The Spanish Socialist Workers' Party: continuity, innovation and renewal

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The Spanish Socialist Workers' Party (*Partido Socialista Obrero Español* – PSOE) was founded in Madrid in 1879. It was the largest party on the left during the Second Republic (1931–36), and provided the Republic with two prime ministers during the Spanish Civil War, Francisco Largo Caballero (1936–37) and Juan Negrín (1937–39). Brutally repressed by the Franco regime (1939–75), the PSOE almost disappeared as a significant political force within Spain. Nevertheless, under the leadership of Felipe González, the party was able to establish itself as the chief opposition party at general elections in 1977 and 1979. The party then went on to win four consecutive general elections in 1982, 1986, 1989 and 1993 (the first three with an overall majority) and was only narrowly beaten at the 1996 general election. Experiencing its worst general election result in two decades four years later, the PSOE was nevertheless able to return to office at the 2004 general election under the leadership of José Luis Rodríguez Zapatero. The party repeated its victory at the general election held in March 2008. Should the party complete its current four-year term (2008–12), the PSOE will have been in office for twenty-two of the thirty years between 1982 and 2012. The PSOE is therefore not only one of Europe's oldest social democratic parties, but also one of the continent's most electorally successful over recent decades.

This chapter considers the evolution of the PSOE from its re-emergence as a significant political force during the 1970s until the present day under José Luis Rodríguez Zapatero. Intensely conscious of its long history, the PSOE has been keen to emphasise its continuity with the party of the past, and the PSOE's research foundation, the Fundación Pablo Iglesias, regularly produces items relating to the party's history. However, it has been the PSOE's capacity for renewal and innovation, rather than the party's continuity with the past, which has been the key to its electoral success over recent decades. Once Felipe González became party leader in 1974,

he implemented a set of reforms which amounted to a virtual refoundation of the party, converting it into a formidable election-winning organisation. Nevertheless, when the party lost office in 1996 after almost fourteen years, it initially showed itself to be a singularly ineffective opposition party, appearing incapable of winning back the support of the Spanish electorate. It was only after a protracted leadership crisis, and the appointment of José Luis Rodríguez Zapatero as leader in 2000, that the PSOE was able to carry out a wide-ranging process of renewal, incorporating ideological, programmatic and organisational elements, which enabled it to present itself once again as a credible party of government. Moreover, the renewal of Rodríguez Zapatero's mandate at the March 2008 general election effectively neutralised charges that he was simply an 'accidental' prime minister, who owed office to the particular circumstances in which the 2004 general election took place, just days after Al-Qaeda terrorist attacks on Madrid.

The chapter adopts a chronological approach. First, the party's transformation from near irrelevance into a party of government under Felipe González will be considered, whereby the leadership's uncompromising control over the party was used to moderate the PSOE's ideological positions within the context of a party discourse which emphasised internal discipline and unity. The party's main achievements in office under González will then be covered, together with an analysis of the factors which led to the party's defeat in 1996. The party's troubled period in opposition between 1996 and 2004 will be examined next, including an analysis of the party's recovery under Rodríguez Zapatero from 2000. The chapter will conclude with a discussion of the PSOE's period in office since 2004.

The re-emergence of the PSOE and the pursuit of office 1974–82

When Felipe González was appointed leader of the PSOE in 1974, the party had effectively become marginal to developments within Spain. The previous, ageing leadership based in Toulouse had found itself increasingly out of touch with a Spain which had undergone a profound social and economic transformation during the 'economic miracle' of the 1960s. González's task was therefore to adapt the party to these new realities. Furthermore, he had to ensure that his party was able to compete on the left with the larger and better-organised Spanish Communist Party (*Partido Comunista de España* – PCE), which had been a more prominent force of opposition to the Franco regime.

In the context of the period immediately after Franco's death in 1975, the adoption of a Marxist identity was viewed as being essential if the PSOE was to establish its credentials as a key opposition force; from this perspective,

rejection of the Francoist state demanded the rejection of capitalist society (Juliá 1997: 509). Consequently, for the first time in the party's history, the PSOE defined itself as a Marxist party at its congress in 1976. Once the PSOE had established its hegemony on the left at the general election of June 1977, when the party came second to Adolfo Suárez's *Unión de Centro Democrático* (Democratic Centre Union – UCD) with just under 30 per cent of the vote, the Marxist tag had outgrown its usefulness, and indeed had become something of a liability. The PSOE's failure to improve significantly on this result at the 1979 general election convinced the leadership that the party's Marxist label was hindering further electoral progress. Unable to convince the party of the need to drop its Marxist self-definition at the party's congress held shortly after the 1979 general election, González resigned as leader. Significantly, the congress also approved organisational changes which strengthened the hand of the leadership. Whereas each local party branch had hitherto been entitled to send a delegation to vote at congress, delegations would thereafter be formed at the provincial and regional level. Furthermore, a form of block vote was introduced (Heywood 1994: 10; Juliá 1997: 540–1).

By the time that an extraordinary congress was held in September 1979 to decide on the issue of the leadership, the effect of the organisational changes was clear. Whereas one thousand delegations had attended the congress in May, just fifty did so four months later. Alfonso Guerra, who in addition to being González's deputy headed the Andalusian delegation, wielded 25 per cent of the total vote. The leadership's victory was therefore assured. The importance of Marxism within the party's statutes was downgraded and González was overwhelmingly re-elected and was thereafter able to strengthen the leadership's control of the party. The re-positioning of the party further towards the centre of the political spectrum followed. The connection between internal organisational reforms and the shift towards ideological moderation was therefore clear as the party sought to broaden its electoral appeal (Méndez-Lago 2005: 175). Confirmation of the efficacy of the strategy was provided when the PSOE won an overall majority at the general election of October 1982, almost doubling the number of votes it had obtained at the previous general election. By now a modern, moderate, catch-all party, the PSOE dominated the political scene.

The PSOE in office 1982–96

Throughout the remainder of the 1980s, the PSOE was notable for the undisputed leadership of González, the tight discipline imposed on the party by Alfonso Guerra, and a political discourse which emphasised the importance of party unity. All three of these elements were considered essential

given the scale of the tasks confronting the party when it entered office. One issue which could no longer be delayed was the implementation of an effective economic policy. Such had been the pressures on the PSOE's UCD predecessors in government to safeguard the delicate transition to democracy that the dire state of the economy had received insufficient attention. Unemployment, inflation, faltering GDP growth and a burgeoning public sector deficit all required immediate attention.

Having learned from the failure of their French Socialist counterparts' attempt to prosecute a Keynesian-style economic policy, the Spanish Socialists chose not to pursue a similar strategy. Socialism was downplayed while emphasis was given to the need to carry out a wide-ranging programme of modernisation, which was viewed as being virtually synonymous with 'Europeanisation'. Loss-making sectors of industry were closed as part of a programme of industrial restructuring aimed at improving the competitiveness of Spanish industry and tight monetary, fiscal and wage policies were implemented. Although unemployment continued to rise (from 16 per cent in 1982 to 22 per cent in 1986), overall economic performance improved, enabling Spain to become a member of the European Community in January 1986.

From 1986 until the end of the decade, Spain enjoyed the highest average economic growth in the EC. The economic boom nevertheless served to exacerbate tensions between the government and the trade unions, including the Socialist General Workers' Union (*Unión General de Trabajadores* – UGT). Concerned at the government's failure to take advantage of the economic boom to invest in higher levels of social expenditure, the trade unions convened a one-day general strike on 14 December 1988, which obtained massive support from the Spanish public.

Shaken by the strike, the government relented and increased social transfers significantly (Boix 1998: 131; Kennedy 2001: 55; Méndez-Lago 2005: 178–9). Social spending increased from 23.8 per cent of GDP in 1988 to 27.4 per cent in 1993 (Rodríguez Cabrero 2004: 123). While only 25.8 per cent of those without work received unemployment benefit in 1988, 62.2 per cent did so in 1992; overall spending on unemployment benefit increased by 96 per cent between 1989 and 1992. Education spending, which had already been significant before the general strike, also increased from 3.9 per cent of GDP in 1984 to 4.5 per cent in 1992 (Marín 2001: 421, 424). Increases in health expenditure enabled the entire population to have free access to health care by 1992; a decade before, when the PSOE entered office, six million Spaniards had no access to public health care at all. Minimum pension rights were similarly extended to cover the entire population (Tezanos 1992: 39).

Total public sector spending was almost 50 per cent of GDP by 1995, the

PSOE's last full year in office, of which outlays on the welfare state (pensions, unemployment benefits, health, education, housing and other social services) accounted for around half, in line with the EU average (Chislett 1996: 28). The bulk of this spending came in the period following the general strike. On this increased level of public spending, Miguel Ángel Fernández Ordóñez, who was junior minister within the Trade Ministry between 1986 and 1988, has commented: 'The main defect in the field of economic policy was undoubtedly the explosion in public spending between 1988 and 1990. It was probably the Government's weakness after the 1988 general strike which explains the excessive growth of public spending during that period' (Iglesias 2005: 739). Joaquín Almunia, who succeeded González as party leader between 1997 and 2000, also confirms the significance of the general strike on the government's fiscal policy stance. Increased social expenditure was 'a response to the empty streets which we saw on 14 December 1988. This has been much criticised ever since because it was not backed up by an orthodox economic policy. And that is where we made our greatest mistake in economic policy' (Almunia 1998: 26).

Whether the government's decision to increase social expenditure in the wake of the general strike was indeed an error, it certainly provided the less affluent with a significant level of redistribution of income, thereby supporting the PSOE's credentials as a social democratic party prepared to translate its ideological preferences into concrete actions. The curious situation therefore existed whereby the key role played by the general strike in the subsequent increase in social spending led the PSOE to adopt a somewhat ambivalent approach towards what constituted its most classically 'social democratic' achievements. Unable to resist the demands which found expression in the general strike, the government increased social spending while refusing to increase taxes further, allowing the public deficit to increase, which ultimately proved damaging to the Spanish economy during the early 1990s (Boix 1996: 367). The political capital gained by the increased levels of social spending was therefore undermined somewhat by the subsequent recession.

The general strike also proved to be a watershed in the PSOE's relationship with the UGT: the PSOE dropped its statutory requirement for party members to join the UGT in 1990. The crisis in party-union relations nevertheless did not prevent the PSOE from winning a third consecutive general election victory in October 1989, when it obtained precisely 50 per cent of the seats in the Spanish lower house, the Congress of Deputies. With the economy still booming, the PSOE faced the new decade with considerable confidence.

The 1990s nevertheless presented the PSOE with a number of challenges which it was ultimately incapable of overcoming. The economy entered

recession in 1992, thereby undermining the government's economic credibility and forcing it to curtail the increased spending on social provision which had been a key element of policy since 1988. A simultaneous succession of corruption scandals involving figures connected to the party – ranging from illegal financing of the party to government involvement in the establishment of death-squads targeting suspected ETA members – similarly served to weaken its political authority. There was also a breakdown in the party's much-vaunted discipline as confrontations increased between the supporters of the PSOE's Deputy Leader, Alfonso Guerra, the *guerristas*, and those opposed to Guerra's influence within the party, the *renovadores*. Although more of a naked battle for power within the party than a clash over differing ideological approaches, it is significant that González ensured that Guerra's influence fell short of the crucial Finance Ministry. Successive Finance Ministers, Miguel Boyer, Carlos Solchaga and Pedro Solbes, were all advocates of an orthodox economic policy capable of retaining the confidence of the financial markets. For Guerra, it was 'not a PSOE government, but a coalition government between the PSOE and the Finance Ministry' (Burns Marañón 1996: 168). González significantly remarked that Spain was 'governed from the Moncloa [the prime minister's official residence] and not Ferraz [site of the PSOE's HQ]' (Heywood 1994: 17).

In this context, the Spanish political scene became more competitive as the opposition Popular Party (*Partido Popular* – PP), since 1990 under the leadership of José María Aznar, gained from the PSOE's difficulties. The PSOE's significant achievements in the fields of welfare provision during the early 1990s nevertheless contributed towards the party being able to retain power – albeit by a relatively narrow margin – at the June 1993 general election. Dependent on the support of nationalist parties to remain in office, and unable to reverse the decline in its political and economic credibility, the PSOE was nevertheless defeated by the PP by the comparatively slender margin of 1.4 per cent of the vote at the March 1996 general election.

The party left office with a number of significant achievements to its credit: democracy had been consolidated; greater economic efficiency had been achieved; a basic welfare state had been established and a significant level of redistribution had taken place. Moreover, Spain had established itself as a medium power within the European Union. Having won four consecutive general elections, the PSOE had been capable of sustained electoral success at a time when social democracy was generally considered to be on the defensive before the challenge of the New Right.

While certain commentators have portrayed the party's economic policy orientations as reflecting neo-liberal precepts (Share 1988; Petras

1993), it has also been argued that the PSOE's economic policy could more accurately be characterised as a pragmatic response to economic constraints over which the socialists had little control (Heywood 1994: 1; 1995: 227). Either way, it should be emphasised that the PSOE government's social democratic ideological preferences did find expression in massively increased welfare provision. Furthermore, taxes were increased by one-third, while the public sector was used to develop the most extensive capital formation plans in Europe in the 1980s (Boix 1996: 24). The PSOE government of 1982–96 therefore appears to bear out the hypothesis that the ideological preferences of social democratic parties can still find expression in economic policy. As one commentator has argued: 'There are still choices to be made – even if these have become more expensive or more difficult to mobilise' (Pierson 2001: 88).

The PSOE in opposition 1996–2004

It is perhaps not surprising that the PSOE had difficulty coming to terms with its diminished status as Spain's chief opposition party after having been in office for so long. It is nevertheless indicative of the torpor within the party that when González resigned as leader at the PSOE's congress in 1997 – after twenty-three years in the post – his decision appeared to catch the party by surprise. González's choice as successor, Joaquín Almunia, was appointed within hours of his resignation. Almunia later admitted that his appointment was a result of 'improvisation' in the context of an emergency situation (Almunia 2002: 470).

Almunia appeared to have more admirers within the party organisation than among the membership as a whole. The new leader's efforts to quash the accusation that he was the party apparatus's man and to consolidate his position within the party led him to introduce a primary election system for the PSOE's candidate to face José María Aznar at the general election due in 2000. That Almunia had overestimated his support became clear when José Borrell, the former Public Works Minister and darling of the party membership, declared his candidacy. When the primary was held in 1998, Borrell was the clear winner. Spaniards could only look on in confusion as the two entered into a frantic series of negotiations over who should be considered to be in charge of party policy. Less than a year after replacing Felipe González, Almunia therefore found himself in an unenviable, if not untenable, position. In a further devastating development, it emerged that officials responsible to Borrell during his period as a minister were facing allegations of corruption. Borrell's response was to resign in 1999, leaving Almunia to lead a demoralised party into a general election which was then just a year away.

When the election took place in March 2000, the PSOE obtained its worst result since 1979, gaining 34 per cent of the vote (125 seats) to the PP's 44.5 per cent (184 seats) in the 350-seat Congress of Deputies. Almunia resigned on the night of the election as soon as the scale of the defeat became apparent.

One positive outcome from the party's two successive election defeats was that it felt impelled to carry out a thorough self-critique. At its congress in July 2000, it adopted a series of resolutions on the causes and consequences of its two successive general election defeats (PSOE 2000: 9–11). These highlighted several failings: the party's internal instability, lack of unity and uncertain leadership had all led to a haemorrhage of popular support. Meanwhile, the majority of Spaniards remained satisfied with José María Aznar's PP government, which had taken full advantage of the upturn in the economy that had been apparent since the mid-1990s. The PSOE had become too engrossed in its own internal affairs, losing sight of the needs of the electorate. Questions such as the renewal of the party's organisation and leadership, and procedures for the selection of party leaders, were of limited interest to the average voter. With respect to its electoral base, the party had lost the vital support of the urban middle classes, thereby becoming 'increasingly divorced from the urban middle class sectors which form the social majority' (PSOE 2000: 9). Consequently, it increasingly relied on the support of the less-educated, low-income sectors of the electorate. Exhausted after its long period in government, it had also lost energy, direction and focus.

The party congress ended with the election as leader of the 39-year old José Luis Rodríguez Zapatero, who narrowly defeated the favourite, José Bono. Although he had been a parliamentary deputy for León, in northern Spain, since 1986, Rodríguez Zapatero had not held even the most minor government post during the party's period in office. Elected onto the party's ruling body, the Federal Executive Committee in 1997, he was nevertheless something of an unknown quantity to the general population, perhaps no great disadvantage given the extent to which the previous generation of PSOE leaders had been tainted by accusations of corruption.

During the early period of Rodríguez Zapatero's leadership, emphasis shifted towards what a PSOE government could offer the individual in terms of the extension of civil rights. The PSOE leader defined himself as a 'social' liberal, rather than an 'economic' liberal. While the British Prime Minister, Tony Blair, had previously looked to the likes of Anthony Giddens for ideological guidance, Rodríguez Zapatero felt more attracted to the ideas of the Irish academic, Philip Pettit, whose conception of republican liberty, or liberty as 'non-domination', has influenced the PSOE leader in the area of individual and social liberties (see Pettit 1997; 2008). With regard to

the input of, respectively, Pettit and Blair into the PSOE's new 'project', the head of Rodríguez Zapatero's office during his period as opposition leader, and PSOE parliamentary deputy, José Andrés Torres Mora, has commented: 'We had simple political and theoretical instincts and Pettit offered us the analytical background which helped place them within a systematic framework . . . I can state quite categorically that Blair's policy has never influenced us much' (Calamai and Garzia 2006: 132–3).

The attempt to distance the PSOE from Blair was also possibly linked to the resentment felt by the party at the closeness of the relationship between Blair and Aznar. A combination of social liberalism and social democracy therefore provided the PSOE with its characteristic ideology under Rodríguez Zapatero, rather than reference to a Blairite 'third way'. Indeed, the pragmatism which was so characteristic of Blair's period in office has been pointedly rejected by Rodríguez Zapatero, who has commented: 'It's important to govern on the basis of principles and carry out a political project founded on profound values. I don't believe in pragmatism, which is just a way of hiding when faced by difficulties' (Carvajal and Martín Casas 2005: 279).

The new PSOE Federal Executive Committee contained just four survivors from its predecessor, which had resigned after the 2000 general election defeat. Largely made up of young Rodríguez Zapatero loyalists, it obtained the endorsement of over 90 per cent of Congress delegates. The party therefore provided a mandate to enable the new general secretary to make a decisive break with the González era and mount the kind of effective opposition to the PP government which had been so markedly absent during Aznar's first term in office.

The style of opposition advocated by Rodríguez Zapatero differed markedly from that of his predecessors, being notably less confrontational. Tangible results of this more constructive form of opposition included the PSOE's readiness to reach agreements with the government on terrorism and the streamlining of the legal process. The PSOE gradually abandoned this strategy throughout the course of 2002 in response to the government's adoption of an increasingly aggressive stance. Key factors in the shift in the PSOE's strategy were government efforts to push through labour legislation with minimum parliamentary debate in June, an unpopular reform of secondary education, and the government's inept handling of the environmental damage caused by the sinking of the oil tanker, the *Prestige*, off the coast of Galicia in November 2002.

It was nevertheless in the field of foreign affairs where the PSOE was able to establish its credentials as a party in touch with public feeling, most notably with regard to the government's support for the US-led invasion of Iraq, a development which was opposed by the majority of the population.

Rodríguez Zapatero and other prominent Socialist leaders attended massive demonstrations throughout Spain in the run-up to the war as opinion polls indicated that over 90 per cent of the Spanish population was opposed to Spanish participation in the conflict.

Despite the unpopularity of Aznar's policy on Iraq, the PP was able to hold its own at the municipal and autonomous community elections held in May 2003, with the PSOE gaining just 160,000 more votes than the governing party throughout Spain. The result suggested that, despite public dissatisfaction with the government's policy on Iraq, the PP remained on course to secure a further victory at the general election due in March 2004. Rodríguez Zapatero could nevertheless justifiably claim by the time of the election that he had not only engineered a clean break with the González era, but also consolidated his leadership on the basis of a unity within the party which had hitherto been notably absent. Furthermore, the PSOE had been able to offer a responsible opposition which had shown a willingness to reach agreement with the government on matters of national importance. The chief point of disagreement was on the question of the PP government's support for the war in Iraq. In its programme for the election, the PSOE described the conflict as 'an illegal war based on a mass of deliberate lies and falsehoods'. Spanish troops would only remain in Iraq if the occupation were placed under UN control (PSOE 2004: 23–4). If nothing else, this pledge lodged itself in the minds of the Spanish electorate as the election approached.

Much has been written on the particular circumstances in which the March 2004 general election took place. It is therefore unnecessary to cover similar ground (for more detailed coverage of the election, see Chari 2004; Closa 2004; Noya 2004; and Paramio 2004). Research indicates that the terrorist attacks did have a decisive effect on the general election held three days after the attacks (Michavila 2005: 32–3). Although the effect was small in percentage terms, it was sufficient to change the result. The effect of the attacks led to the mobilisation of 1,700,000 voters who felt impelled to vote on account of the bombings and the emotive aftermath.

Given the special circumstances in which the election took place, turnout was unusually high at just under 76 per cent. Yet, despite gaining over eleven million votes, more than at any time during its history, the PSOE, which won 164 parliamentary seats – sixteen more than the PP – was still twelve seats short of the 176-seat total necessary for an overall majority (see Table 5.1). Rodríguez Zapatero had ample reason to be satisfied with the result: he had won a general election at the first attempt, a feat which had hitherto only been achieved by Adolfo Suárez in 1977. The PP had a more unenviable record as the first party with an overall majority to lose a general election.

Table 5.1 Spanish and general election results, 2004 and 2008

<i>Party</i>	<i>2008 (turnout: 75.32%)</i>			<i>2004 (75.66%)</i>		
	<i>Votes(m)</i>	<i>%</i>	<i>Seats</i>	<i>Votes(m)</i>	<i>%</i>	<i>Seats</i>
PSOE	11,064	43.64	169	11,026	42.59	164
PP	10,169	40.11	153	9,763	37.71	148
CiU	0.774	3.05	11	0.835	3.23	10
EAJ-PNV	0.303	1.20	6	0.420	1.63	7
ERC	0.296	1.17	3	0.652	2.52	8
IU	0.963	3.80	2	1,284	4.96	5
BNG	0.209	0.82	2	0.208	0.81	2
CC-PNC	0.164	0.65	2	0.235	0.91	3
UPyD	0.303	1.20	1	–	–	–
NA-BAI	0.062	0.24	1	0.061	0.24	1
EA	0.050	0.20	–	0.080	0.31	1
CHA	0.037	0.15	–	0.094	0.36	1

Source: Spanish Interior Ministry (2008)

Key:

BNG = Galician National Bloc;

CC-PNC = Canary Islands Coalition;

CHA = Aragon Council;

CiU = Convergence and Union (Catalonia);

EA = Basque Solidarity;

EAJ-PNV = Basque Nationalist Party;

ERC = Catalan Republican Left;

IU = United Left;

NA-BAI = Yes Navarra;

PP = Popular Party;

PSOE = Spanish Socialist Workers' Party;

UPyD = Progress and Democracy Union

Back in office: 2004–09

For all the debate over the margin of manoeuvre still available to national governments in the field of economic policy, the position of Rodríguez Zapatero's PSOE government became clear during its first term in office. His government eschewed innovation in favour of an orthodox economic policy aimed at promoting economic growth and stability. Acceptance of the hegemony of neo-liberal policy precepts and the very buoyancy of the economic legacy bequeathed by the PP government discouraged any temptation to introduce fundamental changes in the field of economic policy. When the PP left office in 2004 it was able to boast that the average rate of economic growth during its period in office had been above 3 per cent,

1.2 per cent above the EU average. Spain had the world's eighth largest economy, and had become the world's ninth largest investor abroad, as well as being the eighth largest recipient of foreign investment. Four-and-half million jobs had been created, and the unemployment rate had more than halved to 11 per cent. Public debt had decreased from 68 per cent of GDP in 1996 to 50 per cent in 2004, while the public deficit, which totalled 6.6 per cent of GDP in 1995, had been returned to surplus by 2003 (PP 2004a: 11–12; 2004b: 6).

Continuity, rather than innovation, has therefore characterised the PSOE government's actions in the field of economic policy, and there has been relatively little difference between its policies and those of its predecessor. Indeed, it can be argued that this continuity has been key to the success of the Spanish economy over recent years. The fact that the Finance Minister in Felipe González's last government, Pedro Solbes, carries out the same duties under Rodríguez Zapatero is a further example of continuity in the area of economic policy.

Overall, the economy performed well during Rodríguez Zapatero's first term in office. GDP growth averaged 3.7 per cent, while the public debt was on course to be below 35 per cent of GDP in 2008, making it one of the lowest in the EU, behind just Luxembourg and the Republic of Ireland. Taxes on both businesses and individuals were reduced: corporation tax on small and medium-sized enterprises (SMEs) was cut from 30 per cent to 25 per cent in 2007 – the first reduction in twenty years – while 99.5 per cent of those paying income tax benefited from a reduction in 2007. While the average reduction was 6 per cent, those with an annual income below 18,000 euros obtained a reduction of up to 17 per cent in their contributions. The minimum pension was increased by 25 per cent, benefiting three million citizens, while the monthly minimum wage was due to rise from 460 euros to 600 euros in 2008, affecting 400,000 workers (PSOE 2006: 4–5; 2008: 7; Ministerio de la Presidencia 2007: 73–86). While the top rate of personal income tax was also reduced from 45 per cent to 43 per cent, it is clear that the effect of the PSOE government's fiscal policies was redistributive overall.

By the end of the PSOE's first term in office in 2008, the government had a case for arguing that Spain boasted one of the most buoyant and dynamic economies in Europe. Whereas the party's reputation for competence in the field of economic policy had suffered significantly during Felipe González's final years in office, no such problem existed under Rodríguez Zapatero.

Beyond economic policy, the PSOE has been able to display a significant degree of innovation with respect to other areas of government policy, particularly in the field of civil liberties. Concerned about their electability, social democratic parties in the late twentieth and early twenty-first

century have increasingly sought a broader base in 'progressive' opinion, leading them to adopt a 'citizenship-focused' discourse, which indicates the degree to which social liberalism has influenced social democracy (Pierson 2001: 59). Rodríguez Zapatero's government has proved to be a prominent example of this shift, as it has sought to promote a form of 'citizens' socialism', aimed at broadening civil rights. As noted above, the influence of Philip Pettit is particularly apparent here. The development of this new, distinctive, set of policies had the advantage of differentiating Rodríguez Zapatero's PSOE from that of Felipe González, which, as we have seen, lost credibility due to the involvement of party figures in corruption cases during the PSOE's final years in office.

The first legislation which the Rodríguez Zapatero Government placed on the statute book in December 2004 was concerned with the issue of domestic violence, which the government viewed as being a flagrant violation of human rights, denying women their full rights as citizens. Expenditure on tackling domestic violence was to total over half a billion euros, divided between seven separate ministries, with measures including the provision of financial aid to victims and stiffer sentences for offenders.

Women occupied one-half of cabinet seats during the PSOE's first term in office, a proportion which was increased following the PSOE's general election victory in March 2008, as women were appointed to nine of the seventeen cabinet posts. María Teresa Fernández de la Vega was appointed First Deputy Prime Minister, the first time in Spanish history that a woman had occupied the post. Further initiatives included a law on equality (*ley de igualdad*), passed in March 2007. This legislation was considered necessary in order to ensure a more effective application of the right of equality before the law enshrined in Article 14 of the Constitution. The law stipulates that no gender will be able to account for less than 40 per cent of candidates on lists for elections to the Congress of Deputies, local councils, the European Parliament and the legislative bodies of Autonomous Communities.

Legislation was also passed in July 2005 which allowed marriage between persons of the same sex and gave lesbians and gays the right to adopt. The law on divorce was also liberalised in the same month, attracting considerable criticism from the Catholic Church, which had already opposed the government's plan to drop compulsory religion classes from the curriculum. The government's response to the Church was to stress the non-denominational character of the Spanish state as established in the 1978 Constitution. The government's actions were not, therefore, without political risk, although this did not prevent it from presenting its legislation as the latest manifestation of the *social* modernisation which the PSOE has historically sought to promote, alongside its efforts to achieve Spain's

economic modernisation. Limiting the political or legal promotion of religion was argued to be in line with this objective.

Another important piece of social legislation concerned the provision of state assistance to those dependent on carers. The dependency law (*ley de dependencia*) passed in November 2006 guaranteed state assistance to elderly people and those suffering from severe disabilities, including mental illness. The government estimated that around 1,125,000 people would qualify for assistance under the terms of the law. Given that family members to some extent constitute a *de facto* branch of the welfare state in Spain, the offer of financial help was likely to prove popular. Home help, dedicated day and night centres and residential care would be provided to those qualifying for assistance. The measure meant that many who would otherwise have to leave their jobs in order to look after dependants would no longer have to do so. The government, which initially invested over 12 billion euros in the initiative, indicated that it would lead to the creation of 300,000 related jobs by 2015.

In its editorial on 2 December 2006, the newspaper *El País* judged the initiative to be the most important piece of legislation passed by the government. Moreover, it was viewed as 'the greatest advance in the extension of social rights since public healthcare was universalised' (*El País* 2006: 16). For its part, the government described the measure as providing the welfare state with a 'fourth pillar', joining existing provision in health care, education and pensions. The proposal therefore constituted further proof of the PSOE's redistributive instincts.

The question of immigration proved to be more controversial, with the government receiving particular criticism for its decision to regularise, after a three-month registration period between February and May 2005, the status of over 700,000 immigrants who had previously been working within the black economy. A report published by the Prime Minister's Financial Office in November 2006 examined the link between immigration and the Spanish economy during the period 1996–2006. Spain's immigrant population had quadrupled between 2000 and 2006 from just below one million to four million, with a clearly favourable effect on economic growth: almost one-half of GDP growth between 2002 and 2006 was due to the effects of immigration. Moreover, the report found that the influx of immigrants would decrease the tax burden on future generations of Spaniards, while also contributing towards the sustainability of the welfare state (Oficina Económica del Presidente 2006: ii–iii).

Important government legislation beyond the social sphere included the law concerning the recovery of historic memory (*ley para la recuperación de la memoria histórica*), which was passed in 2007. The legislation aimed to

honour the memory of those who had suffered repression at the hands of the dictatorship both during and after the Civil War. Once again, the law was controversial, in that, hitherto, there had existed throughout the transition to democracy and beyond a so-called 'agreement to forget' (*pacto de olvido*). This consisted of a tacit agreement across the political spectrum not to engage in any claims concerning the violation of human rights under the Franco regime (Aguilar 1996, 2002). There had been no official parliamentary condemnation of Franco's coup, nor had there been any tribute to Franco's victims until Rodríguez Zapatero became prime minister. It was thought that any attempt to revisit the past, much less seek to call people to account for their actions during the Civil War and Francoist dictatorship, would only serve to reopen old wounds, if not derail democracy itself. The law also proposed the removal of Francoist symbols from public buildings. The government dedicated 69 million euros to the initiative, 20 million of which would go to victims in the form of pensions and allowances. Although the government argued that the law would serve to improve the quality of Spanish democracy, opponents of the initiative, including the PP, responded by accusing the government of acting prematurely, in that it had failed to ensure a consensus on the issue before acting.

Despite such criticisms, Rodríguez Zapatero's achievements as PSOE leader and prime minister were considerable. When he took over the leadership, the party was directionless, riven with disunity, and seemingly unfit for government. Yet Rodríguez Zapatero was capable of transforming the party in such a way that he was able to gain the confidence of the population and win two consecutive general elections. Once in office, his political courage enabled him to carry out a coherent set of progressive reforms which many in the previous generation of the party leadership had considered unrealisable. Having established for himself the reputation of being one of European social democracy's boldest leaders, he has shown that audacity need not be a hindrance to electoral success.

Conclusion

As Spain's dominant political party, the PSOE has been able to make political capital out of its long history without allowing itself to be a prisoner of its past. Practically rebuilt by Felipe González, the party was able to exploit a relatively extreme ideological stance based on a Marxist self-definition in order to establish dominance on the left, only to drop that tag when accusations of extremism jeopardised the path to office. Finding itself in office at a time when social democratic economic policy precepts based on Keynesianism appeared to have lost their effectiveness, the PSOE chose a pragmatic mix of policies, which, in time, contributed towards

the consolidation of democracy and the transformation of the economy. If the PSOE had an ideology, it was an amalgam of 'Europeanisation/modernisation' rather than socialism. The overarching aim was to distance Spain from its historical backwardness – socially, politically and economically – while adapting and equipping the country to secure and maintain a place among the European Union's leading group of countries. This is not to say that the PSOE government did not make a particular impact in areas traditionally considered to be of concern to social democratic parties. The establishment of a modern welfare state financed by a significantly increased tax burden and – crucially – by the economic boom of the latter half of the 1980s eloquently demonstrated the party's achievements in this area. As we have seen, a significant degree of redistribution was carried out by the PSOE under Felipe González. It has been calculated that in the decade 1980 to 1990, the poorest 10 per cent of the population experienced a 17 per cent increase in income, while the richest 10 per cent witnessed a 5 per cent decrease (Tusell 1999: 316). What is also remarkable is that the González Government's acceptance of the need for a shift towards more redistribution in the wake of the 1988 general strike took place at a time when the majority of OECD and EU countries were pursuing diametrically opposed policies (Marín 2001: 425).

Despite these achievements, the PSOE displayed serious failings: intense concentration of power in the hands of the leadership, allied to an unrelenting emphasis on internal cohesion and stability, were essential elements in the party's hegemony during the 1980s, but proved to be unsuitable to addressing the challenges of a more competitive political environment in the following decade (Méndez-Lago 2006: 434–5). Moreover, the many instances of corruption which severely damaged the party's credibility in the early 1990s were, in part, symptomatic of the PSOE's organisational sclerosis and lack of internal democracy.

The gravity of the PSOE's situation only became fully apparent after the disastrous result obtained at the 2000 general election. The replacement of the González-era leaders by José Luis Rodríguez Zapatero and his generation offered the party a new start devoid of associations with a past whose achievements had been overshadowed by the phenomenon of corruption. For the first time in years, the PSOE began to make a favourable impression on a public dismayed by the PP government, which, once in command of an overall majority, had abandoned its previous moderation in favour of a more hard-line approach, most notably with respect to policy towards Iraq. With foreign policy featuring prominently in the particular circumstances of the 2004 election, the PSOE was able to achieve an unexpected victory.

Once back in office, the party adopted a strategy based on contrasting approaches in the economic and non-economic policy areas. While

continuity and prudence have characterised economic policy, redistribution still features significantly in government policy. Those with the lowest incomes enjoyed the highest percentage decrease in their income tax contributions during the party's first term in office. Similarly, many low-income families benefited from the dependency law. Beyond the economic sphere, the PSOE has put in place a number of innovative reforms in other policy areas, particularly with respect to civil liberties and gender rights. This combination has allowed the government under Rodríguez Zapatero to prioritise macroeconomic stability while at the same time distinguishing itself from its predecessor in government and – crucially – from previous PSOE governments, via a package of reforms which, it argues, has formed the basis of a distinctive progressive agenda founded on economic efficiency, social justice and individual freedoms. The PSOE's victory at the March 2008 general election – on a turnout which almost equalled that of the 2004 general election, which was considered to have been particularly high due to the effect of the terrorist attacks on Madrid – was just the latest indication of the PSOE's resilience, capacity for renewal, and unerring instinct for office.

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