanos and the regional party Coalición Canaria. It took three previous and failed votes after the June elections, and hard negotiations between and within the parties until this was finally possible. The key was the abstention of most of the Socialist (PSOE) MPs, which has led to a deep internal division of the party.²

Although the formation of a new government signals the end of a period of high political uncertainty, this does not mean that it is going to be easy for the PP to rule from now on. For any measure that needs to be approved, the

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¹ The PP has 137 out of 350 seats.

² To form government the PP needed the support of the simple majority of the valid votes in Congress. That is why the abstention of 68 Socialist MPs was crucial. The PP obtained the confidence of 170 MPs. The leftist Unidos Podemos, the Basque and Catalan nationalist parties, and 15 Socialist MPs voted against.

PP will need to obtain additional support from other parties. Ciudadanos has pledged support as long as the PP respects the 150 measures negotiated in exchange for their support in forming the government³. Several of these are aimed at fighting corruption. This is a delicate issue, as many of the currently unresolved corruption scandals affect the PP itself⁴. But for the time being, this pact seems to be functioning. Another crucial and more unexpected ally of the government between October and May has been the Socialist Party. So far, the PP and the PSOE have agreed on a number of measures.⁵ Since the primary elections held in the Socialist Party it is still unclear how willing this party is going to be to enter agreements with the government.

Political stability has partially benefitted from divisions within and between the two main opposition parties: the Socialists and Podemos. After the result of Podemos' party congress in mid-February the distance between these two parties grew further. The winning faction – represented by its leader, Pablo Iglesias – is considered more left leaning and ideologically radical than its alternative. The Socialists, for their part, are in a process of internal reconfiguration and reconciliation after the unexpected victory of Pedro Sánchez during the heavily polarized primary elections last May. This situation is making the task of a weak government easier than expected.

However, the government is still in a rather fragile position on several fronts. First, as mentioned, it is still uncertain what will be the attitude of the Socialist Party in this new era. So far, the 2017 budget and the limit of expenditure for the 2018 budget have been passed without their support⁶. Secondly, the government has a tough and very active issue to deal with in Catalonia. The Catalan government has announced its intention to hold a referendum on independence on October 1st, even if the central government or the Congress do not approve it. If the “yes” to independence wins the referendum, the Catalan government threatens with a declaration of independence. The accusations of illegality on the part of the Spanish

government, and the internal tensions in the Catalan government lead to increasing polarisation around this issue and make future events very unpredictable. Thirdly, the European Union has asked Spain to implement further economic adjustments, which will put pressure on certain already affected social sectors. The management of Brexit poses a fourth challenge for Spain, even if, at the same time, this new difficult scenario opens up new opportunities for the government to find new allies in the EU. Fifth and finally, some attention needs to be paid to the non-politicisation of the immigrant/refugee issue in Spain so far. These are the five aspects of the current Spanish political scene that will be addressed in the following pages.

2 A government in need of support, and a weak opposition

As already pointed, the government is highly dependent on agreements to be able to pass the budget in Congress. The proposal for the 2018 budget needs to be ready for late September. Once it is approved, stability will be recovered in an important front and the risk of early elections will be dissipated. However, the corruption scandals that affect the PP do not facilitate the collaboration of other parties with the government. It is in no party's interest to be seen as the facilitators of a government in the hands of a corrupt party. In fact, different ways of avoiding this outcome are at the basis of the internal crisis in the PSOE.

The Secretary General of PSOE until last September, Pedro Sánchez, was clearly in favour of voting against the PP forming a government, as this was the message he had conveyed during the electoral campaign (“no is no”). However, others in his party proposed to contribute to the political stability of the country by passively facilitating the formation of a PP government. This group was the largest within the party's higher ranks, and they forced Pedro Sánchez to resign as Secretary General. A managing committee became in charge of the party, and Sánchez left his seat in Congress a few weeks later. Divisions within the Socialists were intensified in light of the party primaries.

³ The agreement between PP and Ciudadanos implies an increase of 1.650 million euros in social expenditure, the freeze in income tax and a lowering of the VAT.

⁴ The PM himself has just testified in the case of illegal funding of his party.

⁵ During that period the Socialists supported some tax increases, a rise of the minimum wage, an agreement against energetic poverty and a higher limit of public spending for the regions.

⁶ The 2017 budget – more restrictive than the 2016, as requested by Brussels - was passed in June this same year with 176 votes. The government has had to enter harsh negotiations in exchange for support, which it finally got from Ciudadanos, the Basque Nationalist Party (PNV) and the two regional parties of the Canary Islands (CC y NC). The same parties are expected to support the government for the 2018 budget.

Three candidates run to be the next Secretary General⁷. Sánchez based his campaign on being the more clearly leftist candidate, an honest leader, and the only one that respects the preferences of party members and voters. The other two candidates presented themselves as favouring party cohesion.

On May 21st, Pedro Sánchez was re-elected as Secretary General. If early elections were to take place, a Socialist party led by Sánchez would have more chances to recover some of the more moderate voters of Podemos (previous Socialist voters). However, the party is so deeply divided that it could probably lose other voters on its more centrist flank. An alliance between Podemos, PSOE and nationalist parties could be on the table at some point, although, so far, this has proven to be a rather difficult task. In the event of early elections, the PP would probably be electorally reinforced and could probably form a government with the help of Ciudadanos again.

3 Catalonia, the territorial fracture, and Constitutional Reform

One of the main factors blocking an alternative majority in Parliament is, in fact, the issue of the referendum on independence in Catalonia⁸. Over the last few years the Catalan government has been demanding that a “legal” referendum on independence be allowed to take place in a similar fashion to the Scottish one, but the PP government has completely refused to enter any dialogue on the matter. In response to Rajoy’s refusal, the Catalan government has recently called a unilateral consultation on independence to be held on October 1st 2017.

This issue does not only have polarising effects between the central and the regional government; it also creates deep divisions between the PSOE, Podemos and Ciudadanos. Although the Catalonia issue was not very present during

the December electoral campaign; it became prominent during the failed negotiations to form a government that followed the elections. More specifically, Podemos offered a coalition agreement with the PSOE conditional on the latter’s support to hold a referendum in Catalonia. The socialists, in turn, refused.⁹ The territorial issue draws an even thicker line between Podemos and Ciudadanos. In fact, this was one of the key factors that prevented effective cooperation between the three parties to oust the PP from power. Pedro Sánchez, the re-elected as Secretary General of the Socialists, has confirmed his rejection of a referendum. Even if PSOE and Podemos found common ground on this, they would still need the support of the Catalan nationalist parties, which is unlikely in the current climate of confusion surrounding the consultation. A lot will depend on what the post October 1st scenario dictates in Catalonia.

The 2011–2015 legislature – under the PP majority government- was marked by the growing desire amongst Catalan citizens for the region’s disentanglement from the rest of Spain.¹⁰ The Catalan government – at the time a coalition of two nationalist parties- called and organised a consultation on independence on November 9th 2014¹¹ that was considered illegal by the central government. Since 2015 the same parties (united under *Junts Pel Sí*) rule in Catalonia with the support CUP, a smaller anti-capitalist, anti EU, pro-independence party. They agreed on a self-appointed mandate to request a legal referendum with the Spanish government and, if this failed, to call a popular consultation followed by a unilateral declaration of independence. In May 2017 the current Catalan PM, Carles Puigdemont, asked the government for the last time “to start negotiations on the terms and conditions for the referendum to be held”. The government refused and invited Puigdemont to present the proposal to the Spanish Parliament, which the Catalan PM declined. In July, representatives of the three secessionist parties in Catalonia presented the draft of the

⁷ The three candidates were Patxi López, leader of the Basque Socialists and former ally of Pedro Sánchez within the party; Pedro Sánchez, the former Secretary General, himself; and Susana Díaz, the President of Andalucía. The last one counted on the support of all previous Socialist Prime Ministers, and most regional leaders of the party.

⁸ Being in favor of the celebration of a referendum does not imply being in favor of independence.

⁹ This is not surprising given that the territorial issue divides the constituencies of these two parties, especially so in Catalonia, Galicia or the Basque Country, where parties compete along a nationalist as well as an ideological cleavage. See Pérez-Nievas and García-Gil (2016) “[Los dilemas del PSOE y Podemos en la cuestión territorial](#)”.

¹⁰ The origin of this last phenomenon has to do with several factors. In the first place, the sentence by the Constitutional Court in 2010, which curbed aspects of self-government. Secondly, PP – which won the 2011 elections -, is perceived by many Catalan citizens as a very centralist party. Finally, in the context of the economic crisis, the PP restricted fiscal and financial autonomy of regional governments shortly after its arrival to office. The growth of support for a “break-up” with Spain became evident in the march commemorating Catalonia’s national day in September 2012, when a million and a half Catalans took the streets under the Slogan “Catalonia, New State in Europe”. See Ruíz-Rufino (dir.) (2017) “[El auge del independentismo en Cataluña. Un análisis demoscópico](#)”.

¹¹ Over two million Catalans (37% of the electors) turned out and 80% of them voted for the independence option.

so-called Self-Determination Referendum Bill which they intend to pass in the Catalan Parliament in August. This bill is the legal framework for a unilateral call for a referendum on the secession of Catalonia. It sets the question (*Do you want Catalonia to become an independent state under the form of a Republic?*), it regulates the process, and it fixes the date in which the referendum will take place. The draft Bill also prefigures that if the *yes* wins, the Catalan Parliament should declare the independence of Catalonia within two days.

The PP's refusal to negotiate is argued on constitutional motives but there are also political factors behind. Support to the current distribution of power between the state and the regions (*Estado de las Autonomías*) has been seriously eroded after the Great Recession. In other regions such as Madrid, Castilla-León or Murcia, where the PP is the dominant party, preferences for a recentralisation of the State have grown.¹² Thus, a referendum would be very unpopular with the PP's own electorate.

In the months following the formation of his minority government, Rajoy took some steps to open a dialogue with the Catalan government on issues not related to the referendum including state investments in infrastructure, clarification of regional and state competences and the reform of the system of regional finance. All these will be issues in any negotiation attempting to accommodate Catalonia's secessionism after October 1st. On the other hand, the PP government has "judicialised" the conflict. It has insisted on the legal prosecution of those responsible for the November 9th consultation back in 2014. In fact, following a Court decision earlier this year, the previous Catalan PM, Artur Mas, and three other senior officials from his government were barred from public office for two years. The Court of Auditors is also claiming him for the public expenses incurred during the consultation. The government is also sending permanent warnings through

the Public Prosecutor Office to members of the current Catalan executive on the legal consequences of trying to organize a new (illegal) consultation. The aim of this is both to intimidate members of the Catalan government and to introduce a fracture within the pro-independence coalition that governs Catalonia. The Catalan government is compounded by two parties - PDeCat (the former CDC)¹³ - and the ERC and recent surveys are far more favourable to ERC¹⁴.

So, what's next? The Spanish government is sending warnings that it will use any means at its disposal to prevent the consultation. Almost certainly, the Self-Determination Bill will be struck down by the Constitutional Court after being passed in the Catalan Parliament. After this, it will be technically very difficult to carry out the consultation for different reasons. Any collaboration with the referendum process by citizens or civil servants will be considered illegal and subject to indictment¹⁵. So the big question is how far is the PP government willing to go to prevent the celebration of the referendum. Article 155 of the Constitution allows the central government to suspend self-government "if an Autonomous Community does not fulfil the obligations imposed upon it by the Constitution or other laws". This constitutional device has never been used so far. But even if art. 155 is left aside, the call for this new consultation is most likely to produce a clash between the two administrations. The Catalan pro-independence parties will try to present this as a new restriction on Catalan self-government, with the aim of renewing support to the secessionist in snap regional elections. In any case, the uncertainty surrounding this process is so high that it is very difficult to make any predictions.

The demand of a legal referendum is well entrenched across different electorates in Catalonia (around 70% are in favor), including those who are against independence.

¹² See Pérez-Nievas, Paradés and Mata (2013) "[Los efectos de la crisis económica en la legitimidad del Estado Autonómico](#)".

¹³ The former CiU, which governed Catalonia for decades, was dissolved just before the last regional elections and its mayor partner, CDC (stigmatised by corruption), was refounded last July as the Democratic Party of Catalonia, PDeCAT.

¹⁴ In fact, the strategy of breaking up the block is, to some extent, bearing fruit: in the week after the presentation of the Referendum Bill a Minister of the Catalan Government –belonging to the PDeCat- publicly expressed some concern for the consequences of his legal prosecution on his family wealth, with the immediate consequence that he was removed from the Office. In the following week there was an additional reshuffle with three additional Ministers, all of them from the PDeCat, exiting the government. As a result of this crisis, the Catalan government has probably gained in unity to defy central institutions, although it is also perceived to be less plural and more clearly controlled by the "hardliners" of the secessionist cause.

¹⁵ Recently, in mid-July, the Chief of the Catalan police has resigned to show his disagreement with the legal uncertainty that the holding of a unilateral Referendum will create for civil servants such as the officers of the regional police. Likewise, several local councils have announced they will not collaborate with the process.

Following the most recent survey conducted in mid-June the gap between those who would vote *yes* to independence (41.1%) or *no* (49.1%) is now widening.¹⁶ A unilateral consultation organized by the Catalan government clearly gathers less support than a legal and agreed referendum: at the most, 48% of Catalans support the holding of a referendum “whether the Spanish Government wants it or not”.¹⁷ In sum, the celebration of an illegal consultation could backfire on pro-independence parties.

One last relevant aspect is that Catalan pro-independence parties have few allies, both in Spain and abroad. Even in the Basque country - where a coalition was formed by the PNV (Basque nationalist Party) and the regional branch of the PSOE – the government has publicly distanced itself from the secessionist process in Catalonia. Although the PNV competes with a smaller Basque nationalist party (Bildu), the PP and the PNV have strong incentives to remain political allies in Parliament. As previously mentioned, the PP needs the parliamentary support of the PNV, whereas the latter will need the PP to protect the Basque Country’s extraordinary fiscal autonomy in the event of constitutional reform.

Given the complexity and challenges arising from Catalonia, it is not surprising that proposals for territorial reform figured prominently in most parties’ manifestos both in the December 2015 and the June 2016 general elections. Several of these imply a reform of the Constitution. PSOE proposed the adoption of a federal structure for the country, including a reform of the Senate with the aim of effectively channelling regional interests through the second chamber. Podemos and its regional electoral allies defend the recognition of a plurinational State, including the right to self-determination for the regions (i.e. the holding of a referendum in Catalonia). Ciudadanos, by contrast, wants a greater homogenisation of powers across regions that might put an end to what the party considers regional privileges -i.e. fiscal autonomy in the Basque Country-, as well as the suppression of the Senate. The PP did not put forward proposals for Constitutional Reform in its party manifesto although it seems to be coming to terms with that possibility in the months following the

formation of a minority government. To some extent, it was forced to do so in exchange for the support of Ciudadanos. In fact, the government approached PSOE (before its primary elections) and Ciudadanos to study possible reforms that would affect the Senate, the distribution of powers between the state and the regions, and the system of regional finance.

After the re-election of Pedro Sánchez as Secretary General, PSOE and Podemos are attempting a rapprochement on questions of territorial reform. In the PSOE Congress held last June, the party proposed to include the recognition of Spain as a “plurinational state” in the Constitution. More recently, the national and Catalan executives of the Socialist Party signed the Declaration of Barcelona, an initiative to push for a constitutional reform that will include the recognition of the national identity of Catalonia as well as a new system of regional finance¹⁸. However, the Socialists’ proposal for a plurinational Spain rejects the idea of self-determination for the regions and therefore still falls short of the legal referendum that Podemos and its regional coalitional partners demand for Catalonia. In the short term, even if Pedro Sánchez wants to move the PSOE to the camp of those in favor of a legal consultation -which is unclear at the moment-, he will find strong resistance in its own ranks (especially, although not only, in Andalucía). Therefore, the question of a legal referendum in Catalonia is likely to remain a stumbling block in any attempt by the PSOE and Podemos to form an alternative government to that of the PP.

4 Spain and the EU

In the meantime, the EU has been putting pressure on the government to achieve fiscal balance. After reaching a 4.6% deficit in 2016 – the country was about to be sanctioned for not reaching the fiscal objectives – Spain is now supposed to reach a 3.1% deficit by the end of 2017. The government is confident that it will be possible thanks to increased revenue from new taxes from income tax as a result of an improvement in the labour market and from economic growth. However, if Brussels is right in estimating this year’s deficit at 3.3%, Spain will have to find 2 billion extra euros to cover up that deficit.

¹⁶ Survey carried out by the [Centre d’Estudis d’Opinió \(CEO\)](#), dependent on the Catalan government.

¹⁷ Other Survey Institutes estimate a lower support to the unilateral referendum by the Catalan electorate. See Ríos Fernández (2017) “[El futuro del Catalunya: Repaso a las Encuestas](#)”.

¹⁸ The document also demands the effective decentralization of competences included in the 2006 Catalan Statute to the regional government, and the promotion of Barcelona as an economic and political capital through the relocation there of some of the political institutions of the country.

As long as the PP stays in government and the 2018 general budget is finally approved, the objectives of fiscal balance and the compromises achieved with the EU will be kept. The fact that it is a minority government does not seem to affect any of these. The source of uncertainty has more to do with whether there is a rapprochement between the Socialists and Podemos. If they were able to form a tough opposition they could demand a more flexible application of EU demands. However, Pedro Sánchez has used Portugal as a model and marks the distance with Podemos, for whom he considers the model to be Greece. This is not to say that a new division between pro-EU and Eurosceptic parties is appearing. In Spain, there is not one relevant party that can be called “eurosceptic”, equivalent to parties such as UKIP, FN, FPÖ, PVV or AfD in the UK, France, Austria, Netherlands or Germany, respectively.¹⁹ No Spanish party talks about a referendum on the EU and only a few small parties, and very timidly so, refer to the possibility of abandoning the Eurozone.

A closer look at the stand of the different parties on the EU during the last elections can make this clearer. The PP, to start with, is a clear Europeanist party and it adopted this definition in its last election manifesto. It was under a PP government that Spain entered the Eurozone. The EU is seen as the best option for confronting the challenges of globalisation and for promoting economic growth and employment. In the last elections, the PP was openly in favour of the TTIP and also of the UK remaining in the EU. Under the last PP government, Spain’s profile in the European Council was often rather low, and European issues took second stage during the electoral campaign. However, this seems to be changing since Rajoy joined the leaders of Germany, France and Italy – Merkel, Hollande, and Gentiloni, respectively – last March in favour of a “two-speed EU”. At the same time that the Spanish PM confirmed his commitment to “more and better integration”, he made it clear that Spain would be in the same group as Germany. What the declaration made by the four leaders in Versailles means for Spain is mainly a higher leverage in the EU. Rajoy offers the stability that the EU needs in these convoluted

times and, in exchange, he will probably find support from his allies on both the Catalan and the Gibraltar issues (see below).

The PSOE was in power when Spain entered the EC and its Europeanist reputation has never been questioned. Under Felipe González, it pushed for further integration under the Maastricht Treaty. It was also in favour of Spain joining the Eurozone, as well as of the European Constitution and the Lisbon Treaty. In fact, it was under the Socialist government that the Spanish Constitution was reformed with the support of the PP, in order to limit public deficit following the indications of the Fiscal European Agreement. Its differences with the PP in this matter are scarce. However, the Socialists put a bigger emphasis on social rights and hold a slightly more federalist position (i.e. more autonomy of the European Commission from the EU member states). In the last elections, PSOE proposed to reach an agreement with Brussels by which fiscal stability would take place gradually and could be adapted to the new context. The way to reach the objective of lower deficit and public debt would be through economic growth and by fighting against fiscal fraud. With respect to governance in the EU, it proposed to increase the mechanisms for responsiveness in EU institutions. Since his re-election, Pedro Sánchez is adopting a more critical position. The abstention of the Socialists in Congress with regard to the Free Trade Agreement between the EU and Canada (CETA) is an indication of this.²⁰

Podemos could, at most, be considered “eurocritic”, as it stands for a “different”, “fairer” Europe.²¹ It is in favour of an alliance with Social Democrats in Europe, in so far as they support a more social and more democratic Europe. In this sense, it is not comparable with other new parties in Europe that are clearly anti-euro and Eurosceptic. In its programme there is no direct reference to the EU and the party does not have a well-developed and unified position on the EU. What is clear is that the party has shown its strong opposition to austerity measures and has said that these “seriously question the viability of the EU”.²² It has

¹⁹ In fact, there are no Spanish MPs in the European Parliamentary Groups where the Eurosceptic parties of other European countries are represented: European Conservatives and Reformists; Europe of Nations and Freedom; Europe of Freedom and Direct Democracy; or the Non-inscrits.

²⁰ The reasons offered by the PSOE for their abstention have to do with the arbitration system that favours big companies and investors, as well as the vulnerability of labour and environmental rights.

²¹ See Otero Iglesias (2015) “El techo del euroescepticismo y las alas del nacionalismo”.

²² During the first half of 2015, their support for SYRIZA and the Greek government was clear. However, after the Greek government signed the new bailout agreement, Podemos has avoided any clear reference to them. Some members have kept some distance due to ideological differences, while the party as a whole is probably avoiding any comparisons to skip any electoral drawbacks.

also been very critical of the EU's migration policy and its role in the refugee crisis, which it considers to be in violation of International Law and human rights. After entering an alliance with United Left for the June 2016 elections, the new formation, Unidos Podemos, proposed a European Conference on the Debt, which dealt with the possibility of a coordinated restructuring of all public debts in the Eurozone, and a change in the deadlines to pay them back. Both parties oppose the TTIP (Transatlantic Trade and Investment Partnership).²³

Finally, Ciudadanos wants a united and stronger EU that can defend the values of democracy and human rights, especially in the context of the refugee crisis. However, Europe has not played a preeminent role in its programme, just like in the case of the Popular Party and the Socialists.

What about the main nationalist parties – both Catalan and Basque – in Spain? The Basque Nationalist Party (PNV) is a clear pro-European party. It wants both more Europe and more self-government for the region. It is in favour of staying in the Eurozone and in the EU and supported the Treaty of Lisbon. The leftist nationalist party, Bildu, favours a more social Europe and is critical of its immigration policies. It supported a document presented by Podemos in the European Parliament to approve mechanisms for exit from the Eurozone, although none of the two parties are openly propose an exit from either this or the EU.

It is probably more interesting to analyse the position of Catalan parties in favour of secession, especially after the Scottish and Brexit referendums. Both of the main pro-independence parties in Catalonia (PDeCAT and ERC) are pro-Europe, they link independence with staying in the EU, and their voters are amongst the most pro-EU in Spain.²⁴ More specifically, they deny that they can be expelled, since they are already citizens of the EU. The European Commission has clearly said that the independence

of Catalonia would imply its automatic exit from the European Union and the new state would have to apply for entrance again. However, as previously mentioned, the similarities between Scotland and Catalonia in their pro-EU pro-secession stand, together with Brexit, may put the PP government and even the European Commission in a difficult situation: any support for a pro-EU Scottish government in favour of a new referendum may be used by Catalans to claim their own right to a referendum. So far, the Spanish Foreign Affairs Minister is getting away with this issue by saying that he will respect any referendum that is legal and that the Catalan one, for the time being, is not.

Moving beyond parties, Spaniards have been steadily Europhile. This has to do with the fact that Spain has, until now, been a net beneficiary of EU funds.²⁵ Once more, Brexit may imply a new position as net donor, and this may change the rather uncritical view of Spanish citizens towards the EU. In fact, some changes have already been observed, as the image of the EU has not been immune to the crisis. This deterioration is common to most countries after 2010 but it has been particularly marked in the case of Spain, where the positive image of the EU, satisfaction with the way democracy works in the EU and trust towards the EU institutions suffered a sharp decline. However, the willingness of Spanish citizens to remain in the Eurozone has remained quite stable and is now on the rise (Figure 1).²⁶ It is also one of the countries amongst EU members where the exit option finds less support. Moreover, attitudes favourable to the EU and its institutions seem to be recovering after touching ground in 2013.

The most critical attitudes towards the EU in Spain are found amongst left-wing citizens (and parties). In this sense, Spain is more similar to Greece (and even to Sweden) than to the UK, Italy, Netherlands, Germany and, to a lesser extent, France, where Eurosceptics have a bigger presence in the right.²⁷

²³ United Left (IU) has traditionally been more critical of the EU. In its manifesto last December it said that the EU had "favoured the maintenance of international disorder, inequalities, war and disprotection of the peoples who demand social justice". However, one of its MPs said that this is not the EU's fault but that of its rulers, who serve the interests of capital and of big multinationals. IU is in favour of democratising all EU decisions and giving more power to the European Parliament. In other words, it does not reject the EU, but the European economic model. It did not support either the Maastricht or the Lisbon Treaties but it has never questioned Spain's EU membership, the exception being the Communist Party – within United Left – which has recently proposed exits from both the EU and the euro. The alliance of this party with Podemos (they formed the electoral coalition Unidos Podemos) has not changed the discourse of this last one and it is highly unlikely that they propose an exit from the EU or the euro.

²⁴ As previously mentioned, the CUP – that only runs in regional elections -, claims exit from the Eurozone and the EU.

²⁵ See European Parliament (2017) "EU Budget Explained: Expenditure and Contribution by Member State".

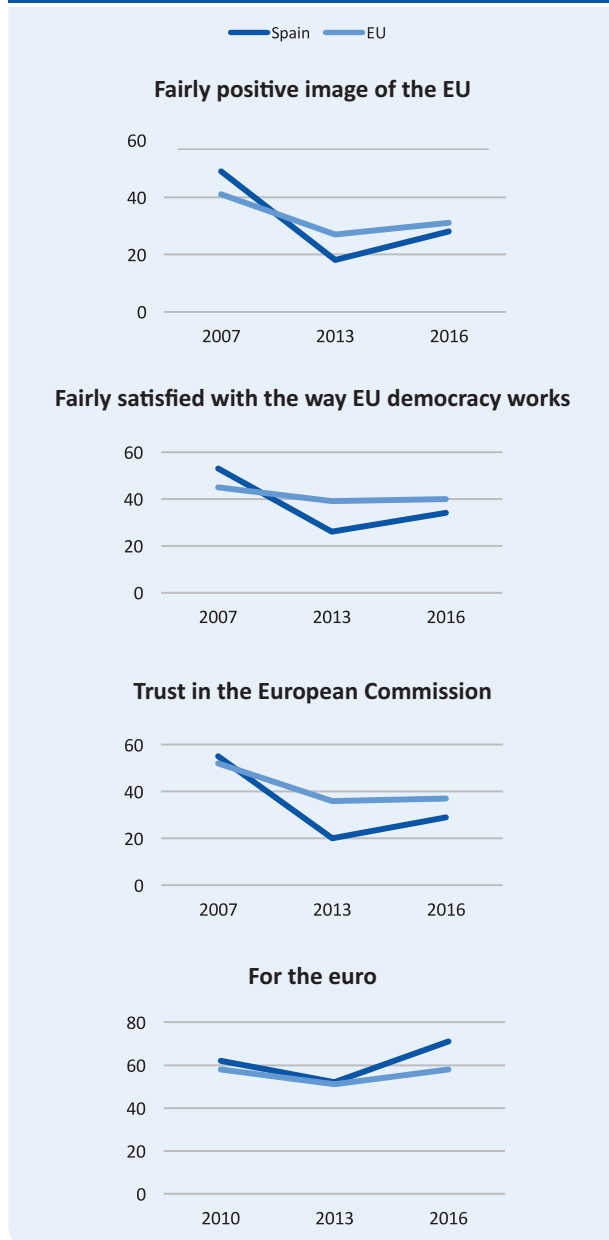
²⁶ See European Commission. Eurobarometers.

²⁷ See Pew Research Center (2016) "Ideological splits on EU favorability".

Another explanation for this low intensity Euroscepticism in Spain probably have to do with a history of isolation during the Franco dictatorship.²⁸ However, this is not the only reason. The bailout has been presented as a measure

affecting the banks and not society (contrary to the cases of Greece and Portugal), even if it has had a clear impact in the growth of public debt. Moreover, anti-immigrant attitudes are less prominent in Spain than in other countries. Last, but not least, given its geographical position Spain has not been as severely affected by the refugee crisis. We analyse these last two issues in greater detail in the next section.

FIGURE 1 ATTITUDES TOWARDS THE EU IN SPAIN



Source: Eurobarometer

5 Spain's position on Brexit

No doubt, the major question facing the EU in the next two years will be that of negotiating the terms of *Brexit*. The UK's drop out of the EU will have strong implications for Spain, both economic and political. On the economic side, the UK is the EU country that receives the greatest share of Spain's foreign investments, and many relevant Spanish companies (such as Banco Santander) have significant economic interests there. In addition, Spain hosts the largest community of British citizens living in any EU country: between 300.000 and half a million Britons – following different estimates – are resident in Spain, most of them retired people living on the coast. The UK is also Spain's major market for tourism, a key sector in the national economy. Finally, over 200.000 Spaniards – most of them young people in employment with medium/high qualifications – are resident in the UK. Thus, the Spanish government has expressed its preference for a "soft Brexit" so that its relation with the UK remains as close as possible to the existing one, at least with regard to commercial relations and mutual recognition of residents' rights. In fact, the Spanish Minister for foreign affairs expressed this idea in his first reactions to Theresa May's triggering of article 50 in late March 2017.

On the political side, by contrast, the Brexit negotiation affects Spain in two important respects: the possibility that a second referendum on independence might be held in Scotland, and Gibraltar's future relations with the EU.²⁹ On the first question, the Spanish government would try to prevent a separate arrangement with Scotland if a second referendum were held before *Brexit*; however, in what has been a relevant diplomatic turn, it is also saying that it will not seek to veto an independent Scotland from joining the EU. On the second, the European Commission seems to be willing to grant Spain veto powers to define Gibraltar's

²⁸ In Spain, political elites saw membership of the EU as an opportunity to redefine Spanish national identity and break up its associations with the experience of the Francoist regime, as well as an opportunity for the socioeconomic modernisation of the country. See, for instance Muñoz (2009) "From National-Catholicism to Democratic Patriotism? Democratization and reconstruction of national pride: the case of Spain (1981–2000)".

²⁹ Gibraltar is the enclave under British sovereignty located on the Southern coast of Spain. In the *Brexit* referendum, Gibraltar's population voted massively (96%) in support of remaining in the EU.

future relations with the EU. In exchange for support on these two questions, Spain seems to have incentives to support a united front with the rest of the EU even if the latter wants to impose a “hard” Brexit.

6 The refugee crisis and the issue of immigration

Given its great echo in many EU member states, some mention should be made on the impact of the refugee crisis on public opinion. In fact, the most remarkable thing one can say about this – and the larger issue of immigration – is the limited effect they have both had on Spanish public opinion, attitudes to the EU or party competition when compared to neighbouring countries.

The minor impact of the refugee crisis can be explained, to some extent, by Spain’s geographical distance from the focal point of the current crisis. However, it may also be related to the strict refugee policy in Spain. In the decade of great migration influx into the country (1999–2009) only a very low percentage of migrants entered Spain as asylum seekers or refugees, and the same has been happening since the refugee crisis exploded in 2015.³⁰ This keeps the asylum and refugee policy almost invisible from Spanish public opinion and away from the high politicisation in other EU countries, where this policy is presented by anti-immigrant groups as a cover for labour migration. In terms of public policy, great changes are not expected: the Spanish reception system for asylum seekers is still quite weak and the extension in refugee numbers has been done by enlarging the number of NGOs that provide assistance. Public sensibility on the issue has increased and there are growing demands from civil society – often channelled by left-wing local governments such as those of Barcelona or Madrid – to open up those restrictions so that more refugees are resettled in Spain.³¹ In terms of party competition at the national level, this issue is almost

irrelevant: there was very little debate on it during both the December 2015 and June 2016 electoral campaigns. This is likely to remain a relatively low profile issue in the near future.

The small impact of the refugee crisis on public opinion is a reflection of the low relevance of the larger immigrant issue in competitive party politics. Spain is quite exceptional in this respect when compared to its EU neighbours, and this exception cannot be explained by the small size of the foreign-born population in the country. Between 2000 and 2009, Spain received half of all migrants to the EU-15 and the net immigration per capita was the highest of any EU country.³² Although some immigrants have left the country because of the economic crisis³³, the percentage of foreign-born persons living in Spain is still around 11% of the population.

Attitudes towards immigrants in Spain are more positive than in countries with a longer tradition of immigration. The interesting thing is that these attitudes remain stable – if not becoming more positive – after eight years of economic crisis and rampant unemployment.³⁴ This high acceptance of migrants by the Spanish population seems to be related to the fact that parties have not activated this issue for electoral purposes. The best example is the absence of a populist right wing party, even in the face of an important transformation of the party system. A number of competing explanations have been offered to explain this absence. One argument is the relative weakness of Spanish national identity.³⁵ A second argument is that electors with radical right-wing preferences do exist but vote for the PP. A third argument is that the cultural proximity of many migrants (around 40% of them come from Latin-American countries) would make Spaniards more resilient to a xenophobic discourse.³⁶ Fourthly, as housing policy or other forms of assistance that

³⁰ Traditionally, Spain had one of the most restrictive asylum and refugee policies of all EU members, see Comisión Española de Ayuda al Refugiado (CEAR) (2016) “[Report 2016: Situation of Refugees in Spain and in Europe. Executive Summary](#)”.

³¹ Interview with Gemma Pinyol, associate researcher at GRITIM-Pompeu Fabra University and independent consultant on migration and international mobility policies.

³² See González-Enriquez (2017) “[The Spanish Exception: Unemployment, inequality and immigration, but no right-wing populist parties](#)”.

³³ See González Ferrer (2013) “[Retorno y reintegración de los migrantes latinoamericanos en Europa](#)”.

³⁴ On attitudes towards immigrants after the crisis, see Cebolla and González Ferrer (2016) “[¿Ha podido más la crisis o la convivencia? Sobre las actitudes de los españoles ante la inmigración](#)”.

³⁵ The strong emphasis on Spanish nationalism by the Franco Dictatorship would have caused a counter-movement during the transition that still persists, which – together with the strong peripheral nationalist movements in different regions – would have contributed to the lack of a strong Spanish identity with a wide appeal.

³⁶ See González-Enriquez (2017) “[The Spanish Exception: Unemployment, inequality and immigration, but no right-wing populist parties](#)”.

involve monetary transfers are quite low, the perception by the autochthonous population of competition for welfare with migrants is less than in countries with stronger welfare systems.³⁷

All or some of these arguments might account for why there is no radical right-wing party in Spain. Nonetheless, in other countries, wide rejection towards immigration has only emerged with the second or even third generations of migrants. As in Spain, the second generation is only now coming of age there might be some potential for a xenophobic party to emerge in the future.³⁸

7 Conclusions

In summary, the results of the June 2016 elections in Spain have the following implications for the EU.

1. Spain has never had such a weak government as nowadays. This means some degree of uncertainty as to the possibility of early elections. However, uncertainty is being cleared away as the government has been able to find support for the 2017 budget and will likely find it for the 2018 one. In case of early elections, the PP would probably come out reinforced.
2. After the reelection of Pedro Sánchez as leader of PSOE the Socialist party needs to overcome its internal division.
3. It is still to be seen to what extent there will be a rapprochement between PSOE and Podemos and whether they will be able to form an alternative majority in Congress.
4. The pro-EU stance is guaranteed under the current government. Spain offers stability within the EU and expects support at the EU level for both the Catalan and Gibraltar issues.
5. The Catalan issue remains the most delicate aspect that the government must confront in the short-run. The Catalan government wants to call a new unilateral consultation in October 1st and declare independence within two days. The central government is warning that it will go as far as necessary to avoid the voting. Early regional elections may be the outcome of this confrontation.
6. The issue of a legal referendum in Catalonia is likely to remain a source of division between PSOE and Podemos. The territorial issue – beyond the referendum – is potentially divisive for PSOE.
7. Given the many aspects in which Spain and the UK share common interests, Spain is in favour of a “soft Brexit”.
8. Euroscepticism is the exception amongst Spanish parties and voters. Some (leftist) parties claim for a more “social Europe” while others support the EU at any cost. The possibility that Spain becomes a net-donor because of Brexit has still not entered the political agenda but, if confirmed, it could lead to the decline of the highly pro-EU profile of Spaniards.
9. Unlike other European countries, the immigrant/refugee issue is not an element of electoral contention. This may be related to the strict refugee policy of the Spanish governments so far, but also to the higher tolerance of Spaniards towards immigrants.

³⁷ See Galindo (2017) “¿Por qué no hay un partido de extrema derecha en España?”.

³⁸ See Cebolla and González Ferrer (2016) “¿Ha podido más la crisis o la convivencia? Sobre las actitudes de los españoles ante la inmigración”.

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