

# New charges in Spain's Popular Party corruption scandal

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Fresh allegations have appeared in the Spanish media that leading Popular Party (PP) politicians, including Prime Minister Mariano Rajoy and ministers in his government, have regularly received sums of money from secret slush funds provided by construction firms and other businesses.

The corruption scandal has further outraged a population already suffering mass unemployment, low wages and the destruction of social services by austerity measures imposed by the PP and its Socialist Workers Party (PSOE) predecessor. In little more than a week since the scandal hit the headlines, over a million people have demanded that Rajoy resign, and thousands have participated in protests outside the PP's Madrid headquarters.

Last week, the editor-in-chief of the PSOE-aligned newspaper *El País*, Javier Moreno, handed over the documents known as "Bárcenas' secret papers" to the Judicial Police in response to an order from the Anticorruption Prosecutor's Office. The documents allegedly contain handwritten accounts by former PP treasurer Luis Bárcenas showing that more than €5 million [US\$ 6.7 million] of the €7.5 million listed as payments to party leaders might be illegal.

The following day, Bárcenas appeared at the prosecutor's office, where people waited outside calling him "thief" and "scoundrel", and demanding to know "Where's my envelope?" He asserted that the PP had not kept hidden accounts parallel to its official declarations to the tax authorities and that copies of ledgers published by *El País* were forgeries.

However, former PP deputy Jorge Trías told the prosecutor that Bárcenas had personally shown him unofficial records the latter kept of cash payments handed over in envelopes to party leaders and donations from companies that exceeded legal limits.

Rajoy, who has been accused of receiving the most backhanders, has only made two recent public appearances—one where no questions were allowed and another last week following the summit with German Chancellor Angela Merkel, during which only four questions were permitted. Not once has he mentioned Bárcenas.

In a desperate attempt to deflect criticism, the prime minister published his tax returns on Saturday showing an income of €200,000 from the PP. This did nothing to discourage questions about the alleged €25,000 paid to him in cash indicated in Bárcenas's accounts, which also show that Rajoy's salary in the PP grew 40 percent between 2005 and 2011.

In his latest declaration, Rajoy said, "We are not going to go over it again". He defended Health Minister Ana Mato, who according to police reports, along with her husband Jesús Sepúlveda, the former mayor of Pozuelo, received gifts from the Gürtel network of corrupt businessmen. Sepúlveda continues to receive a salary from the PP as "an advisor who works at home".

The "Gürtel" scandal erupted in 2008 and showed the rotten basis of Spain's speculative housing boom. Businessman Francisco Correa and a number of close associates were 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", was accused of bribing officials and politicians with cash and luxury goods. He was suspected of accumulating a secret fortune worth at least €50 million [US\$ 67 million], but had not declared any income to the tax office since 1999.

The current scandal, not surprisingly, has sparked conflicts within the PP. A closed-door meeting

Wednesday was reportedly dominated by “quarrels” and “confrontations”, according to party members present. Esperanza Aguirre, former PP president of the Madrid region and a highly influential figure on the Spanish right, said she would have forced the resignation of Mato and sacked Sepúlveda. She openly criticized PP Secretary General María Dolores de Cospedal for her handling of the Bárcenas scandal.

According to *El País*, “at least four people who witnessed Aguirre’s tirade said she ripped into De Cospedal for not being more energetic” in regard to allegations “that former PP treasurer Luis Bárcenas recorded on balance sheets the bonuses handed out to party leaders, including Prime Minister Mariano Rajoy, [who] are now under investigation by anticorruption prosecutors”.

Aguirre has sided with those in the PP national committee who believe the party should sue Bárcenas.

After the conference Aguirre said, “I have separated from the party, one councillor, three deputies and several mayors before they were named as targets of investigation, and I never had anything to do with them since. We have confronted cases where it was later determined there had been corruption”.

The president of the PP regional government in Galicia, Alberto Núñez Feijoo, declared that Mato “has something to explain” and that he did not trust Bárcenas.

The corruption scandal has also divided the right-wing press, traditionally united in its defence of the PP. The Catholic newspaper *La Razón* and monarchist *ABC* have defended the PP and its leadership, accusing *El País* of forging the documents and claiming that the handwriting in the accounts does not belong to Bárcenas.

The other two main right-wing newspapers, the Catholic, pro-Francoist *La Gaceta*, and the populist *El Mundo*, have attacked the PP leadership. *El Mundo* has also leaked more information about the secret €22 million Bárcenas kept in Swiss bank accounts. Both *La Gaceta* and *El Mundo* have been lukewarm in their support of the Rajoy leadership, which removed the hardliners who supported former PP Prime Minister José Maria Aznar. They defend the right-wing faction headed by Aguirre.

PSOE leader Alfredo Pérez Rubalcaba has demanded Rajoy’s resignation, which would provoke new

elections. His criticism of the PP stems largely from the ruling elite’s worry that Spain’s prestige has been damaged in the international markets and support for the official parties is haemorrhaging. A poll by the Center of Sociological Research taken before the Bárcenas scandal broke out revealed that if elections were held today, the PP would gain 35 percent of the votes, 9 percent less than a year ago, while the PSOE remains stagnant at 28 percent.

The Communist Party-led United Left (IU) has attempted to capitalise on the scandal with empty calls for a “regeneration of democracy” and further law and order measures to root out corruption, such as strengthening the penal code and a new law of “transparency”. IU leader Cayo Lara warned the ruling class, “The government is encouraging situations that may occur, we do not know when, of social explosions. People are really fed up in this country and there is a major social deterioration”.

Ther IU has set itself the task of preventing such an explosion. Joan Herrera, leader of the IU’s Catalan sister party ICV-EUiA, declared that it was necessary to “channel politically” social unrest fuelled by corruption cases. Otherwise, he warned, it would be capitalised on by “nihilistic expressions”.



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