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# Resolving the Social-democratic Dilemma? Andalusia under Pressure (2011-2015)

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## Introduction

Though the ‘social-democratic’ dilemma has been a research object since the early-2000s, it has rarely been subjected to sustained territorial analysis. At its most elementary, the concept can be defined as the set of problems faced by social-democratic parties to preserve their ideological and political orientations in a hostile national and – arguably – European environment

This article focuses on this phenomenon through the study of the Spanish region of Andalusia, Spain’s biggest autonomous community in terms of population (8,449,985 inhabitants in 2012) and the second one in geographic extension (87,268 km<sup>2</sup>). Led by the PSOE-A (*Partido Socialista Obrero Español-Andalucía*, Spanish Socialist Workers’ Party - Andalusia) since the democratic Transition, the region is currently presided by Susana Díaz. According to the scientific literature, the Andalusian political model has been characterised by the consolidation of the regional tier of government and a growing number of devolved competences to the *Junta* (its regional government), the provision of a generous regional welfare state, a strong politicisation, best exemplified by the hegemony of the Socialist Party along with the presence of an extended party clientelist network, a moderate level of nationalism and, last but not least, by a strong involvement of the European Union in terms of regional policy funds (Rico 1996: 115-134; Jaime Castillo 2012; Robles Egea and Aceituno Montes 2013: 51-74; Gómez-Fortes 2010; Coller 2014).

This specific territorial model has been challenged by the austerity measures adopted by the conservative cabinet ruling the central state (2011-2015). Through a grass-roots, interview-based analysis of Andalusian politics, this paper elucidates the political and discursive strategy followed by the Andalusian government for preserving its power, protecting its regional model and resolving the social-democratic dilemma.<sup>1</sup> How did the Andalusian government preserve power after 35 years at the head of the region? How did it protect its regional model against the austerity policy? And how did it attempt to resolve the social-democratic dilemma? In order to answer these questions, this paper focuses on a specific period spanning from the beginning of the crisis in Spain in 2010 to the most recent Andalusian elections held on 22 March 2015. The PSOE-A was put under pressure during this period, but it finally won the elections and became the only party to rule a Spanish region without interruption since the democratic Transition.

This study is divided into four sections. Section one presents the concept of social-democratic dilemma. Section two examines the institutional context of territorial politics in Spain. Section three considers, in broad brush terms, the European and national pressures exerted on the Andalusian territorial model. Section four focuses on the strategies adopted by Andalusian policy-makers to resolve the social-democratic dilemma. Investigating the PSOE-led regional government in action reveals a dynamic process where internal and external dynamics interact and where exogenous constraints, though heightened in a period of economic crisis, are to an extent counteracted by heavy domestic pressures. The article contributes to territorial understandings of the social-democratic dilemma by making the argument that economic crisis can sustain, and even strengthen endogenous political models, a finding that might have a more general resonance (Cole. et. al, 2015)

## **The Social Democratic Dilemma Framework**

For certain analysts, the diminishing intellectual and political weight of Keynesianism since the 1970s, combined with economic globalisation and European integration have not only disempowered social-democratic parties in office, but also called into question the foundations of social-democracy as a political project (Kitschelt 1999; Pierson 2001; Thompson 2000; Crouch 2004; Ladrech 2010 ).

### *The Argument*

The argument about the social-democratic dilemma has a specific temporal linkage with the post-2007 economic crisis, which has adopted varying forms across European countries. At the level of the nation-state, indeed, the post-2007 crisis has made it more difficult than ever to combine social-democratic growth preferences with an overarching ordoliberal agenda based on the constitutionalisation of balanced budgets, welfare retrenchment and harder-edged convergence (Dyson 2015).

There is no consensus about a unilateral direction of disempowerment, however. Moschonas (2001), for example, identifies successful social-democracy in terms of a pragmatic formula based around varying dosages of three themes: a more or less classically social-democratic programme based on growth and the traditional values of the left (social equality, the welfare state, employment); a ‘post-materialist and anti-authoritarian’ logic, sceptical of growth and open to post-materialist politics; and a neo-liberal problematic (market logic, monetary stability and a discourse of sacrifice). These three dimensions offer potentially complementary repertoires, allowing social-democratic parties to perform sets of roles that vary according to context. Social-democracy is sufficiently generic to be able to adapt to changing political circumstances.

The tensions between the immediate and delayed impact of austerity programmes and traditional social-democratic preferences and practices can also be observed at the territorial level, the principal contribution here. Reformulating Moschonas’ repertoire of responses, we argue that the Andalusian response to the social-democratic dilemma was framed in terms of resistance to the neo-liberal agenda that was purported to drive the Madrid government’s activity. In the words of one Andalusian region official interviewed in 2013, the PSOE-led Junta was the ‘last bastion against neo-liberalism’ and Andalusia’s social policy was part of the priority of the Andalusian government to fight against the economic under-development of the region.

### *A Mediterranean Dilemma?*

Is there a Mediterranean variety of the social-democratic dilemma? One interpretation of this question might imply that there is a party type common to the centre-left political space in the main Mediterranean countries: Spain, Portugal, Italy, Greece, and, perhaps, France. Though there is no common party type, there are certainly elements of commonality. The parties of southern Europe were tied into restoring democratic rights and framing welfare rights as part of the process of democratic restoration in the middle of a harsh crisis of economic reconversion. They were parties with particular leadership traditions – symbolised by Felipe González and the PSOE, for example – rather than organisations with heavy ponderous structures (such as the Social-democratic Party in Germany or the Labour Party in Great Britain). With the exception of Italy and France, they were parties competing with weak Communist competitors. The southern European parties had a sense of purpose, the consolidation of democracy, which the northern parties lacked (Gallagher and Williams 1989: 61-62).

Though they began life as radical parties, the southern Socialist parties (in Spain and Portugal, and eventually in Greece) quickly adapted, evolved and became integrated into the political system (Giner 1984: 138- 157; Magone 2010: 216-235). In Spain, such process led the PSOE of Felipe González (1982-1996) to abandon the Marxist dialectic in 1979. The emergence of the PSOE as the dominant party in Spain favoured the *rapprochement* between the Socialist cadres and the financial *milieu* and the development of a ‘patrimonial socialism’ criticised by the other left-wing forces (Kurt and Petras 1993). This pragmatic turn to neo-liberalism was clearly visible during the period of reconversion of the mid-1980s and the closure of a series of state-funded companies. This episode illustrated the capability of the PSOE to cope with domestic economic pressures and a growing international competition in relative disconnection from its traditional allies (in particular the General Union of Workers, *Unión General de los Trabajadores*) (Royo 2000).

The period identified here – 2010-2015 – is particularly important to understand the social-democratic dilemma in the Mediterranean countries. This period is one of economic crisis, bank bailouts and the manifest dependency of southern Europe on the more powerful northern countries, especially Germany. That this period might engender a degree of scepticism towards a European grand design based on budgetary stability is a legitimate hypothesis that is revisited in the last section. The article now sets out the historical evolution of Spanish territorial politics.

## **The Evolution of Territorial Politics in Spain**

### *The Rise of the State of Autonomies*

After the collapse of the Second Republic’s *Estado integral* and the rise of Francoism, Spain became one of the most centralised countries of Europe. Following the death of Franco in 1975, the democratic Transition involved a set of bargains between Francoists, monarchists, christian-democrats, communists and socialists which produced an original political system: the State of Autonomies (*Estado de las autonomías*). On the one hand, 17 regional governments (*comunidades autónomas*) were created by the 1978 Constitution. On the other hand, the upper chamber (*Senado*) did not convert into a fully-federal senate, and central state ministries retained some territorial power through their provincial and regional representatives (*delegaciones del gobierno*) (Aja 2003).

Decentralisation in Spain has followed a dual process of asymmetry and re-balancing since 1978. Initially, only three regional governments (Catalonia, Basque Country and Galicia) were granted extensive decentralised powers under article 151 of the Constitution. This article was adopted as an explicit recognition of the self-government capacity that those three autonomous

communities had already enjoyed under the Second Republic. The remaining 14 Spanish regions were regulated by article 143 of the constitution and had to wait for a period of five years before accessing the same policy-making capacity. Andalusia was in the avant garde of the ‘slow track’ regions; after intensive social and institutional mobilisation, in 1981 Andalusia was granted the same competencies as the regions ruled by article 151. In parallel, the two autonomous pacts (*pactos autonómicos*) of 1981 and 1996 profoundly reshaped the initial sharing of power by establishing a calendar of policy transfers (including health and education that ended in 2002) (Moreno 2001).

### *The Political Effects of Decentralisation*

In the current map of the autonomous communities, some regions exercise more authority than others: Catalonia, Basque Country, Galicia, Andalusia, Navarre, Valencia and the Canary Islands concentrate the highest number of competences, while the two Castiles, Aragon, Rioja, Asturias, Extremadura, Murcia, Cantabria, Balearic Islands and Madrid have fewer competencies. Moreover, Navarre and the Basque Country have kept their fiscal privileges inherited from the *Ancien Regime* and have the power to raise directly their own taxes, while the remaining regional governments receive the major part of their fiscal resources from the Spanish Finance Ministry. This asymmetry is a source of constant tension between regional governments. For these reasons, many scholars have refrained from defining Spain as a federation (Linz 1989: 260-303; Aja 2003; Sala 2013:109-134). When used, the federal reference is limited to the adjectival form, as with Colomer’s (1998: 40-52) ‘non-institutional federalism’; Grau’s (2000: 58-77) ‘incomplete federalism’ or Beramendi and Maiz’s (2004: 123-154) ‘unfulfilled federalism’. Only rarely is Spain referred to as a ‘regional state’ (Requejo 2005).

The development of decentralised institutional structures has considerably modified territorial politics in Spain. It has favoured the rise of a multilevel party system, whereby ‘State-wide parties’ (as the Conservative People’s Party – PP, the social-democratic Socialist Party – PSOE or the former Communist Party United Left – IU) compete for national-level power in general elections, while their regional branches (like the PP-A or the PSOE-A) competed with ‘region-wide parties’ in each autonomous community (Pallarés and Keating 2003: 239-255). Though the Basque Country, Catalonia – and to a lesser extent the Canary Islands and Navarre – have been ruled by nationalist-regionalist peripheral parties, the remaining autonomous communities have usually been led by the regional delegations of the main state-wide parties. Nevertheless, this electoral map evolved quickly after the 2008 crisis. After a first evolution at the 2014 European elections, followed by a realignment at the 2015 regional elections, the traditional two-party system established after the restoration of democracy finally broke down in the 2015 general elections. Boosted by the scandals of corruption affecting the PSOE and the PP, two new competitors – the centre-right wing formation *Ciudadanos* and the radical-left wing *Podemos* – irrupted on the political scene (Orriols and Cordero 2016).

### **Andalusian Politics under Pressure**

As all Spanish regions, Andalusia benefitted from the ‘miraculous decade’ (1997-2007) based on the rise of the real-estate bubble, low interest rates and European funds. But almost a decade of economic crisis has followed the collapse of Lehman brothers in 2008. The crisis has moved through successive stages: a credit crunch, a banking crisis, a sovereign debt crisis, a eurocrisis (especially from 2008 to 2011), eventually producing a reaction based on the partial

Europeanisation of budgetary policy since 2011, the constitutionalisation of budgetary stability policies in most EU countries and the adoption of similar macro-economic policies based on introducing structural reform in a period of economic austerity. To a large extent, the crisis has brought to the fore the structural weaknesses of the Spanish – and Andalusian – economy: low productivity growth, the presence of low-intensity economic sectors (such as tourism) and family indebtedness (Royo 2009: 19-34).

### *Multilevel Pressure*

In a context marked by the bankruptcy of Greece, Portugal and Ireland, the European Commission's Six Pack of 2011 strengthened the Stability and Growth Pact, notably through introducing stiffer financial sanctions for breaching deficit targets. In parallel with that mechanism, a Treaty on Stability, Governance and Growth (TSGG, often known as the Fiscal Compact Treaty) entered into force in 2013 in order to coordinate the economic and budgetary policies of the 25 signatory EU nations (Ruíz-Almendral 2013: 189-204). In the specific case of Spain, the crisis was marked by a collapse of most of the regional savings banks and the pricking of the property bubble, both of which had negative consequences for the financing of the 17 autonomous communities, which had relied on property taxes and soft loans to fund their sometimes extravagant investments (Portas 2015). Following the lead of the European Commission, Spanish central governments (PSOE from 2008-2011, PP since 2011) announced strict austerity measures designed to limit public deficits, including those of the autonomous communities.

In Spain, the various measures of the new European fiscal architecture were implemented through the new article 135 of the Spanish Constitution, which places a duty on all public administrations to follow the principle of budget stability. In particular, section 135.6 insists on the role of autonomous communities in respecting these criteria. Anticipating the Fiscal Compact Treaty, the modification of the Spanish Constitution occurred on 25 August 2011 and was followed by the adoption of the organic law 2/2012 on Budget Stability and Financial Sustainability. These texts empowered the central state to curb the levels of public deficit and debt in local, regional and central public administrations through a system of financial sanctions. Secondly, they set the rule that the growth rate of regional government expenditure will be determined by the central state, while local and regional budget deficits will not be tolerated (Ruíz-Almendral 2013: 189-204).

Those decisions constituted the basis of a process of recentralisation of Spanish territorial politics. The first recentralising measure adopted by the Spanish central state was the creation of the *Fondo de Liquidez Autonómico* (FLA, Fund for Cash-flow Provision to Autonomous Communities) in 2011 for refinancing autonomous governments at affordable interest rates. In accordance with article 135 of the Spanish constitution, the main condition for accessing the FLA consisted of reimbursing regional debts to creditor institutions before undertaking any other capital or current expenditure. Such a strict control of regional budgets was to be implemented through a series of deficit targets defined by the Spanish Ministry of Economy, after negotiating these indicators with the autonomous communities' governments (table 1).

Table 1: caption here

In June 2012, Spain received the help of the European Stability Mechanism (ESM), which provided immediate financial assistance through a banking rescue of 100 billion euros. Though the rescue was limited to the banking sector, the Spanish state guaranteed the bailout under the strict supervision of the so-called *Troika* (European Commission, European Central Bank and International Monetary Fund) (CORA 2013). As a result, Spanish banks were placed under the tutelage of the FROB (*Fondo de Reestructuración Ordenada Bancaria*, Fund for Orderly Bank Restructuring), an organisation created in 2009 that started a huge process of mergers and acquisitions for re-establishing financial stability (Royo 2013). Out of the 42 Spanish saving banks existing before 2012, only ten organisations survived the merger process.<sup>2</sup>

The control of the central state over regional administrations has gone even further since the creation of the CORA (*Comisión para la Reforma de las Administraciones Públicas*, Commission for the Reform of Public Administrations) in October 2012. Though the scope of the CORA includes the central administration as well, its members have directed most of their efforts at reshaping the structure of regional bureaucracies. The CORA roots out ‘duplication’ at the central and regional level, with a view to controlling spending in the public sector. Technical proposals are submitted to regional ministries through a series of sectoral conferences made up of central and regional ministers working in common policy sectors (such as transport, housing, industry and agriculture), along with a schedule for implementing those measures.

#### *Fiscal Retrenchment in Andalusia*

At first glance, the Spanish territorial system has pursued a process of fiscal decentralisation since the democratic transition. The current amount of money managed by the autonomous communities is now comparable to the situation of federal countries since regional governments raise about 36% of their fiscal resources, while central state transfers account for 50% of the total, including social security (see table 2).

Table 2: caption here

But these numbers hide a more complex configuration. In fact, Andalusia depends heavily on funds transferred by the central state. The current system for the sharing of public resources was approved in 2009. According to this model, ‘80% of the Andalusian budget is guaranteed by central fiscal transfers while only 20% relies on regional taxes’ (Interview, 2013). The transfers from the central Finance Ministry to the regional governments are based on demographic criteria (number of inhabitants, density and proportion of elderly people) and then weighted by different financial instruments. In theory, the use of public debt for balancing the regional budget was limited by the 2001 organic law for avoiding over-spending; but this rule has never been implemented, basically because the period of economic growth based on the real-estate bubble (1999-2008) made it unnecessary (Ruíz-Almendral 2013: 189-204). The principal consequence of this fiscal system is the lack of responsibility of regional governments *vis-à-vis* public money since they do not assume the cost of tax-raising and do not receive any incentive for controlling their spending. In the words of a PP deputy of the Andalusian Parliament: ‘The *Junta* spent more than it earned for too many years’ (Interview, 2013). Even if the main part of the public debt belongs to the central administrations (see table 3), the regional debt reached 21% of the regional gross domestic product (GDP) in 2014. At the time of this research in 2014, Andalusia occupied a median position in the regional debt’s ranking (see table 4).

Table 3: caption here

Table 4: caption here

This situation has had three main effects in Andalusia. First, the decentralisation of health (1986) and education (2002) generated a structural disequilibrium between the financial needs of the Andalusian autonomous community and its insufficient resources. Second, the ‘arms race’ between regional governments for providing top-level infrastructures induced the building of ten public universities, five international airports, more than 1,300 kilometres of free highways and one of the most modern high-speed train network in Europe. Though some of those facilities were necessary, their management supposes a high operating cost in times of scarcity. Last but not least, the growth of the *Junta*’s apparatus, through the rise of 80 quangos and public companies, increased the level of regional spending. Despite the admission that ‘the *Junta* could go further’ one key civil servant working for the regional Ministry of Budget insisted that ‘we are on the right path for rationalising a sector that grew without control for 15 years’... even though the *Junta*’s apparatus has remained untouched since that interview in late 2013 (Interview with the regional Finance Minister).

In such a context, the sudden decline of fiscal transfers from the central state in 2010 provoked the rise of public debt in Spanish regions. In 2012, the debt per inhabitant in Andalusia (1,822 euros) remained below the Spanish average (3,074 euros). Similarly, Andalusian public debt represents 10.6% of regional GDP, well below the regional average of 13.5%. All the same, this situation has generated complex problems of mid-term financial stability (Banco de España 2012). Consequently, with the region being a net recipient of central resources, Andalusian leaders have been anxious to maintain fiscal transfers in their favour. This anxiety translated into strong support for fiscal transfers from richer to poorer regions: in an interview with the authors, the regional Finance Minister stated her ‘strong involvement for the defence of territorial solidarity in Spain’.

### **The Strategies for Solving the Dilemma**

This section demonstrates that Andalusian policy-makers have fought hard not to lose their grip on regional politics, and to transform economic austerity into a political opportunity to revive their domestic political base. The strategies adopted by the PSOE-A included: reinforcing the rural electorate, cleaning up the party’s image, reviving a regionalist class-based rhetoric, making strategic capital from conflict in intergovernmental politics and cooperation with Europe. Insofar as the PSOE-A emerged as the key party in the March 2015 elections and ultimately formed a new administration, this strategy must be deemed a political success.

#### *Reinforcing the Rural Anchorage of Andalusian Socialism*

For most of the history of the autonomous community, the PSOE-A has exercised a hegemonic influence on Andalusian politics. From the autonomous elections of 1982 to the mid-1990s, the PSOE-A won three times with a consistent absolute majority. This situation of a predominant party system ended in 1994 with the rise of the Conservative PP-A (*Partido*

*Popular de Andalucía*, People's Party of Andalusia). In spite of two absolute majorities obtained in 2004 and 2008 by the Socialist list, the Andalusian party system must now be considered as a moderate multiparty system resting on the opposition between the PSOE-A and the PP-A (with the former relying on the support of small pivotal parties like the radical left-wing *Izquierda Unida*). This configuration was consolidated in 2012 when the PSOE-A retained power thanks to the support of *Izquierda Unida* but became the second party in popular votes behind the PP-A. In 2015, the PSOE-A recaptured its position as the leading party and eventually formed a new government led by Susana Diaz along with the emerging party *Ciudadanos* (Moreno *et al.* 2015: 153-164).

Though the 2015 elections partially blurred this difference, the previous two polls (2008 and 2012) had suggested that the left-right division is now subsumed beneath a rural-urban cleavage (García García 2008). Nowadays, rural areas tend to support the PSOE-A while PP-A voters are concentrated in urban areas (especially all along the Mediterranean coast and in provincial capitals) (Montabes, Trujillo and Cerezo 2015: 14-16). The current rural-urban cleavage is best explained in terms of an economic vote that is driven by the level of unemployment and the quality of social welfare provision (Queralt 2012: 107-119). As evidence, in 2012, Andalusia spent 2,226.47 euros per inhabitant on social policy while Catalonia only 1,916.76 euros for that purpose (Civio 2014). Such an electoral strategy worked in 2012 and 2015 since the PSOE-A retained power *in extremis* thanks to the support of the rural working classes (Harguindéguy and Coller 2012: 141-152); but it also demonstrated the dependence of the PSOE-A *vis-à-vis* this electorate. Such a situation is the result of a long process of electoral mobilisation led by the Socialists in a region traditionally dominated by the interests of conservative large landowners (Linz and De Miguel 1966: 257-319).

### *Cleaning Up the Image of the Socialist Party*

The *Junta* and the Socialist Party are reputedly at the centre of a broad network of party clientelism. The PSOE-A's traditional domination was ensured by its control of the regional government and municipal councils and the patronage resources they provide (Corzo 2002). The PSOE-A has also long been perceived to occupy the central position of broker between the public sector and private operators working in the field of welfare state and redistribution. (Hopkin 2011: 115-136). Finally, the PSOE has exercised a predominant influence on the main trade-union federations, especially the *Unión General de los Trabajadores de Andalucía* (General Union of Workers of Andalusia, UGT-A), as well as amongst regional business interests (in the chamber of commerce and the *Confederación de Empresarios de Andalucía* [CEA], the union of Andalusian business owners).

One impact of the economic crisis since 2008 has been to undermine the material bases of these Socialist power networks. The trade-unions and the CEA are facing a complex financial situation after over a decade of pork-barrelling (López Pavón 2010). Worst of all, the PSOE-A has become embedded since 2010 in the scandal of the 'ERE' (*Expediente de Regulación de Empleo*, a system of funding used by the *Junta* to pay golden parachutes in mass layoffs). The regional Ministry of Employment, along with the Centre for the Development of Andalusia, adopted a plan for directly rescuing companies facing economic problems through a special fund of 647 million euros during the 1990s. Though the programme was initially intended to provide unemployment benefits and early retirement subsidies, most of the grants were distributed on a clientelistic basis. The EREs scandal, involving trade-unions, public companies, top-level civil servants and two former presidents of the regional government, has left an indelible mark on Spanish politics. In their defence, regional government officials emphasise that 'Susana Díaz has decided to clean-up the institution and its satellites' in order to maintain credibility with Andalusian voters (Interview, regional Finance Ministry in the

Seville province). The *Junta* eventually reclaimed grants worth 15 million euros paid by the previous regional government to Andalusian trade-unions for organising training courses for unemployed people (Becerro and Moreno 2013). This new behaviour is part of the current strategy of the *Junta* for maintaining domestic stability after the shock of the 2008-2014 period.

Cleaning up the PSOE-A's reputation naturally lies with the party's regional and national leadership. Determining the approach with respect to new players, such as *Podemos* and the other new party challengers, presented a different type of problem. While the former is a coalition of social movements created in 2014, the latter was launched in Catalonia in 2005 before competing in the rest of the country since 2014. *Podemos* and *Ciudadanos* both claim they are determined to break the clientelistic triangle based on the PSOE-A apparatus, representative institutions and public administration. At the end of the day, the PSOE-A won the 2015 elections with 47 seats, but its leader Susana Díaz needed to bargain with *Podemos* (15 deputies) and *Ciudadanos* (9 deputies). The PP-A (33 deputies) and *Izquierda Unida* (5 deputies) rejected any deal with the PSOE-A. After three months of negotiations, the Andalusian branch of *Podemos* – dominated by the radical faction *Izquierda Anticapitalista* (Anticapitalist Left) – refused to support Susana Díaz. In contrast, *Ciudadanos* finally accepted her investiture in exchange for the dismissal of the two former Socialist presidents Manuel Chaves and José Antonio Griñán for their responsibility in the ERE scandal (Moreno *et al.* 2015: 153-164). Both are currently being judged.

### *Defending Regional Autonomy*

Faced with a determined central power, the government of Andalusia has engaged in an active resistance in defence of a particular political, social and territorial model. In comparison with other Spanish regions like Catalonia or the Basque Country, Andalusian distinctiveness must be considered as a second-order nationalism. According to findings from the *Centro de Investigaciones Sociológicas*, the crisis seems to have slightly boosted Andalusian identity between 2010 and 2012. About 20% of interviewed people felt more Andalusian than Spanish in 2012 as against only 16% in 2010 (Centro de Investigaciones Sociológicas, 2010 and 2012). The minority nationalist *Partido Andalucista* (PA) has always defended the existence of an 'Andalusian nation among the nations of Spain' (Interview with the director of communication of the PA), but has faded from the party landscape since its heyday in the 1980s and 1990s. The PSOE-A has taken up the regionalist/nationalist mantle, drawing heavily on the region's experience of economic under-development, work exploitation, a lack of industrialisation, emigration and unemployment in order to broaden its appeal amongst electors seduced by the appeal of class-based regionalism.

More generally, territorial tensions in Spain have been fuelled by the political will of the ruling coalition in Catalonia to increase its self-government capacity (Mas 2013; Dowling 2014). One regional councillor interviewed in Seville in 2013 identified identity-based institutional emulation as one of the key drivers of change: 'As Andalusians, we never wanted to be more than the Catalans... but we always refused to be less than them' (Interview with a PSOE regional deputy). There are clear limits to this process of emulation; members of our interview panel, in their great majority, rejected any prospect of Andalusian independence if the latter were to be accorded to Catalonia. One representative of the main employers' association, interviewed in November 2013, summarised the prevailing view: 'there is no electoral support for independence in Andalusia. An independent Andalusia is electorally and financially impossible'.

Nonetheless, a revived regionalist discourse has formed part of the PSOE-A's strategy for survival. The PSOE-A recently revived its criticisms of landowners and Madrid-centric industrialists through its traditional 'anti-latifundist' register to bolster its political appeal in

rural and small town Andalusia (González de Molina and Sevilla Gúzman 1987: 73-95). The nationalist/social democratic dialectic about the need for a land reform crystallised most of these topics in the 1980s. Such a discursive strategy has been reactivated as a regional response to ‘Madrid’s’ austerity policies in two directions. First regional leaders have stressed the importance of the ‘historical debt’ (*deuda histórica*). Such a concept refers to ‘a quantity of money that was not assigned to Andalusia during the initial years of democracy despite the transfer of competencies’ (Interview with a PSOE regional deputy). The question of the *deuda histórica* was theoretically resolved in 2009 by the Socialist Prime Minister Zapatero’s government that undertook to direct one billion euros to the *Junta* in a series of staggered payments. The crisis ended these payments and revived the historical claim that Andalusia has been cheated of its rightful heritage. Second, the PP-A – as the only party that did not support the fast track decentralisation in Andalusia – was depicted in 2012 by left-wing forces as the party of ‘*señoritos*’ (a disrespectful term for characterising traditional landowners, in the words of one interviewed trade-unionist) working against the interests of the Andalusian people. The PSOE-A thereby cleverly mixed a traditional social solidarity message with a class-based regionalism designed to identify internal enemies, as well as to blame Madrid for Andalusian woes.

### *Escaping from Isolation through Intergovernmental Politics?*

Centre-periphery relations in Spain have traditionally been weakly institutionalised; with the separate processes of economic crisis and potential separatism, they have become increasingly embittered (Agranoff and Ramos 1997: 1-38). Strong networks of Andalusian politicians have habitually linked the territorial periphery to the national executive ever since the democratic transition. In particular, the victory of the PSOE in 1982, 1986, 1989, 1993, 2004 and 2008 provided a direct transmission belt for Andalusian interests. According to Boix (1998: 105), Andalusian electoral support for the PSOE was a key variable for explaining the location of public investments between 1982 and 1986, when the (Andalusian) Felipe González was Prime Minister. The economic crisis produced tenuous relations between Andalusia, the most important Socialist-led region in Spain, and the PP-led Spanish government since 2011.

Spanish regions such as Andalusia are poorly integrated into formal parliamentary and legal institutions. Theoretically speaking, in a quasi-federal polity such as Spain, the second chamber ought to be the main political arena for resolving centre-periphery grievances, but the Spanish Senate has never constituted a real chamber of territorial representation (Colomer 1998: 40-52). Because of this institutional deficit, the lower chamber – the Congress of Deputies – is the forum used to deal with territorial issues, especially when the party with the most votes does not obtain an absolute majority. In this case, it must negotiate with pivotal parties (in general Basque, Catalan, Galician and Canary Island nationalist parties) in order to pass government legislation. Andalusian politicians are present in the Senate and in the Congress of the Deputies, but they currently do not represent any regional lobby able to shape the cabinet’s decisions.

Since the beginning of the crisis and the PSOE’s defeat at the 2011 general election, Andalusia remained one of only two autonomous communities governed by the Socialists, along with Asturias. In the words of a top-level civil servant from the Finance Ministry, ‘this situation of political isolation clearly works against [Andalusian] interests in Spain’ (Interview, 2014). This configuration explains the defensive position of the *Junta* in its relation with central state institutions and the resulting more challenging turn of centre-periphery relations as exemplified by fiscal policy. At the time of the fieldwork, our Andalusian interlocutors were dismissive of the bilateral commissions with central state ministries. As stressed by a top-level civil servant of the regional Ministry of Public Administration: ‘The People’s Party’s

government has instrumentalised the sectorial conferences and it uses them for imposing its own views on all regional authorities. They now work like a classroom where the central ministers teach a lesson to their regional counterparts' (Interview with the regional Minister of Budget).

### *New Strategic and Instrumental Uses of Europe?*

Does European integration provide an alternative focus for the strategic pursuit of Andalusian interests? Andalusia is usually presented as 'a pro-European region' by its political representatives (Interview, PSOE regional deputy, 2013). Historically speaking, since 1986 and the integration of Spain in the European Economic Community, Andalusia has been one of the most favoured regions of the continent in terms of investments. During the former programming period 2007-2013, Spain received 35,217 million euros (only Poland obtained more, with about 52,000 million euros). Out of this amount, 26,180 million euro funded the regions covered by the 'convergence' objective (for regions whose GDP is less than 75% of the Community average) that is, Andalusia, Extremadura, Castile-La Mancha and Galicia. With 14,024.220 million euros, Andalusia accounted for the main part of the allocated funding (approximately one third of the cohesion policy spent in Spain in constant-price euro). Such an active policy is clearly visible in the region where institutional advertising announces that most big infrastructure projects have been co-funded by the European Union (Tondl 1998: 93-129). As a net recipient of structural funds, Andalusia maintains a high level of political involvement in the European Union. Anxious to ensure the continuing flow of generous European funding, Andalusian policy-makers prefer to spare the European Union and blame the Spanish central government for using the economic crisis to impose economic austerity measures.

The capacity of Europe to act as a cross-cutting cleavage, across parties, and as a source of internal party factionalism is a constant theme within that part of the Europeanisation literature that deals with parties (Cole, 2001; Hepburn, 2010). The French Socialist Party, for example, remained deeply divided over the European constitution in 2005, and remains so today in relation to the Fiscal Compact Treaty, the management of the euro-zone and Greece (Crespy 2008: 23-44). Parties such as the Labour Party in the UK only rallied to the EU once it appeared as a credible alternative route for introducing a social model into British politics post-Thatcher (Heffernan, 2001); party divisions re-surfaced during the Brexit referendum campaign. Andalusia would appear to confirm the argument made by Hepburn (2010) that regional party branches can develop European strategies aimed at maximizing the benefits for their regions. The PSOE-A has made an important investment in terms of institutional capacity building. Until 2011, the *Junta* used to spend about five million euro per year for funding its own foreign policy. Such a programme included participation in the CARCE (*Conferencia de Asuntos Relacionados con las Comunidades Autónomas*) – the sectorial conference dedicated to European topics – the existence of 21 Extenda agencies for promoting Andalusian companies outside the region, and the Delegation of the *Junta* in Brussels. The representatives of the *Junta* participate in some of the commissions of the Committee of the Regions (COTER-V and NAT-V). Since 2004, they have also been active at the level of the COREPER (Permanent Representatives Committee of the Council of the European Union) – especially in the Employment, Social Policy, Health and Consumer Affairs Council and the Agriculture and Fisheries Council.

Notwithstanding the important role played by the EU in promoting development at the sub-state level, however, the relationship is a rather paradoxical one. Beyond the fuzzy consensus about European integration, the European Union is seen in a very ambivalent way by Andalusian elites, though this has not taken the form of the constitution of euro-critical wing

as in some other regionalist or social-democratic parties. The EU is traditionally understood as a resource provider since ‘[...] its funding was essential for ensuring the development of the region after the dictatorship period’ (Interview with an official of the Office for Statistics of the Finance Ministry). Despite privately being uneasy about the direction of euro-zone political economy, Andalusian leaders seem determined not to modify their situation of being a region dependent on European grants, ‘essential in the past and fundamental in the present’ (Interview with the regional Minister of Finance). This functional vision has been fuelled by the 2008 crisis. In a context of scarcity, European funds are more necessary than ever in strategic sectors such as fisheries, agriculture and youth unemployment.

The heart of the Social-democratic dilemma argument centres on the complex relationship between European socialist parties and the European Union. The traditional Socialist language of social solidarity, fiscal transfers and redistribution does not sit easily with the new European political economy. The turn towards constitutional ordoliberalism provoked a new defensive attitude of the *Junta vis-à-vis* European affairs. The regional budgetary cuts imposed by the central state were identified by the *Junta*’s politicians as the side-effect of the *Troika*’s policy and the disastrous rating agencies’ reports on the Andalusian economy. ‘They are trying to sink us and we accept it’ reported an *Izquierda Unida* regional deputy, referring to the reform of the Spanish constitution, which took place on 23 August 2011 to introduce a ‘golden rule’ limiting the deficit of public authorities under the tutelage of the *Troika*. The mechanisms implemented by the central state for limiting the public deficit in the autonomous communities were viewed with suspicion and Andalusian policy-makers criticised those measures since: ‘they limit (our) self-government capacity and strangle the economy’. Consistent with the logic of the two-level game, however, the European Union as an institution remains relatively spared; the negative consequences of Europeanisation were attributed to the Madrid government, rather than to Brussels or the European Commission. (Carrillo López and Harguindéguy 2013: 175-189).

Parties such as PSOE are ill-at-ease in relation to any expression of euro-ambivalence. So much political capital has been invested in the European cause that parties are literally frozen; and have proved incapable of articulating a coherent response to the economic crisis or to the European Union in particular. This family of parties is deeply reluctant to engage in public criticism of EU institutions; the Spanish case, as observed in Andalusia, clearly illustrates a blame avoidance strategy based on targeting central government and using a traditional partisan language to express this territorial opposition. Domestically, however, one-side-product of the economic crisis has been the emergence of populist style left-wing challenger parties and platforms, such as *Podemos* in Spain, *Syriza* in Greece and similar movements elsewhere. And it is far from clear whether social-democratic parties have the capacity to resist these parties or to respond to the agendas they promote.

## Conclusion

The article has focused on the pressures imposed upon and the strategy of resistance adopted by Andalusian regional actors to preserve their regional model. As such, it can be understood as a case study of power preservation by one of the strongest branches of the Socialist Party of Spain between 2010 and 2015. During that crucial period, power preservation was based on different strategies such as the promotion of the rural anchorage of the Socialist Party, the defence of regional autonomy, the isolation from the centre, the use of a regionalist class-based discourse, the cleaning up of the party image and the attribution of responsibility to the PP. Put simply, in a context of economic scarcity and growing pressure for recentralisation, Andalusian policy-makers have shown a strong preference for the *status-quo*, understood as the

maintenance of a high level of expenditure in social policy (in rural areas in particular) and the protection of regional autonomy.

From the middle range perspective of the defence of the Andalusian territorial model, economic austerity has an obvious cost, but also provides a political opportunity to engage in ‘constructed divergence’ (Cole, et. al, 2015). Such strategy feeds into the endogenous political model, and justifies making full use of those policy levers, instruments and programmes that remain within the purview of the regional government. As part of a grander strategy of ‘voice’, Andalusian politicians played up the centre-periphery cleavage, reaffirmed the centrality of party politics and defended a welfare-focused territorial model rooted in Andalusian Socialist traditions. At the recent autonomous elections held in March 2015, this strategy worked well since the PSOE-A maintained the control of the regional executive despite the rise of new parties like *Podemos* or *Ciudadanos*. If the longer term sustainability of this model of ‘ideological recycling’ is doubtful, its short and medium-term efficiency is proven.

From a more theoretical standpoint, this study interpreted this strategy of contention in terms of the ‘social democratic dilemma’. The ‘social-democratic dilemma’ has heuristic value in terms of providing a metaphor to get to the heart of Moschonas (2001)’ trypic, whereby successful Social-democratic parties navigate between Keynesian preferences in macro-economic and welfare policies, a sensitivity to post-materialist issues and neo-liberalism. The capacity of social-democrats to combine these three conflicting priorities has been eroded by economic crisis since 2008. Economic crisis complicates the first of these dimensions: traditional demand-side policies are far more difficult at the level of the State and, in turn, at the sub-national arena.

On the other hand, the Andalusian government continued to engage in clientelist welfare policies to improve the social-economic conditions of its supporters and its own prospects of re-election. Second, though the Spanish Socialists have been sensitive to post-materialist issues (especially gender policy), the breakthrough of alternative movements and platforms, such as *Podemos*, represents a clear challenge to PSOE hegemony of the left. Third, how to cope with institutionalised neo-liberalism represents a fundamental challenge that gets to the heart of the social-democratic dilemma. In addition to the budgetary austerity policy implemented by the PP-led government in Madrid, the EU dimension has been emphasised throughout the article. In the case of the PSOE, there was an organic relationship between the restoration of party and democratic fortunes with the development of the European project. Andalusia has come to play the role of a client region, one heavily dependent on EU grants and reluctant to engage in any criticism of the EU in public, or even discussion of EU priorities. The PSOE was in power during the 2011 constitutional amendment, and the Spanish Socialists have accompanied each step of closer European integration. Yet the dilemma – which resurfaces in interviews – produces a *malaise* about the nature of integration in a European Union which is changing rapidly in response to the economic crisis since 2008. The result is a form of stasis, an inability to articulate any coherent European message which allows new populist style parties into the breach. The tension between domestic ‘voice’ and European ‘stasis’ is shared with other European social-democratic parties.

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## Notes

## Tables

Table 1: Results of the FLA

<b>Autonomous governments</b>	<b>Money borrowed in 2012 (million euros, interest rate at 5.65%)</b>	<b>Money borrowed in 2013 (million euros, interest rate at 5.5%)</b>
Andalusia	2,793	3,791.4
Castille-La Mancha	1,037.1	673.4
Catalonia	6,664.8	10,050.6
Canary Islands	906.9	654.2
Valencia	3,829.6	2,614.3
Asturias	261.5	391.7
Balearic Islands	471.7	695.22
Cantabria	137.1	236.1
Murcia	536.7	701.7

Source: El Mundo (2014)

Table 2: Sharing of public spending among levels of government

	<b>Central administration</b>	<b>Regional administration</b>	<b>Local administration</b>	<b>Social security</b>
<b>1982</b>	53	3.6	10.6	32,5
<b>1996</b>	37.5	22.3	11.6	29,2
<b>Since 2011</b>	20.9	35.7	13.6	29.9

Source: Ruiz-Almendral (2013: 189-204)

Table 3: Public debt in 2014 (% of the GDP of each administration)

	<b>Central administrations</b>	<b>Regional administrations</b>	<b>Local administrations</b>	<b>Social Security</b>	<b>Total</b>
Billion euros	995.210	232.009	40.781	17.20	1,020.236
Percentage of the GDP	84.6	21	3.9	1.73	96.8

Source: Banco de España (2014)

Table 4: Public debt by autonomous communities in 2014

	Billion euros	% of the GDP
Valencian Community	35.892	35.8
Castile-la-Mancha	12.488	33.7
Catalonia	63.075	31.8
Balears	7.597	28.3
Murcia	6.673	24.6
Andalusia	27.654	19.4
Cantabria	2.393	18.8
Navarre	3.327	18.4
Aragon	5.999	18.1
Extremadura	2.960	17.7
Galicia	9.816	17.3
Castile and Leon	9.47	17.2
La Rioja	1.329	16.6
Asturias	4.425	15.5
Basque Country	9.123	14.1
Canary Islands	5.726	13.8
Madrid	25.063	13.3

Source : Banco de España (2014)

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<sup>1</sup> 26 interviews were carried out in and around the Andalusian government from November 2013 to June 2014 as part of the research project Territorial Governance in western Europe between Capacity and Constraint (IN-2012-109), funded by the Leverhulme Trust. The authors are grateful to the trust for its support. A full list of interviews is available on request.

<sup>2</sup> In Andalusia, the main saving banks ( Cajasol, Cajasur, CajaGranada, Cajamar and Caja de Jaén) disappeared and only Unicaja survived. The rest were merged to other bank groups (Muñoz 2013).