

# Spain: Popular Party embroiled in corruption scandal

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1 September 2010

For the past two years the right wing opposition Popular Party (PP) in Spain has been embroiled in the “Gürtel” corruption scandal, which has implicated many of the party’s top officials and leading businessmen.

Businessman Francisco Correa and a number of close associates are accused of bribing politicians and officials in return for profitable contracts and building permits in the PP-ruled regions of Madrid, Valencia, Galicia and Castile-and-León.

Correa, who rose from obscurity to become a top PP “fixer”, is accused of bribing officials and politicians with cash, luxury cars, designer clothing, expensive watches, Caribbean holidays and parties with prostitutes. Money was also allegedly funnelled into PP funds.

Correa is suspected of accumulating a secret fortune worth at least €50 million (\$64 million), but has not declared any income to the tax office since 1999. Those accused of receiving backhanders from Correa include the ex-PP treasurer, Luis Bárcenas (almost €1.4 million); PP Member of European Parliament José Gerardo Galeote (€800,000); former organizing secretary of the Galician PP Pablo Crespo (€540,000); PP parliamentary deputy for Segovia Jesús Merino (€220,000); former Madrid region MP Benjamín Martín Vasco (€340,000); and former Madrid region sports director Alberto López Viejo (€352,000).

A number of town mayors, who have been forced to resign, have also been involved, including: Boadilla Mayor Alfonso Bosch (€250,000); another mayor from the same town, Arturo González Panero (€642,000); director general of Boadilla Tomás Martín Morales (€450,000); mayor of Arganda del Rey, Ginés López (€534,000); and mayor of Pozuelo, Jesús Sepúlveda (€455,000).

Top businessmen implicated in the Gürtel scandal include the former vice-president of Repsol Oil, Spain’s second largest company, José Ramón Blanco Balín, and Pedro García, director of Channel 9 public television in Valencia. In recorded conversations Correa is alleged to have said, “When police searched the office of Ramón Blanco, I entered into hell, he is my manager, you know”.

The PP leader, Mariano Rajoy, has accused the Spanish Socialist Workers Party (PSOE) government of launching a

witch-hunt against his party. José Luis Peñas, an ex-PP councillor in Majadahonda who first revealed the Gürtel network, has accused Rajoy of being “the main person responsible” for the Gürtel case and said that he should have denounced what he saw. Instead, Peñas said, “I had to spend two years of my life recording all this and Rajoy has done nothing”.

Reports suggest the network may have reached as high up as Alejandro Agag Longo, the son-in-law of former PP prime minister José María Aznar and one of his infrastructure ministers. Both men deny the allegations and neither of them has been named as a suspect. Agag denies any wrongdoing just because he appears in the secret “B” accounts used to record the financial dealings of Correa and his cronies.

Agag was a friend of Correa for many years, and reports claim that the Gürtel network was introduced into the PP “by the hand” of Agag. He became a member of the European Parliament and then secretary-general of the right wing European People’s Party bloc in the Parliament. In 2007, the *Financial Times* called Agag one of the top 10 “shakers and movers” in Spain.

In testimony to the court, Peñas said that Alfonso Bosch, one of Correa’s most trusted men, organised “step by step” the wedding of Agag and Aznar’s daughter Ana Aznar Botella in 2002. Correa was a witness of honour at the ceremony.

Correa started his career organising PP events and functions in the years following the PP election victory in 1996. He used his growing connections to win contracts from public bodies controlled by the PP and from construction companies during the building boom. Correa describes how at party rallies, “I began to meet young people of the New Generations [PP grouping], and began a friendship with many of them, then there were mayors, and others were ministers, and one went to Europe, and another married the daughter of the Prime Minister”.

One of Correa’s accountants, José Luis Izquierdo, recounts how “Mr Correa said that when I referred to him I should call him Don Vito—a reference to the Mafia boss in Mario Puzo’s *Godfather* books. Izquierdo said that on one occasion he had handed envelopes containing €120,000 and €240,000 to two PP politicians.

Correa used a number of shell “service provider” companies with names such as Special Events, Easy Concept and Orange Market to carry out his activities. Special Events, for example, was awarded several contracts by the Madrid regional government. The mayor, Alberto Ruiz-Gallardón, has admitted that, in 2004, a report was “manipulated” to enable the company to get a contract worth €153,000. The same administration also awarded more than 70 contracts to Easy Concept. Orange Market was the service provider to the PP in Valencia.

Much of the Gürtel network money is believed to have been salted away abroad, and eight countries and tax havens have been asked to send details of financial transactions. Switzerland has indicated that Correa and Crespo have €21 million in bank accounts in the country. Swiss national Arturo Gianfranco Fasana was the man allegedly in charge of transferring money out of Spain.

The investigation into Correa and his network was launched by National Court Judge Baltasar Garzón in February 2009, following Peñas’s revelations. Within days of Garzón starting his investigation Correa, his cousin Antoine Sánchez and his right hand man, Crespo, had been arrested.

Soon afterwards, the PP president of Valencia, José Victor Campos, was arrested after revelations, backed up by his tailor José Tomás, that Crespo paid for “all” his suits—estimated to cost €30,000. According to Garzón, the alleged bribes were linked to the award of contracts worth almost €5 million to Correa’s companies in Valencia over a period of four years.

Campos denied the accusation and defended his “20 years of service to the public interest”. PP leader Mariano Rajoy gave his full support to Campos and declared that Correa “had not given a euro to the PP”.

Garzón was removed from the Gürtel case following complaints from the PP that senior politicians should not be judged by the National Court. Garzón was accused of trespass and unlawful interception of conversations between the suspects and their lawyers. He was also ordered to hand over his investigations to courts in Madrid and Valencia and free 34 of the 37 suspects. Only Correa and his two partners, Crespo and Sánchez, remain in custody.

Once Garzón was out of the way, the Madrid court promptly announced that the interceptions were not admissible evidence, and the Valencia Court declared that there was insufficient evidence to prosecute Campos and dropped the case.

However, in September 2009 a police report was leaked to the press giving details of the secret B account and how the PP vice president in Valencia, Ricardo Costa, had received a watch worth €25,000. A tape recording was released in which his alleged briber said, “You know him, he just loves these things.... He is like a child with new shoes”. Costa was eventually forced to resign.

This May the Supreme Court was forced to reopen the case against Campos and Costa.

The Gürtel scandal has since spread further. Last month, the PP President of the provincial government of Alicante, José Joaquín Ripoll, was arrested over alleged corruption involving tenders for rubbish collection. Media reports claim Ripoll had accumulated assets of more than €3 million and owned two luxury loft apartments in Alicante city. Businessman Enrique Ortiz, already implicated in the Gürtel case, was also called in for questioning. Police sources said 11 arrests had been made and 19 searches were carried out in total in Alicante, Valencia and Orihuela.

Aznar’s former environment minister and regional president, Jaume Matas, has been named an official suspect in a huge Balearic Islands corruption case and has been ordered to post €3 million bail in order to avoid being jailed ahead of his trial.

The Gürtel scandal follows on from a similar one, three years ago, in the jet-set resort of Marbella on Spain’s southern coast, which involved 79 companies, the arrest of 50 people and the seizure of €2.6 billion (US\$3.3 billion) worth of assets. The alleged offences included granting permission to build on nature reserves and other land protected from development, manipulation of public tenders and accepting bribes, as well as illegal price fixing.

Although the PP has been involved in the most spectacular corruption scandals, other parties in Spain have also had their fingers in the pie. At the end of 2009, Attorney General Cándido Conde-Pumpido, in an attempt to silence PP criticisms that it was being victimised, revealed that 730 public officials were facing corruption charges. He was investigating just 200 PP members compared to 264 from the PSOE. “The justice system doesn’t go after particular politicians, it just goes after the corrupt, wherever they are”, Conde-Pumpido declared. “Unfortunately, they are everywhere”.

The surfacing of these corruption scandals linked to the construction industry in Spain has revealed the outright criminality that lay at the heart of the country’s now-shipwrecked economic boom. While Spain’s ruling elite benefited from the boom and accrued massive profits, Spain’s working population has found itself falling deeper into debt as it struggles to keep up with the cost of living and faces massive austerity measures.



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