

# Corruption scandal could bring down Spain's government

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Last week the multimillionaire former treasurer of the ruling Popular Party (PP), Luis Bárcenas, was refused bail and remanded in custody pending trial on charges of corruption and tax evasion. He amassed a fortune worth tens of millions of euros hidden in foreign bank accounts, which were used to channel illegal payments from wealthy businessmen to PP ministers and officials.

This week, Spain's second-largest circulation newspaper *El Mundo* published an interview between its editor Pedro J. Ramírez and Bárcenas.

Bárcenas has previously denied that it was his handwriting in a secret ledger detailing the payments, but admitted to Ramírez that he had lied and that he possessed a lot more incriminating documents that "could bring down the government."

Ramírez revealed, "Luis Bárcenas told me that for at least the past 20 years, the PP has been illegally funded, receiving cash donations from builders and other entrepreneurs who in turn got contracts from the administrations ruled by the party.

"Bárcenas told me that what has hitherto been published is but a small part of the documentation in his possession", and that there are, Ramirez continued, "other documents and hard drives that prove the systematic illegal financing of party campaigns." *El Mundo* commented, "The Luis Bárcenas originals published by *El Mundo* today pulverise the alibi used until now by the PP to deny the authenticity of its former treasurer's papers."

The *El Mundo* revelations are the latest developments in a scandal which erupted early this year (See: "Spanish Prime Minister Rajoy implicated in corruption scandal") when *El País*, a daily paper supportive of the opposition Socialist Party (PSOE), first published Bárcenas' ledgers containing detailed accounts of party

finances between 1990 and 2008.

Photocopies of the ledgers were apparently leaked to *El País* by Jorge Trías Sagnier, a disgruntled former PP deputy and legal consultant to Bárcenas. High Court Judge Pablo Ruz is investigating the ledgers as part of the massive, pre-existing "Gürtel" investigation (See: "Spain: Popular Party embroiled in corruption scandal") in which local and regional PP officials are accused of awarding generous public contracts in return for kickbacks from leading businessmen.

Ruz's investigation has discovered that Bárcenas possessed papers showing illegal funding of the PP from the day it was created in 1979, following the end of the Franco dictatorship and the transition to democracy. Then it was called the Alianza Popular (Popular Alliance, AP), headed by former Franco minister Manuel Fraga, providing a safe haven for the fascistic elements from the Franco dictatorship.

The Bárcenas ledgers include names and donations, which often violated Spain's party financing law by exceeding the €60,000 limit from any one individual or company. There are single contributions of up to €250,000 and sums of €400,000 in one year from the same individual. The legal limit was surpassed on more than 30 occasions. In order to conceal their origin Bárcenas broke them down into smaller amounts and entered them as coming from anonymous donors.

Many of the donors were builders or developers on government contracts, including multinational builder OHL, the beneficiary of 215 public works contracts awarded by the PP, and whose chairman Juan Miguel Villar appears to have donated €530,000 to the party. Other construction companies involved are Azvy (€858,000), Sacyr Vallehermoso (€500,000) and Constructura Hispánica (€258,000).

The person who made the largest donations, a total of

€1.15 million, is recorded as “José Luis Sánchez”, probably a reference to Andalusian real estate developer José Luis Sánchez Domínguez, chairman and founder of the Sando group. Other illegal donations are from people implicated in the Gürtel case such as Pablo Crespo, a former leading PP figure in Galicia.

From what has been revealed so far the secret party accounts show that millions in regular undeclared and untaxed payouts were handed to high-ranking members of the PP on top of their official salaries, which is forbidden by Spain’s Incompatibilities Law.

Rajoy appears to have received more than €320,000 during this 18-year period, including millions of pesetas (tens of thousands of euros) in illegal payments while he was Minister of Public Administration in José María Aznar’s PP government between 1997 and 1999.

Aznar also received monthly “bonuses”. According to a report sent by the Tax Agency to Judge Ruz, Aznar received 2.7 million pesetas (€16,755) in three payments after he was sworn in as prime minister in May 1996—in addition to his official salary of 12 million pesetas (€72,500) plus housing and maintenance allowances.

At least six other PP officials are being investigated for receiving “bonus” envelopes from the party over the course of several years. Congressional Deputy Eugenio Nasarre admitted to having received money, whilst Bárcenas was present, for his foundation, the Fundación Humanismo y Democracia (Humanism and Democracy Foundation), including two payments of €30,000 and €40,000 and bonuses of €1,800 a month. Nasarre is quoted as saying that the payment of bonuses was “generalized” and it was “normal” for them to be recorded as “anonymous”. The “bonus” payments received by Nasarre are about double the amount of what a Spanish worker would consider a good wage.

During his 30 years’ work for the PP, Bárcenas amassed and concealed a fortune estimated at €48 million, most of which ended up in Swiss bank accounts. He claims that none of this money came from PP donations or kickbacks but from overseas investments, real estate and art dealings, for which he is facing charges of bribery, fraud, tampering with evidence and cover-ups. He has been under investigation in the Gürtel probe since 2009.

Although Bárcenas stepped down as PP treasurer in 2010, he continued to be paid €250,000 a year—the

highest salary paid by the party to any of its members—as a political consultant until January 31, the day *El País* published its revelations.

Now Bárcenas, according to one PP official, is the “caged bird about to sing”. Other PP leaders have expressed “great concern” that the Barcenas case “is doing terrible damage to the party and society itself”. The fact that *El Mundo*, which is sympathetic to the right-wing PP, publishes the Bárcenas interview is a sign that the knives are out to get the Rajoy leadership and replace it with a more hardline faction headed by someone like Esperanza Aguirre, former PP president of the Madrid region and a highly influential figure on the Spanish right. She openly criticized PP Secretary General María Dolores de Cospedal for failing to defuse the corruption scandal and to sue Bárcenas earlier on.



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