Spain’s anti-austerity party, Podemos, has announced that it will hold a grassroots referendum among its supporters to determine whether to back a proposed coalition led by the centre-left Spanish Socialist Workers’ Party (PSOE). Should this last attempt to reach an agreement fail, it is expected that new elections will be held in the summer. **Benito Cao** writes on the key obstacles that have prevented a deal being reached until this point and assesses how new elections may play out for each of the main four parties.

Spain is going through one of its most turbulent political periods since the formal culmination of its democratic transition in 1978. Since then, with the only exception of the first elected government, the Spanish government has been in the hands of the centre-left Spanish Socialist Workers’ Party (PSOE) and the centre-right People’s Party (PP).

This two-party system has been shaken by the electoral success of two new national parties, the leftist Podemos (We Can) and the centrist Ciudadanos (Citizens). Both parties have capitalised on the discontent of a large sector of the Spanish population with the dominance of the PSOE and the PP – particularly the corruption that they are perceived to have allowed to flourish and from which they often profited. The calls for change increased during the protests of the so-called indignados (outraged) against austerity policies, culminating in the so called 15-M Movement, which began on 15 May 2011.

Since then, the big question has been to what extent that indignation would impact on the national political landscape. An answer was provided in the general election in December, where the vote produced a fragmented parliament, with four parties involved in political calculations to form government: the PP (with 29% of the vote and 123 seats), PSOE (22% of the vote and 90 seats), Podemos (21% of the vote and 69 seats), and Ciudadanos (14% of the vote and 40 seats). The remaining votes went mostly to regional parties, none of which has enough seats to facilitate the formation of a government.

**Resolving the deadlock**

The result left a complicated situation for all four parties, since none can govern without the support of at least one of the others. Moreover, in a parliament with 350 seats, neither the centre-right combination of PP + Ciudadanos (163 seats), nor the centre-left combination of PSOE + Podemos (159 seats) is enough to form a majority government. The only possible majorities are a grand coalition across ideological divisions including the PP and the PSOE, or a PSOE + Podemos coalition with the support of several leftist and regionalist parties. However, so far these options have been impossible to contemplate given the ‘red lines’ established by different parties.

Pedro Sánchez, the leader of the PSOE, has rejected any pact with the PP led by Mariano Rajoy. Moreover, the PSOE refuses to entertain a referendum on independence for Catalonia – a non-negotiable demand by several nationalist parties, and a significant section of Podemos. For their part, Pablo Iglesias, the leader of Podemos, refuses to enter into any government coalition with Ciudadanos, and Albert Rivera, the leader of Ciudadanos, rejects supporting any government that includes Podemos.

**Figure: Approval ratings for the leaders of the four largest Spanish parties**

- Net approval rating among all voters
- Preference by party
The only possible negotiations which do not entail breaking established ‘red lines’ are between the PP and Ciudadanos, and between the PSOE and Ciudadanos. The first attempt to try to form a government was expected to be made by Rajoy, whose party, as he keeps reminding everyone, had the most support by a significant margin. However, when everyone expected him to seek a pact with Ciudadanos and submit himself to the investiture session, he refused to do so.

Rajoy argued that, given the PSOE’s rejection of a grand coalition, he did not have the required support to form a government. This refusal to submit himself to what would have been a barrage of criticism against his recent government was viewed at the time as a political masterstroke, one that shifted the focus onto Sánchez, who now had to face up to the task of succeeding where Rajoy had failed – or, more precisely, refused to fail.

Crucially, whilst Rajoy could afford the risk of going to a new election, Sánchez could not. Rajoy is largely in charge of his own future in the party, and the PP can expect the return of some voters from Ciudadanos. In contrast, the internal tension in the PSOE, with much of the old guard wishing to replace Sánchez, means that he had only one option: negotiate or perish. This was clear to Iglesias, who took advantage of that vulnerability to play hardball in his early engagement with Sánchez, and proposed conditions he knew Sánchez would not be able to accept, given his own ‘red lines’ and those of his party. This effectively left the leader of the PSOE with one card to play, negotiating with Ciudadanos. He did, and after a 200-point reform agreement, Sánchez presented his candidature for Prime

*Note: Popularity of party leaders: net difference between voters (from all parties) who approve of the politician, and those who disapprove. Source: El Pais*
Minister to Congress. He failed to get enough support in both investiture sessions – both times rejected by the PP and Podemos.

The unpredictability of how voters will respond if they have to return to the polls continues to keep everyone busy, and might tip the balance in favour of a last minute political compromise. However, the final result is hard to predict. The different parties are trying to read the mood of the people with every step of the negotiations. The main issue is that no one wants to be the first to cross a ‘red line’; but if no one does, Spain will have fresh elections in June.

Whilst the PP and Podemos initially appeared to be willing to go to another election, their political calculations have altered following the agreement between Sánchez and Rivera. Sánchez is now in a much stronger position to negotiate with Iglesias, who can no longer assume Podemos will profit from an early election at the expense of the PSOE. Iglesias has been forced to moderate his approach or risk an election that could severely punish Podemos. Indeed, a recent opinion poll indicates that Podemos would be replaced by Ciudadanos as the third most voted party. In the meantime, Rajoy continues to play his favourite game of waiting for others to fail and be ready to pounce when that happens.

How the whole saga will end remains to be seen; if no one is able to form a government by 2 May and Spain goes to another election, Sánchez’s ability to play the only card he had might just allow him to retain the PSOE’s leadership and get back some of the votes lost to Podemos. In that event, the 200-point agreement between Sánchez and Rivera could become the blueprint of the next Spanish government.

However, if the PP remains ahead of the PSOE and Ciudadanos displaces Podemos as the third political force, the next government will almost certainly be a coalition between the PP, with or without Rajoy, and Ciudadanos. Thus, whilst we are none the wiser as to the name of the next Spanish Prime Minister, there is one clear winner from the last two months of negotiations: Albert Rivera. In any case, and whatever the outcome of the current political deadlock, these are undeniably interesting political times in Spain.

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