

Spanish Prime Minister Rajoy implicated in corruption scandal

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6 February 2013

Top Popular Party (PP) officials, including Prime Minister Mariano Rajoy and government ministers, are embroiled in a major Spanish corruption scandal.

Evidence from the PP's internal accounts indicates that between 1990 and 2008, leading politicians were paid regular sums of money from secret slush funds provided by construction companies and other businesses.

Thousands have taken part in demonstrations, and nightly protests are being held outside the PP's Madrid headquarters. In just four days, 850,000 people demanded online that Rajoy should resign.

Rajoy is the official whose name appears most regularly in the accounts. The 45 entries suggest he received a total of €322,231 (US\$436,000), including €25,200 (\$34,000) a year from 1997 to 2008, while a minister of public administration and then deputy prime minister. He received another €33,207 for clothing.

Other figures alleged to have received payments include PP former secretaries general Ángel Acebes, Javier Arenas and Francisco Álvarez-Cascos, former economics minister and IMF managing director Rodrigo Rato and former interior minister Jaime Mayor Oreja. There are also notes of payments to "J.M.," who could be José María Aznar, prime minister from 1996 to 2004.

Last Saturday, Rajoy denied that he received any money, but on Monday, with Germany's chancellor Angela Merkel at his side, he stated that "It is all untrue, except for some things".

So far, the PP has claimed that the allegations are inventions by *El País*, a newspaper close to the opposition Socialist Workers Party (PSOE). The PP accuses *El País* of being unpatriotic for launching "unproved allegations" while Spain is in the midst of the worst economic crisis since the end of Francoism.

Former prime minister Aznar has said he will sue the newspaper for defamation.

Even so, some PP officials, including former PP deputy José Trías Sagnier and PP Senate speaker Pío García Escudero, have admitted to receiving regular large cash payments along with their normal salaries.

The latest revelations emerged after former PP treasurer Luis Bárcenas, in charge of the party's accounts, admitted last week in the Spanish High Court that he had repatriated €10 million from a secret Swiss bank account. He had taken advantage of a tax amnesty passed last year by his colleague, Finance Minister Cristóbal Montoro, which allowed tax evaders to repatriate capital from abroad in return for just a 10 percent tax.

At one point, Bárcenas held €22 million in Switzerland before transferring the funds to other accounts after being impeached in the Gürtel money-laundering case (see "Spain: Popular Party embroiled in corruption scandal"). It was the Gürtel case that saw the downfall of top investigative judge Baltasar Garzón. He was suspended from his job for 11 years, effectively ending his career, after the Supreme Court found him guilty of illegally tapping the phones of suspects and lawyers about to move money beyond the reach of his investigations.

In total, more than €5 million of the €7.5 million listed as payments to party leaders prepared by Bárcenas may have exceeded the legal limits under the law that was in effect at the time.

The finance legislation for parties in force from 1987 to 2007, when the law changed, said that "parties may not receive, either directly or indirectly, contributions from the same person or legal entity above the amount of 10,000,000 pesetas [about €60,000] a year. Also forbidden are contributions from companies with

current contracts to provide services or perform work or be a supplier to any public agency.”

The law stipulated that all donations be held in bank accounts opened specifically for donations. This means that all of the donations from Bárcenas’s secret accounts are illegal, as handwritten notes repeatedly specify that all donations were made in cash. *El País* noted that “at the height of the slush-fund system, Bárcenas’ box had over €900,000 in it. Records show that, once the payouts to PP leaders and other expenses had been met, any remaining money was transferred into an account for donations that the PP kept at Banco de Vitoria (later bought out by Banesto). Around €1.2 million were deposited in this account. The other €7.5 million were used to pay PP leaders and cover various operational costs.”

Among the donors who contributed millions to the PP and were listed in Bárcenas’s notes are some of the best-known construction magnates in Spain. They amassed fortunes from government contracts worth billions of euros during the construction boom in Spain from 1997 to 2007.

Also named is Pablo Crespo, who is also named in the ongoing Gürtel investigations. He is considered number two in the corruption network headed by the businessman Francisco Correa—charged with committing crimes relating to bribery, influence peddling, money laundering, tax fraud, conspiracy and forgery. Attorney General Eduardo Torres-Dulce has ordered an investigation into the links between the Gürtel and Bárcenas cases.

The PP is not the only party and government, nor the only institution that has been involved in corruption. Currently, investigations are being held into the illegal payment network used by companies to pay commissions to the ruling Convèrgencia I Unió party in Catalonia.

The monarchy has also been implicated. Inaki Urdangarin, the duke of Palma, who is married to the daughter of King Juan Carlos, is being investigated over claims he misused public funds given to a foundation he ran.

Last June, Chief Justice of the Supreme Court Carlos Dívar resigned after being accused by a fellow judge of claiming business expenses for vacations—as many as 32 long weekend trips, according to investigations carried out by journalists.

Gerardo Díaz Ferrán, former head of the Spanish Confederation of Business Organisations, is currently in jail for forging a mortgage on properties and companies that were about to be repossessed by the bank. He is infamous for his declaration that Spanish workers should “work more and earn less”.

The whole post-Franco bourgeois order is falling apart. The same ruling elites who are involved in tax evasion, money laundering and other crimes are the same ones who are imposing harsh austerity measures in the name of “collective sacrifice”. Under these conditions, the corruption scandal involving vast sums paid in kickbacks is having an incendiary impact among millions whose lives consist of appalling poverty or a seemingly endless struggle to make ends meet.

With some 5 million now unemployed, nearly 26 percent, markets on Monday saw sharp falls in the benchmark indexes in Spain (by 3.8 percent) and Italy (4.5 percent), due to fears of a popular backlash rendering the continued imposition of savage cuts impossible.



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