

# New Spanish government makes austerity budget its first task

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On Thursday, Spanish Prime Minister Mariano Rajoy announced his 13-member cabinet, which included six new appointments. His Popular Party (PP) was brought back into power in Spain as a minority government last Saturday thanks to the support of the Citizens Party and, most important of all, the abstention of the Socialist Party (PSOE).

The decision of the PSOE to allow Rajoy to form a new government followed the ouster of PSOE leader Pedro Sánchez, who had stuck to the “No to Rajoy” policy decided by the party’s Federal Committee in January. It was a desperate attempt to avoid the total discrediting of the political system after the failure to form a government during 10 months of a hung parliament and despite two general elections and the possibility of a third.

The new government is the weakest since the end of the Franco dictatorship in the 1970s, and rules under conditions in which the bipartisan arrangements, in which power alternated between the right-wing PP and the “centre-left” PSOE for four decades, have been thoroughly exposed as a result of the austerity agenda pursued by both parties.

The PP has to secure agreement on a long overdue budget for 2017 and prevent the collapse of the pensions system. Moreover, the prospect of the country fragmenting as a result of the referendum on Catalan independence, which the separatist regional government is planning to hold next year, looms ever closer. Catalan leader Francesc Homs warned Rajoy, “Catalonia will continue on its path, whether or not there is dialogue depends on you.”

There is also pressure on Spain to fully commit to the NATO war drive against Russia. It has opposed sanctions on Russia and was about to allow Russian warships to refuel in its ports earlier this month before

being severely reprimanded by NATO allies.

Rajoy said the “red lines” for government were Spain’s commitments to the European Union (EU), budget stability and maintaining the unity of the country. He warned the PSOE that he wanted, “A government that can govern, not a government that will be governed” by Congress. “It is not good to demonize your adversary because, among other things, Europe sets out a framework for us...We agree on many things, but most especially on the important ones,” he added.

A PP spokesperson said the new government would try to get a one-vote majority (176 of the 350 votes in Congress) for each piece of new legislation by making deals with Citizens and smaller parties from the Basque Country and the Canaries. Media reports suggest Rajoy would be prepared to call a general election if the PSOE does not toe the line, calculating that its electoral support would plummet even further than its record low in June, after its role in allowing the PP to take office.

The European Commission (EC) has made it clear that Rajoy’s first task must be setting the 2017 budget. Last week, it insisted on a further €5.5 billion in cuts on top of those previously submitted in the Draft Budgetary Plan (DBP).

Commissioners Valdis Dombrovskis and Pierre Moscovici told Spain’s Economy Minister Luis de Guindos that the new government had to give the DBP its highest priority in order to ensure Spain met its deficit target of 3.1 percent of Gross Domestic Product (GDP) in 2017, down from an expected 4.7 percent this year. The Commission said, “We are therefore seeking reassurances from the Spanish authorities in the coming days that the incoming government, as soon as possible upon taking office, will submit an updated Draft Budgetary Plan to the Commission and to the Eurogroup, which will ensure compliance with the

targets set out in the Council decision ... of 8 August 2016.”

In its recent “State of Play—Winter 2016” report on Spain, the Commission also criticised the continuing “excessive deficit”, “high levels of public and private debt”, “large external liabilities” (i.e., debt to foreign lenders), high unemployment, especially youth and long-term unemployment, low productivity,” as well as “limited progress in improving the cost effectiveness of the healthcare sector and reinforcing the regional budgetary strategy” and only “some progress” in labour and social reforms and improving the “business environment”.

All of these criticisms can mean only one thing—a ratcheting up of the attack on the living standards of the working class. A sign of the social explosion this must provoke was shown by the thousands attending the demonstration outside the Congress building, called at the last minute, as Rajoy’s investiture vote was taking place.

On behalf of the PSOE, Javier Fernández, chair of the management team that is running the party until a new leadership election, signaled the PSOE’s support for anything the Commission demanded. Fernández said, “It should be clear that the PSOE is not considering any kind of alliance with the PP, but there are affairs of state on which we will always support the government ... We have to drop this confrontational idea of politics we have in this country, where politics is reduced to mere antagonism.”

For his part, the former PSOE leader, Sánchez, made the “painful” decision to resign his seat in Congress just hours before the investiture vote—absolving himself Pilate-like of any responsibility for allowing the PP to take office, while also not having to vote against. In a tearful performance designed to cover for his cowardice, Sánchez said he would, once more, become “a rank-and-file member” and would “get in my car and travel all over Spain to listen to those who haven’t been listened to, to the grassroots members and left-wing voters.”

Sanchez indicated he might stand in the leadership election and appealed to the PSOE federal committee not to expel the 15, mainly Catalan, deputies who voted no. Disciplinary procedures have been opened against them.

The PSOE debacle is an indictment of the pseudo-left

Podemos, which, since its creation in 2014, has oriented towards the PSOE in the hope of coming to power and setting up a so-called “Government of Change.” Undeterred, Podemos continues to seek out alliances with discontented factions of the PSOE, with party leader Pablo Iglesias arguing, “Sánchez has recognised the pressure of the oligarchic powers and that it was a mistake not seeking an agreement with us.”

Iglesias is calling for Podemos to re-orient to the social movements “on the streets”, in order to recoup the 1.2 million votes the party lost in the June election, preventing it from overtaking the PSOE as Spain’s second largest party.

To Iglesias’s rescue comes the Pabloite Anticapitalists, which have agreed to ally with him against the faction around Podemos’ number two, Inigo Errejón, who supported the forming of a PSOE-Podemos-Citizens government. Iglesias briefly attempted this strategy in the spring before dropping it, fearing that it would expose Podemos’ leftist pretensions. The Anticapitalists offered their services after previously complaining of an Iglesias dictatorship, which had demobilised the social movements in its construction of an “electoral war machine” that said one thing and did another—leading to the hemorrhaging of support.



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