

## Inside Spain Nr 169

20 January - 24 February 2019

William Chislett

### Summary

Opposition scolds government over airport meeting with Venezuelan Vice-President.  
Catalan crisis talks to start, snap regional election in the offing.  
Spain rises in EIU Democracy Index, reprimanded over Catalonia.  
Digital tax approved but not in force until December.  
Slower growth complicates need to cut fiscal deficit.  
RENFE wins €5.6 billion high-speed rail contract in the US.

### Foreign Policy

#### Opposition scolds government over airport meeting with Venezuelan Vice-President

The secretive meeting at Madrid's airport between a Minister in the coalition government and Venezuela's Vice-President banned from entering the EU under sanctions unleashed a furious response from the Popular Party (PP), the main opposition.

José Luis Ábalos, the Transport Minister and a close aide of Prime Minister Pedro Sánchez, met Delcy Rodríguez onboard the plane and in the VIP lounge for reportedly 90 minutes. Ábalos said he went to the airport to greet Félix Plasencia, Venezuela's Tourism Minister, an old friend, who was on the same flight and headed to a tourism fair in Madrid.

Rodríguez stopped over in Madrid en route to Istanbul. She is one of 25 officials barred from entering the EU because of 'persistent actions [by the Maduro regime] undermining democracy, the rule of law and respect for human rights'.

Pablo Casado, the PP's leader, called on Prime Minister Pedro Sánchez to 'explain why his minister met with Maduro's vice-president when she is barred from setting foot on European soil because of her involvement in the repression and corruption of the Venezuelan dictatorship'.

Ábalos went to the airport as a 'fireman' in order to extinguish a potential fire. According to some sources, Rodríguez was prepared to enter Spain, which would have left the government with no alternative but to expel her and risk a break in diplomatic relations with Venezuela, a country with a considerable community of Spaniards and some major corporate investments, especially that of the energy company Repsol. Spain also has an increasingly large number of Venezuelans: 24,238 arrived in the first six months of last

year for a total of 158,218, most of them fleeing the country's authoritarian government and economic crisis.

The episode reached the European Parliament where Dolors Montserrat, the PP's spokeswoman, asked the European Commission to investigate Rodríguez's presence at the airport. The PP also ramped up the pressure by gaining a court order to prevent the destruction of the video surveillance of the airport in order to gauge whether Ábalos committed a criminal offence.

In a related development, Sánchez, unlike other EU heads of government, did not meet Juan Guaido during his visit to Madrid, although he was one of the first to recognise him as the 'interim' President of Venezuela.

Guáido, head of the National Assembly, was touring Europe to gather support for free elections. He met with UK Prime Minister Boris Johnson, French President Emmanuel Macron, Josep Borrell, the EU's top diplomat, and in Washington with President Donald Trump. Guaido was received by Spain's Foreign Minister, Arancha González Laya.

According to press reports, Guaido was going to be received by EU Foreign Ministers, but Johnson, who supports the US's tougher position towards the Maduro regime, and Macron broke ranks and the Spanish government decided not to do so.

However, Sánchez's reference to Guaido in a stormy parliamentary debate as 'leader of the opposition' and not 'interim President' signified another change of approach, although officially the position remains the same.

Sánchez recognised Guaido a year ago, along with some 60 other countries. His Socialist party (PSOE) is in a coalition government with the far-left Unidas Podemos, which does not recognise Guaido and, moreover, views him as a coupist. Furthermore, far from crumbling, the Maduro regime has become stronger over the last year, and the opposition divided.

Meanwhile, José Luis Rodríguez Zapatero, the former Socialist Prime Minister, met President Nicolás Maduro in Caracas. This was Rodríguez Zapatero's 39<sup>th</sup> trip to Caracas since 2015 as a supposed mediator between the Venezuelan government and opposition, something which so far has achieved nothing. The Venezuelan opposition views Rodríguez Zapatero as little more than a spokesman for Maduro regime and has nothing to do with him.

The Spanish government said his visit was a private one.

## Domestic scene

### Catalan crisis talks to start, snap regional election in the offing

The Spanish and Catalan governments are to begin talks on 26 February in a bid to resolve the region's divisive issue of independence.

Prime Minister Pedro Sánchez met Quim Torra, the separatist Premier of Catalonia, in Barcelona. He had previously refused to meet Torra after violent protests over the prison sentences handed down on nine separatists last year for sedition for their role in organising an illegal referendum on secession, a unilateral declaration of independence and misuse of public funds.

Torra is insisting on having a mediator for the talks, but this was not agreed by Republican Left of Catalonia (ERC), the largest pro-independence party in the national parliament whose tacit support enabled Sánchez to form a minority coalition government with the far-left Unidos Podemos last month.

He also defends more fiercely than ERC a legally-binding referendum on secession, ruled out by the government as it would violate the 1978 Constitution, and an amnesty for the jailed separatists. Torra's party, Together for Catalonia (JxCat), is at loggerheads with the more pragmatic ERC over strategy.

Sánchez is hoping to win over those in favour of independence with greater autonomy for the region. The government's reform of the penal code could include lower sentences for sedition which would benefit the nine jailed secessionists. The length of these sentences is widely regarded as disproportionate.

The Catalan parliament, whose speaker Roger Torrent is from the ERC, stripped Torra of his rights as a lawmaker last month, complying with a Supreme Court ruling that upheld the decision by the electoral board. This followed an 18-month ban on Torra holding public office for refusing to remove symbols on public buildings supporting the jailed Catalans during an election campaign. Torra, however, can remain as head of the Catalan government.

Torra reacted to losing his seat in the Catalan parliament and the divisions over the independence path by announcing he will call a snap election once parliament has approved this year's budget. An election would be the fifth in 10 years. Parties in favour of independence maintained their slim majority in the 2017 election, but the single party with the most seats was Ciudadanos with 36 of the 135 total.

The Basque Country and Galicia are to hold snap elections on 5 April.

### Spain rises in EIU Democracy Index, reprimanded over Catalonia

Spain rose from 19<sup>th</sup> to 16<sup>th</sup> position equal with Austria out of 167 countries in the 2019 Democracy Index of the Economist on a slightly higher score, but was criticised for the jail sentences handed to nine Catalan separatist leaders for their role in the region's failed independence campaign (see Figure 1).

**Figure 1. The Economist Intelligence Unit's Democracy Index, 2019 (1)**

	Rank (2)	Overall score	Electoral process & pluralism	Functioning of government	Political participation	Political culture	Civil liberties
Full democracies							
Norway	1	9.87	10.00	9.64	10.00	10.00	9.71
Iceland	2	9.58	10.00	9.29	8.89	10.00	9.71
Sweden	3	9.39	9.58	9.64	8.33	10.00	9.41
New Zealand	4	9.26	10.00	9.29	8.89	8.13	10.00
Finland	5	9.25	10.00	8.93	8.89	8.75	9.71
Ireland	6	9.24	10.00	7.86	8.33	10.00	10.00
Denmark	7=	9.22	10.00	9.29	8.33	9.38	9.12
Canada	7=	9.22	9.58	9.64	7.78	8.75	10.00
Australia	9	9.09	10.00	8.93	7.78	8.75	10.00
Switzerland	10	9.03	9.58	9.29	7.78	9.38	9.12
Netherlands	11	9.01	9.58	9.29	8.33	8.75	9.12
Luxembourg	12	8.81	10.00	8.93	6.67	8.75	9.71
Germany	13	8.68	9.58	8.57	8.33	7.50	9.41
UK	14	8.52	9.58	7.50	8.89	7.50	9.12
Uruguay	15	8.38	10.00	8.57	6.11	7.50	9.71
Austria	16=	8.29	9.58	7.86	8.33	6.88	8.82
<b>Spain</b>	<b>16=</b>	<b>8.29</b>	<b>9.58</b>	<b>7.14</b>	<b>7.78</b>	<b>8.13</b>	<b>8.82</b>
Mauritius	18	8.22	9.17	8.21	5.56	8.75	9.41
Costa Rica	19	8.13	9.58	7.50	6.67	7.50	9.41
France	20	8.12	9.58	7.86	7.78	6.88	8.53
Chile	21	8.08	9.58	8.57	5.00	8.13	9.12
Portugal	22	8.03	9.58	7.86	6.11	7.50	9.12
Flawed democracies							
US	25	7.96	9.17	7.14	7.78	7.50	8.24
Italy	35	7.52	9.58	6.07	7.78	6.25	7.94

(1) Overall score out of 10.

(2) Out of 165 countries and two territories.

Source: The Economist Intelligence Unit.

‘Although the sentencing complied with the letter of the law, the long prison terms for elected politicians on charges such as sedition were not in the spirit of democracy’, the EIU said. ‘With their excessively legalistic response to dealing with the Catalan question the Spanish authorities have shown a lack of confidence in addressing the issue through political dialogue and open debate, weakening their democratic credentials in the process’.

These deficiencies were captured in a decline in Spain’s score in 2017-18. The very modest improvement in its score in the latest index to 8.29 out of 10 reflects an improvement in relation to one question concerning local elections, which were held in May 2019 and were deemed to have been free and fair.

Spain remained one of 22 ‘full democracies’. The US and Italy were still classified as ‘flawed democracies’ (below a score of 8 out of 10). France left that category and made it into ‘full democracies’.

The EIU index is based on five categories: (1) electoral process and pluralism; (2) functioning of government; (3) political participation; (4) political culture; and (5) civil liberties. Based on their scores on a range of indicators within these categories, each country is then classified as one of four types of regime: full democracy; flawed democracy; hybrid regime; or authoritarian regime.

The EIU believes that measures of democracy which only reflect the state of political freedoms and civil liberties are too narrow. It regards the Freedom House electoral democracy measure, for example, as a thin concept as it does not encompass sufficiently, or, in some cases, at all, the features that determine how substantive democracy is.

Spain’s score since the index was launched in 2006 has varied between a high of 8.45 out of 10 in 2008 to a low of 8.02 in 2011, 2012 and 2013 (see Figure 2).

**Figure 2. Overall score of Spain, France, Italy and US in the EIU’s democracy index, 2006-18 (1)**

	2006	2008	2010	2012	2014	2016	2018	2019
France	8.07	8.07	7.77	7.88	8.04	7.92	7.80	8.12
Italy	7.73	7.98	7.83	7.74	7.85	7.98	7.71	7.52
<b>Spain</b>	<b>8.34</b>	<b>8.45</b>	<b>8.16</b>	<b>8.02</b>	<b>8.05</b>	<b>8.30</b>	<b>8.08</b>	<b>8.29</b>
US	8.22	8.22	8.18	8.11	8.11	7.98	7.96	8.24

(1) Out of 10.

Source: The Economist Intelligence Unit.

### Euthanasia bill clears first hurdle

The 350-seat parliament agreed to move ahead with a draft bill allowing euthanasia and assisted suicide, with 203 lawmakers voting in favour, 140 against and two abstentions.

Fiercely opposed by the Roman Catholic Church and conservative parties, Spain is expected to become the seventh country in the world to decriminalise euthanasia.

Under the bill, modelled on legislation in the Netherlands, Belgium and Luxembourg, a person can choose to die only if they are in a situation which makes their life 'unbearable'. A Metroscopia poll last year found 89% of respondents were in favour of euthanasia.

### Government seeks ban on glorification of Franco

The government's reform of the criminal code is expected to include a ban on glorifying the regime of former dictator General Francisco Franco (1939-75).

'In a democracy you don't pay tribute to dictators or tyrants', said Adriana Lastra, the parliamentary spokeswoman for the Socialists who govern in a minority coalition with the far-left Unidos Podemos.

The government, which would be able to garner sufficient support for the reform from several other parties, also wants to remove Francoist symbols still on display in public places. Many have already been removed under the 2007 Historical Memory Law.

Franco's remains were exhumed from the grandiose state-funded Valley of the Fallen mausoleum last October and transferred to a municipal cemetery. The far-right VOX, the third largest party in parliament, which opposed Franco's removal, said the reform was a pretext for shutting down free speech.

Legal experts said criminalising glorification would be unconstitutional and a political error. The only justification would be in the event of violence. 'Reprimanding glorification of the regime cannot hide the fact that no one was held accountable before a criminal court for what the dictatorship did', wrote Manuel Cancio Meliá, a penal law professor in *El País*. 'Messages in penal law cannot take the pace of political deeds'.

### Surge in African migrants crossing to Canary Islands

The number of African migrants reaching the Canary Islands in January was 18 times higher than a year ago, at 708.

Mauritania displaced the much nearer Morocco as the country from which many made the perilous 600-mile journey, because of a crackdown by Rabat. Those crossing from Morocco to mainland Spain were down 72%.

Morocco said it had prevented nearly 74,000 'attempts at irregular migration' in 2019, a year when the EU allocated €140 million to help the country combat illegal migration. Spain also provides aid.

Meanwhile, the number seeking asylum in Spain in 2019 was 45 times higher than in 2012 at 118,264 (more than double that in 2018), but only 3,156 were given asylum. Another 39,776, almost all of them Venezuelans, were not given asylum but were given protection for humanitarian reasons (see Figures 3 and 4).

**Figure 3. Asylum requests, 2012-19**

2012	2013	2014	2015	2016	2017	2018	2019
2,588	4,502	5,947	14,881	15,755	31,120	54,065	118,264

Source: Interior Ministry.

**Figure 4. Top ten asylum requests by country of provenance**

Country	Number
Venezuela	40,906
Colombia	29,363
Honduras	6,792
Nicaragua	5,931
El Salvador	4,784
Peru	3,989
Morocco	2,555
Syria	2,419
Ukraine	2,383
Georgia	1,815

Source: Interior Ministry.

In a separate development, the European Court of Human Rights supported Spain's 'express' (or fast-track) deportation of two African migrants back to Morocco from the enclave of Melilla on the grounds that they had 'placed themselves in an unlawful situation... at an unauthorised location'.

The Court had initially condemned Spain in October 2017 for violating the European Convention of Human Rights. The two were part of a large group that crossed the border wire fences in August 2014. They took Spain to the Court, backed by the European Centre for Constitutional and Human Rights (ECCHR), and the government then appealed the decision.

Wolfgang Kaleck, ECCHR's general secretary, said the ruling 'will be perceived as a carte blanche for violent push-backs at the Spanish-Moroccan frontier'.

### Leader in organ donation and transplantation for the 28<sup>th</sup> year

Spain set a new record in organ donation and transplantation, making it the world leader for the 28<sup>th</sup> successive year.

The number of donors per million population reached 48.9 last year and 2,301 donors performed 5,449 organ transplants, with new records in kidney and lung transplants.

### The economy

#### Digital tax approved but not in force until December

The government approved a digital services tax, as part of a move to boost revenue. The 3% tax on earnings from the business of tech companies such as Facebook and Google with at least €750 million in global revenue is expected to raise €968 million.

The tax, however, will not come into force until December in order to allow the OECD to reach an agreement on a separate, global tech tax.

‘Spain cannot afford to have a tax system rooted in the last century’, said María Jesús Montero, the Finance Minister. ‘We must move towards a tax system for the 21<sup>st</sup> century, which takes into account this new form of activity’.

Other countries are also grappling with how to tax tech companies. The US government reacted to France’s digital tax last year by threatening to impose high retaliatory duties on French products. The two countries then agreed to pursue a global framework under the OECD’s aegis and Paris backed off until the end of 2020.

The government also approved a tax on financial transactions, slated to raise €850 million.

#### Slower growth complicates need to cut fiscal deficit

The government downgraded GDP growth from 1.8% to 1.6% (see Figure 5) and set a fiscal deficit target of 1.8% of GDP, down from an estimated 2.4% in 2019.



**Figure 5. Macroeconomic panorama, 2019-23 (annual change, %)**

	2019	2020	2021	2022	2023
GDP	2.0	1.6	1.5	1.6	1.7
Private consumption	1.1	1.5	1.4	1.3	1.3
Public consumption	2.2	2.0	1.8	1.6	1.6
Exports	2.3	2.7	3.1	3.4	3.4
Imports	1.2	2.6	2.9	3.1	3.3
Unemployment rate (%)	14.1	13.6	13.0	12.6	12.3
Public debt (% of GDP)	96.7	94.6	93.4	91.7	89.8

Source: Finance Ministry.

The deficit for this year, set by the previous Popular Party (PP) government in 2017, was 0.5% of GDP, but that would demand a huge wrench. The 2018 budget had to be rolled over in 2019, because of a lack of parliamentary approval for a new budget, and two inconclusive elections last year made it a wasted one in terms of fiscal consolidation. The 2019 deficit was almost twice the PP's 1.3% target set for that year and in line with that in 2018.

The goal of reaching a balanced budget has been put back from 2021 to after 2023 (see Figure 6).

**Figure 6. Fiscal balance targets by type of administration (% of GDP)**

	2020	2021	2022	2023
Central government	-0.5	-0.4	-0.3	-0.1
Regional governments	-0.2	-0.1	0.0	0.0
Municipal governments	0.0	0.0	0.0	0.0
Social Security	-1.1	-1.0	-0.9	-0.8
Total	-1.8	-1.5	-1.2	-0.9

Source: Finance Ministry.

Lowering the deficit this year to 1.8% of GDP will require an adjustment of some €8 billion and support for the minority government from Republican Left of Catalonia (ERC), the largest party in favour of independence for the region, and from the separatist Basque party Bildu if the budget is to win parliamentary approval.

Spain was finally released last June from the European Commission's excessive deficit procedure, as the 2018 fiscal deficit came in, for the first time in a decade, at below the EU threshold of 3% of GDP. The deficit had peaked at a whopping 11% in 2009 (see Figure 7).

**Figure 7. Spain's fiscal deficit, 2007-2019 (% of GDP)**

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (1)
-4.42	-11.02	-9.45	-9.31	-6.79	-6.67	-5.84	-5.23	-4.29	-3.07	-2.5	-2.4

(1) Estimate.

Source: Eurostat and Bank of Spain.

### Export growth slows in 2019, but still another record year

Exports of goods grew 1.8% last year, the slowest growth since 2010, but still set a new record at €290 billion (see Figure 8). Imports were up 5.5% at just over €322 billion, leaving a deficit of €31.9 billion, 5.5% lower than in 2018. Exports covered 96.8% of imports.

**Figure 8. Exports of goods, 2010-2019 (€bn)**

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
186.7	215.2	226.1	235.8	240.5	249.7	256.4	276.1	285.2	290.0

Source: Ministry of Industry, Commerce and Tourism.

### Government readies climate legislation

The government's measures to tackle climate change and reduce net carbon emissions to zero by 2050 include mandatory low-emission zones in urban areas with populations of more than 50,000 and generating 95% of electricity from renewable source by 2040.

Spain has already introduced such zones by restricting use of cars in the centre of Madrid and Barcelona. The conservative city council in Madrid tried to lift the ban last year but was blocked by a court.

Spain is one of the countries where concern about climate change has had the greatest impact, according to an Ipsos survey for the World Economic Forum. Three-quarters of the population have changed their consumption habits, above the global average (see Figure 9).

**Figure 9. Impact of concern about climate change: % of respondents who have made changes in their consumer behaviour**

Country	%
India	88
China	85
Hungary	78
Spain	76
France	73
Average of 28 countries surveyed	69
UK	66
Germany	60
US	56
Japan	31

Source: Ipsos survey for World Economic Forum, December 2019.

Political parties are broadly on board with the measures, but not the far-right VOX, the third largest party in parliament, which described them as an attack on ‘hard-working, taxpaying Spaniards’.

### More and more tourists

Spain received a record 83.7 million tourists in 2019, up from 82.8 million in 2018 (see Figure 10). Spending was 2.8% higher at €92.3 billion.

**Figure 10. Spain’s surge in tourist arrivals (million)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Tourists	52.7	52.5	56.7	57.5	60.7	65.0	68.2	75.3	81.9	82.8	83.7

Source: Ministry of Tourism, Commerce and Industry.

Brits accounted for one in five of the tourists (see Figure 11). Their number was down 2.4% at just over 18 million.

**Figure 11. Top five tourist countries**

	Number	% of total
UK	18,078,076	21.6
Germany	11,176,545	13.4
France	11,156,671	13.3
Italy	4,542,709	5.4
Netherlands	3,701,944	4.4

Source: INE.

### Minimum wage up 5.5%

The net minimum monthly wage rose 5.5% to €950 (€1,108 as there are 14 payments). The coalition government aims to boost it to 60% of the average monthly salary of €1,944 by the end of its four-year term.

The new increase was much smaller than the 22.3% hike in 2018 (see Figure 12). It affects more than 2 million people.

**Figure 12. Spain's net minimum wage, 2000-20 (€)**

2000	2004	2008	2011	2014	2017	2019	2020
424.8	490.8	600.0	641.4	645.3	707.7	900.0	950

Business leaders were not happy with the increase while trade unions welcomed it. Employers maintain that in a country with an unemployment rate of nearly 14%, the rise in the minimum wage and the plan to overturn the PP's labour reform, which gave priority to company-level bargaining over sectoral agreements, will slow job creation.

The number of jobs created last year (402,300) was the lowest since 2014 when the economy came out of recession and the fall in the unemployed (-112,400 to 3.19 million) was much lower than in 2018 (-462,000).

The research department of the bank BBVA said the wage increase cost a potential 45,000 jobs in 2019 in Andalusia and the Canary Islands, regions heavily dependent on tourism.

### Protesting farmers call for fairer prices

Farmers and stockbreeders, hit by low prices, the threat of reduced subsidies from the EU's Common Agricultural Policy (CAP) and the rise in the minimum wage, brought their grievances to the Agriculture Ministry in Madrid.

The sales price of products in January was four times that paid to farmers, according to Europa Press. The biggest difference was in potatoes, where farmers were paid €0.17/kilo and shops then sold them for €1.25.

Prime Minister Pedro Sánchez called on supermarkets to be more transparent in their pricing policies. Ignacio García Magarzo, Director General of Aseddas, the body that embraces supermarket chains such as Mercadona and Dia, responded by urging producers to form larger cooperatives so that they have a greater capacity to negotiate and to agree longer and stable contracts that help to mitigate the ups and downs in prices.

### IMF calls for a shift in social spending toward the most vulnerable

Social protection spending needs to be more effectively targeted toward the most vulnerable as it does little to help low income households or the young compared to pensioners, the IMF says in a new report.<sup>1</sup>

Social spending in Spain is below the peer average in several categories (see Figure 13). The bright spot is the generally well-functioning healthcare system. Pension spending in GDP terms is at par with peers and the EU average, while the replacement rate of public pensions, or the average initial benefit as a share of the average wage, is considerably higher than the EU-28 average. Old-age poverty is relatively low. The sustainability of the pension system, however, is at risk because of the fast ageing population and the low fertility rate. Maintaining it without reforms would come at the expense of the already disadvantaged younger generation.

**Figure 13. Social protection and pension expenditure (1)**

	Per capita in purchasing power parity (€)	Total social protection as % of GDP	Pension expenditure as % of GDP
France	10,915	34.1	15.0
Austria	10,964	29.4	14.1
Italy	8,206	29.1	15.9
Netherlands	11,014	29.3	12.6
<b>Spain</b>	<b>6,349</b>	<b>23.4</b>	<b>12.6</b>
EU-28	8,231	27.9	12.6

(1) 2017 (latest available)

Source: Eurostat and IMF.

<sup>1</sup> Available at <https://www.imf.org/en/Publications/WP/Issues/2020/01/30/Effectiveness-and-Equity-in-Social-Spending-The-Case-of-Spain-48936>.

Spending on social exclusion, family (including child benefits), and housing stands at about 1.6% of GDP, below the peer average, with spending on housing especially small. As a result, alleviating poverty has been inadequate. As of 2017, over one-quarter of the Spanish population was still at risk of poverty or social exclusion. Spain has the highest child (0 to 17-year-olds) poverty rate in Western Europe (22.1%), ahead of Portugal, Italy, and Greece.

Inequality in Spain is higher than in EU peers. The Gini coefficient, where 0 represents absolute income equality and 100 total inequality, jumped from 32.9 to 34.5 in the seven years to 2016. By contrast, income inequality in the eurozone as a whole was well below Spanish levels, with the measure inching up from 30.3 to 30.7. The elderly in Spain have weathered the Great Recession much better than the young (unemployment for those under 25 is more than 30%).

As a first step, the IMF says Spain needs a more coordinated approach, given the high level of decentralisation. There is no single point of contact or one-stop shop to coordinate income support and social and unemployment services in order to offer a joint response to those in need.

Education, training and active labour market policies also need to ensure better matching with market needs. Total public expenditure on education is less than the EU average: it declined from 4.4 to 3.9% of GDP over 2011–2017, against the EU's 4.6%.

Stubbornly high unemployment, a fiscal deficit that needs to be controlled and high public debt give the government little leeway for more social spending and put the onus on more effective distribution.

Hard on the heels of the IMF's report came a 12-day visit to Spain by Philip Alston, the UN's special rapporteur on extreme poverty and human rights. His wide-ranging and damning report was broadly in line with the IMF's.<sup>2</sup> 'Spain today needs to take a close look at itself in the mirror. What it will see is not what most Spaniards would wish for. The self-image of a close family-based society rooted in deeply shared values and social solidarity has been badly fractured by an economic crisis and the implementation of neoliberal policies'.

Spain has one of the largest Roma communities in the EU, approximately 750,000 people (1.6% of the population). More than 80% face poverty or social exclusion and 46% are extremely poor, with a monthly income below €310. The community's child poverty rate stands at 89% and unemployment at 52%. Only 17% of the population over 16 complete secondary education or higher.

UK ministers dismissed Alston's report on Great Britain last year as 'completely inaccurate' and claimed the country was among the happiest in the world. Alston

---

<sup>2</sup> Available at

<https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=25524&LangID=E>.

responded by saying the government's response was as worrying as the depth of the poverty.

## **Corporate scene**

### **RENFE wins €5.6 billion high-speed rail contract in the US**

The state-owned rail company RENFE won a €5.56 billion contract to operate a high-speed train line between Dallas and Houston, a record deal for a state firm outside Spain.

RENFE will not build the line or provide the trains, but solely provide technical advice and help operate the line.