

Spain's most powerful banker warned of "radicalisation"

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Emilio Botín, executive chairman of the euro zone's biggest bank, Spain's Grupo Santander, died of a heart attack on September 10. He was 79. Four days earlier, he had invited a select group of Spanish journalists to a dinner in Milan at which he revealed his fears about the "radicalisation" of Spain.

The meeting is said to have been "off the record" and its contents were published only after Botín had died and Santander had given permission. It was clear that Botín had called the meeting in order to steer editorial policy.

Botín told the journalists that more support should be given to the right-wing Convergence and Union Party (CiU) that rules Catalonia. The party is in crisis over the issue of the region's independence, which it began to support three years ago after decades of opposition. Last week, the Catalan parliament, including the CiU, voted overwhelmingly to approve a referendum on independence on November 9.

The Popular Party (PP) central government in Madrid is vehemently opposed to Catalan independence and has referred the issue to the Constitutional Court, which is expected to declare it illegal. If it does, CiU leader Artur Mas has said he will comply out of concern that holding an illegal referendum could split his party. However, the Catalan Republican Left (ERC), on which the CiU relies to stay in power, says it will withdraw its support if he does not go ahead with the referendum.

Botín said some kind of common ground had to be found. It was necessary to prevent the disintegration of CiU and stop other more radical options such as the ERC benefiting. He thought an agreement could be reached because "it's all about money."

Botín also expressed concerns over the rapid rise of the new pseudo-left party Podemos (We Can), and how

it might hasten the disintegration of the social democratic Socialist Workers Party (PSOE), which, like the PP, has seen its support sink to an historic low.

He told the journalists that it was important for there to be a strong PSOE acting as a loyal opposition. Podemos's surprise result in the European election earlier this year and the surge in its popular support would lead to division and fragmentation of the "leftist" vote and make Spain ungovernable, Botín warned.

Botín had good reason to be fearful of the radicalisation of the working class, but not of Podemos, which offers no alternative for the working class to the establishment parties. Podemos aims to occupy the vacuum left by the collapse of the establishment parties so as to prevent growing social opposition from developing into a conscious political movement threatening capitalism.

Since its founding last January by the Pabloite Anti-capitalist Left (IA) and dozens of academics, the party has junked its initial reformist demands in favour of a programme more acceptable to the ruling class. It is now espousing a programme for "national salvation," with leader Pablo Iglesias describing himself as a "patriot" and accusing the "caste" (the PSOE and PP) of having "sold our country" and relegated Spain to "a position on the periphery, as an indebted country that provides cheap labour to the north of Europe."

Botín's Milan meeting is a clear example of the overwhelming political power exerted by the financial and business oligarchy. He transformed his regional, family-controlled bank, based in his home town of Santander, into a major bank by buying up failing banks for knock-down prices and then selling them at a profit after slashing labour costs and updating technology.

Santander's assets rose under Botín's chairmanship from €20 billion in 1998 to €1.1 trillion last year, roughly equal to Spain's gross domestic product. Over three-quarters of the bank's activities now take place outside Spain—in Latin America, the UK and the US. It has 102 million customers and more than 186,000 employees.

Santander, like all other banks, was hit by the 2008 global financial crisis and the collapse of the housing bubble in Spain, which left it with a massive volume of worthless real estate and unrecoverable loans to property developers. Unlike other Spanish banks, however, its overseas assets—about 80 percent of its total—cushioned the shock.

Santander also took advantage of the European Central Bank's offer of cheap loans, which, according to Chief Executive Alfredo Saenz, were used as a "buffer" against its bad debts rather than a pool for lending.

Santander shares surged after July 2013, when European Central Bank President Mario Draghi pledged to defend the euro and buy Spanish government bonds if the government agreed a bailout package for its distressed banks. While Santander and its shareholders benefited from the bailout, the working class paid for it in the form of austerity measures and mushrooming unemployment.

The international media has lavished praise on Botín, describing him as "the Spanish conquistador," a titan, the patron, the great innovator, the revolutionary of banking, the action man, godfather, etc., etc.

Few of the rhapsodies to Botín dwell on the darker areas of his career. In 2011, he and 11 relatives, including five of his six children, were investigated for alleged tax evasion. Only after the family paid €200 million in back taxes was the investigation dropped.

Botín helped launch the career of José Maria Aznar, the PP prime minister from 1996 until 2004, when he was ignominiously ousted by a massive anti-war movement. Botín was the first to congratulate his successor, PSOE leader José Luis Zapatero, on his win. His pronouncement that the Spanish economy was on the mend was regarded as a crucial vote of confidence in support of Zapatero's reelection bid in 2008.

Spain's economy minister, Luis de Guindos, has revealed that Botín's support was important in the PP government's decision not to negotiate a full

government sovereign debt bailout with international creditors in 2012, shortly after Spain was forced to seek the bank bailout. De Guindos wrote that, while under intense pressure, he received a phone call from Botín telling him to resist. "You know what you have to do and I will back you," Botín told him.

Following Botín's death, the board of Banco Santander unanimously appointed his daughter, Ana Patricia, who has been in charge of the bank's British operations, as its next executive chairwoman.



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