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Fifty years after Franco: Spain's profound transformation, 1975-2025

William Chislett

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'Spain is not so different, so special as it is manipulatively said to be. We must stamp out once and for all the idea that Spain is an anomalous country... a case apart, an exception that justifies any action'

Julián Marías, philosopher and sociologist (1914-2005)

'Spain is different'

Tourism slogan in the 1960s during the Franco dictatorship

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Summary[1]

General Franco died 50 years ago, but Francoism did not die with him. Spain, however, bore no resemblance to the country Franco took over after winning the 1936-39 Civil War. The economy in 1975 was developed, society was largely urbanised and a middle class had been created. But politically little had changed. The dictator left his regime and its institutions 'tied up and well tied up'. King Juan Carlos, Franco's successor as head of state, used the dictator's immense powers to transition to democracy in a pact forged between the reformist right and the non-violent left. In 2025, the 1978 constitution overtook the 1876-1923 constitution as the oldest and most stable in Spanish history. Today Spain has a vibrant democracy, one of only 25 'full democracies' in the ranking of 167 countries by the Economist Intelligence Unit (EIU), though its quality is perceived as declining and political corruption is a problem. A founding member of the eurozone, Spain is the world's second most popular destination for international tourists, after France, and one of the world's top 20 exporters of goods and of services. It also has a bevy of multinationals that barely existed in 1975. The stock of Spain's direct investment abroad, almost non-existent 50 years ago, is much higher than Italy's in absolute and relative terms. The unemployment rate (10.3%), however, has only been below 10% between 2005 and 2008. In education, more than half of 25-to-34 year-olds have tertiary education, above the OECD average. Women, who accounted for just under one-third of university enrolments in 1975, today account for close to two-thirds. Society has undergone profound changes, telescoped into a relatively short period. Average life expectancy (84 years) is one of the world's highest; the population is rapidly ageing. In 1975, 27% of the population was under the age of 15 and 10% over 65. Today, 13% is under 15 and 21% over 65. As well as an ageing population, and the pressure this is exerting on the public pension and healthcare systems, the fertility rate has plummeted from 2.80 to 1.12, far short of the 2.10 at which existing population levels would be maintained. Deaths have substantially outnumbered births for the past 10 years. The 'traditional' nuclear family has changed significantly (the parents of more than half of new-borns today are not married), but the extended family is still the bedrock of society, much more than in northern Europe. Almost 20% of the population is foreign-born (0.4% in 1975). But for the influx of

1 I would like to thank the following for helping with this report: Joaquin Almunia, Rafael Arenas García, Jesús Ceberio, Rafael Domenech, Enrique Fanjul, Andrew Gee, Emilio Lamo de Espinosa, Jim Lawley, Miles Lizak, Leandro Prados de la Escosura, Valeriano Muñoz, Pablo Zavala and my colleagues at the Elcano Royal Institute.

immigrants over the last 30 years, Spain's population would have long ago almost ceased to have grown. Immigrants are also a significant driver of economic growth. Climate change is taking a heavy toll. In foreign policy, Spain, one of the most pro-EU countries, has taken a more forceful place on the world stage, while in defence it has promised to boost its very low spending.

1. Introduction: Spain in 1975

When General Franco, the chief protagonist of a large part of 20th century Spain, died at the age of 82 the government decreed an extraordinary 30 days of official mourning.[2] Unlike two of the 20th century's other dictators –Hitler, who committed suicide, and Mussolini, who was shot and hanged upside down– Franco died a natural death.

No one knew with certainty what would happen after he died. General Vernon Walters, Deputy Director of the CIA, visited the dictator in 1971 to try to find out. Franco told him not to worry as he had 'left something that I didn't find on taking over the government of this country 40 years ago'. Walters thought Franco was referring to the armed forces. But Franco said: 'The Spanish middle class. Tell your President to trust the common sense of the Spanish people, there won't be another civil war.'[3]

The country that Franco left bore no resemblance to that which existed before his uprising in 1936 against the democratically-elected Republican government, triggering a devastating three-year Civil War that left an impoverished and starving country. The 1940s were known as 'The Years of Hunger'. Up to 200,000 people, and possibly three times as many, starved to death or died from diseases directly related to malnutrition between 1939 and 1945.

Following the 1959 Stabilisation Plan, which began to move Spain from autarky to a market economy and encourage foreign direct investment, economic growth between 1961 and 1973 averaged 7.5% per year in real terms, making it one of the fastest-growing economies in the world.[4] Between 1959 and 1973 Spain received more than US$6 billion in foreign capital. Hotels began to be built, including the Hilton, and multinationals began to arrive, including Westinghouse, John Deere, Chrysler and British Leyland. The vertiginous period of growth, referred to as the 'Spanish Miracle', created a much larger middle class and rid the country of the huge gulf between rich and poor that existed before the Civil War. In 1963 Spain stopped being a developing country in terms of the UN's classification of per capita income at market prices as it crossed the US$500 line.

2 The UK observed a national mourning period of 10 days after the death in 2022 of Queen Elizabeth II, who reigned for 70 years, almost twice as long as Franco was head of state.

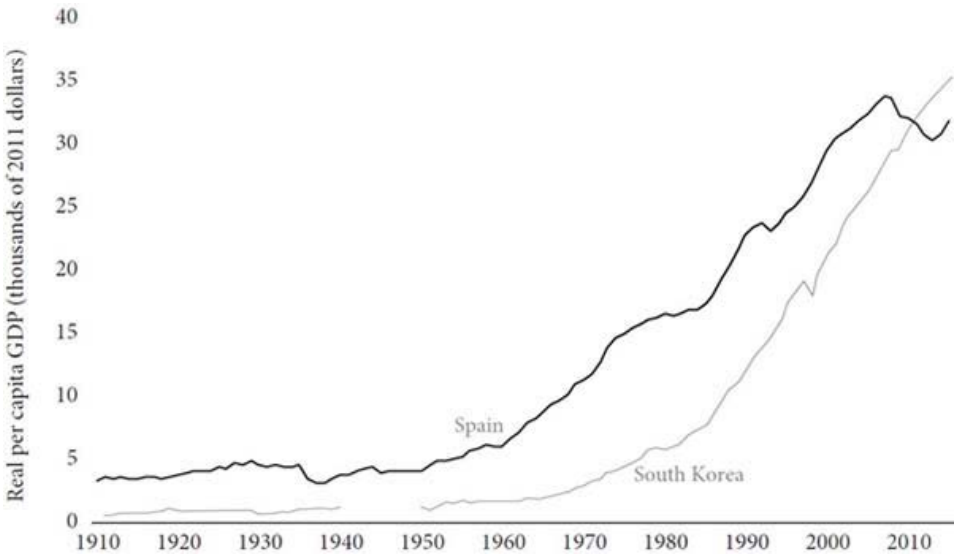
3 As told by Walters in an interview with the newspaper *ABC,* published on 15 August 2000.

4 See Joan R. Rosés, Isabel Sanz Villarroya & Leandro Prados de la Escosura, 'Stabilisation and growth under dictatorships: lessons from Franco's Spain', https://cepr.org/voxeu/columns/stabilisation-and-growth-under-dictatorships-lessons-francos-spain.

Tourists began to descend on Spain (27.3 million in 1975, seven times more than in 1960). An even more dramatic change was the flight from the land: agriculture's share of economic output dropped from close to 30% to below 10% in 1975. It is estimated that between 1961 and 1970 nearly 4.5 million people moved on a permanent basis within Spain, which, in an extraordinarily short period, became a predominantly urban society. Most of these people lived on the outskirts of cities, particularly Madrid and Barcelona, creating *chabolas* (shanty towns) that lacked elementary services such as schools, hospitals and sanitation. Emigration was also massive; three million Spaniards emigrated to Europe between 1960 and 1975. Their remittances were a significant source of income for Spain's economic development.

Per capita income soared from US$250 in 1960 to over US$3,000 in 1975. Spain is one of the very few countries, along with South Korea, that successfully transitioned from middle-income to high-income status (see Figure 1). Of over 100 middle-income countries in 1960 only a dozen had become high-income by the end of the 20th century. Most remained stuck in the middle-income trap.

Figure 1. Spain and South Korea: real capita GPD, 1910-2010



Source: Maddison Project Database, by Bolt, Inklaar, de Jong & van Zanden (2018), published in Oscar Calvo-Gonzalez (2021), *Unexpected Prosperity,* Oxford University Press.

An important factor behind the creation of wealth was that both the public and private sectors drove investment, and not just the former, as in the case of communist countries. The rate at which new private companies were created, which had averaged around 1,400 a year in the first half of the 20th century, trebled to 4,500 in the 1960s.

The greater prosperity enabled the state to invest significantly in infrastructure. In a country prone to drought, water-storage capacity via reservoirs, for example, increased sixfold. Spending on education also rose. The primary school enrolment rate more than doubled to 88% between 1960 and 1970, and the rate of illiteracy dropped from 13.7% to 8.8%.

Women's position in society also advanced considerably. Women accounted for 28% of the workforce in 1975, double that in 1950. Society was also less influenced by the Roman Catholic Church, a pillar of the regime until its last years when it began to distance itself. The press was also a little freer; a law in 1966 replaced prior censorship with self-censorship.

The international context was also very different. Spain was non-belligerent in World War II, which meant, in practice, supporting the Axis powers. Nazi Germany and Mussolini's Italy had backed Franco during the Civil War with military equipment, aircraft and soldiers. One of the regime's contributions to Hitler's war effort was to send the *División Azul* (the Blue Division, named after the blue shirts of the Falange) of 18,000 volunteers to fight on the Eastern Front in 1941. As a result, Spain was a pariah after the War. The UN General Assembly approved Spain's exclusion from international institutions in 1946 and the Allies excluded the country from the Marshall Plan in 1947.

With the Cold War in full swing and Franco playing his staunchly anti-communist card as the 'Sentinel of the West', Spain gradually became anchored in the Western bloc. The US established military bases in Spain in 1953, in return for considerable economic aid. Spain was the US Strategic Air Command's missing link for closing its network of forward-deploying bases and encircling the Soviet Union. Washington placed military security considerations above considerations of political principle. Spain became a de facto partner in the NATO security network.

In 1955 Spain joined the United Nations and in 1958 the International Monetary Fund and the World Bank. Franco's international isolation was definitely over when the US President Dwight D. Eisenhower visited Spain in 1959. Spain also had a preferential trade agreement as of 1970 with the European Economic Community (EEC), the club of European democracies that the dictatorship unsuccessfully sought to join.

The changes brought a measure of stability and reduced the regime's need for repression to maintain itself in power, although there was a draconian crackdown after the Basque terrorist group Euskadi Ta *Askatasuna* (ETA) assassinated Franco's Prime Minister, Admiral Luis Carrero Blanco, in 1973. Two ETA militants and three from the Frente *Revolucionario Antifascista* y Patriota (FRAP) were executed by firing

squads in September 1975, two months before Franco died, for allegedly killing several policemen and civil guards.[5] These were the last death sentences.

While the economy advanced, the political structures remained ossified (the only legal political organisation was the *Movimiento Nacional* or 'National Movement') and out of sync with the country's transformation. Opinion polls showed Spaniards were increasingly overcoming the divisions caused by the Civil War, paving the way for reconciliation. According to a survey in 1975, 74% of respondents wanted press freedom, 71% religious freedom, and 58% trade union freedom, but this did not automatically guarantee a successful transition to democracy.

5 I was arrested by the secret police for attending, as a correspondent for *The Times,* an illegal press conference in Madrid given by a group of French intellectuals, including Regis Debray and Ives Montand, to protest at the executions. They were deported and I was detained at the police headquarters in the Puerta del Sol. See 'Spain expels French group after executions protest', The Times, 23 September, 1975.

2. The transition to democracy: top down, bottom up

Francoism did not die when Franco died. All his institutions were left intact; his most ardent supporters, many from the time of the Civil War, held powerful positions in them. Close to two-thirds of the population (22 million people) in 1975, however, had not been born when the War started in 1936 (ie, they were under 40 when Franco died) and hence had no memory of it.

The transition was crafted from the top by King Juan Carlos, who used his proclamation to make it clear immediately that he wanted to be 'King of all Spaniards, without exception', and elite pacts between the reformist right and the non-violent left. Juan Carlos had been appointed Franco's successor as head of state in 1969 with all his immense powers. That appointment restored the Bourbon monarchy. Juan Carlos's grandfather, Alfonso XIII, had gone into voluntary exile in 1931 shortly before the proclamation of the Second Republic. There was also intense bottom-up pressure, manifested in numerous demonstrations and strikes (a staggering 17,731 in the first three months of 1976) in favour of economic demands, an amnesty for political prisoners, the legalisation of political parties and trade unions, and regional autonomy.

The transition got underway in earnest with the resignation in July 1976 of Carlos Arias Navarro, who had carried on as Prime Minister after Franco's death, and his replacement by the much younger Adolfo Suárez, a former Minister of the National Movement. Neither Suárez (born in 1932) nor Juan Carlos (born in 1938) were identified with the Civil War. Suárez used Franco's laws to dismantle the dictatorship gradually rather than by engineering a swift break with the regime, which would have run the risk of provoking the old Francoist guard. His task was facilitated by a bureaucracy that was able to distinguish between service to the state and service to a particular government. Furthermore, as Franco's regime was a dictatorship of a military man rather than a military dictatorship, at the time of his death it was not necessary to dislodge the military from positions of power.

Consensus and reconciliation, after so polarised a recent past, were very much the watchwords (Franco fostered a victory culture, which split Spaniards into Civil War winners and losers). This was epitomised by an unspoken pact among the political class not to rake over the past for gain. The focus was on the future and not repeating the tragedies of the past.

Franco's remains were not removed from the grandiose state-funded Valley of the Fallen mausoleum, partly built by political prisoners used as forced labour, until October 2019, 44 years after his death, and reburied in a cemetery near Madrid. Pedro Sánchez, the caretaker Socialist Prime Minister at the time, said the exhumation 'ends a moral affront: the exaltation of a dictator in a public place'.

Juan Carlos formalised the Pact when he granted an amnesty for all political prisoners in July 1976 except those sentenced for 'blood crimes'. Among those released was the communist Luis Lucio Lobato who had spent 26 of his 56 years in prison. A second and blanket amnesty in May 1977 predominantly benefited convicted terrorists of the Basque terrorist group ETA, which killed 45 people between 1968 and Franco's death. ETA murdered a further 808 until 2010 (176 between 1976 and 1979) when it declared a permanent ceasefire.[6] A referendum on political reform in December 1976 was supported by 97.4% of votes on a turnout of 77.7%. The Public Order Court (TOP), which dealt with political crimes, was then abolished in January 1977.[7] The Communist Party, the bête noire of the Franco regime, was legalised in April 1977 (other parties were allowed earlier) and the first free election since 1936 was held in June 1977, using the d'Hondt method of proportional representation.

The Moncloa Pacts in October 1977 repeated in the economic field what had been achieved through consensus in the political sphere: essentially to agree on ways to reduce unemployment and control spiralling inflation and balance-of-payments problems that might have knocked the march to democracy off course.

With a democratic parliament in place, representatives from all the main political parties drew up a constitution; as a result, each new government since then has not felt the need to mould it to its particular interests. It was approved in a referendum in December 1978 by 88% of voters on a turnout of 67%. More than 70% of respondents said in 2025 they were 'proud' of the Transition, according to a survey by the state pollster CIS. In 2025, the constitution overtook the 1876-1923 constitution as the longest lived and most stable in Spanish history. The path to full democracy was hard won.[8]

6 ETA was not the only terrorist organisation. GRAPO (the First of October Revolutionary Anti-Fascist Resistance Groups), founded in 1975 and active until the first decade of the 21st century, was held responsible for around 80 murders. Several extreme-right wing groups, which mainly responded to ETA's attacks, committed around 60 murders. GAL (Anti-Terrorist Groups of Liberation) were paramilitary death squads established by Socialist government officials to fight a 'dirty war' against ETA. They murdered 27 people between 1983 and 1987. Several of the officials were subsequently brought to trial and imprisoned. These figures come from 'Terrorism in Spain', a work unit for 16-17-year-old students published by the Education and Interior Ministries.

7 More than 500,000 people appeared before the court between 1967 and 1977, 6,748 of whom were imprisoned for terms ranging from six months to 20 years. See *Bajo sospecha*, a collection of essays coordinated by Ana Asión & Sergio Calvo (2025), Espasa, p. 111. Most of the prison sentences were given in the court's last three years. There were more people charged with political offences in the first five months of 1976 than in the same period of 1975, Franco's last year. See 'More held than under Franco, lawyers say', *The Times*, 23/VI/1976.

8 RTVE's six-part series on the transition premiered in 2025 is aptly called '*La conquista de la democracia*'.

3. Politics: vibrant and polarised

	1975	2025
Number of political parties in parliament (1)	1	12

(1) The National Movement was the only legal political organisation in 1975 and it was not called a party.
Source: Las Cortes.

When Franco died, the only political party (and it was not called that) in the Cortes, the rubber stamp legislative body, was the *Movimiento Nacional* (National Movement), which had grown out of the *Falange Española Tradicionalista y de las Juntas de Ofensiva Nacional Sindicalista (FET y de las JONS*, the Spanish Traditional Phalanx and of the Assemblies of the National Syndicalist Offensive), an amalgamation in 1937 of the political forces that supported Franco. The dictator regarded political parties as alien to the true Spain. 'A century and a half of parliamentary democracy, accompanied by the loss of immense territory, three civil wars, and the imminent danger of national disintegration, add up to a disastrous balance sheet, sufficient to discredit parliamentary systems in the eyes of the Spanish people,' he said.

The Francoist state was based on 'organic democracy' (a parliamentary democracy was 'inorganic'), in which people were represented not by universal suffrage and political parties, which, in the regime's words, 'sacrifice the interests of the nation to those of the party', but by 'natural' institutions, such as the family, municipalities and the 'vertical' trade unions (known as *sindicatos*). Only the head of a household could vote, which largely excluded women.

Fifty years on and after 16 general elections since 1977, 12 parties or alliances are represented in the parliament that emerged from the 2023 election, two less than when the first democratic election since 1936 was held in 1977. That election for the 350 congressional seats was contested by 5,359 candidates from 67 parties or alliances, including *Alianza Popular* (AP), led by Manuel Fraga, a former Tourism and Information Minister in the Franco regime, with 183 Francoist deputies on its slate. AP won just 8.2% of the vote. The 2023 election was contested by 65 parties or alliances (around half of them in just one province).

Since the collapse in the 1982 election of the Union of the Democratic Centre (UCD), led by Adolfo Suárez who oversaw the transition,

the Socialists and the Popular Party (PP, the successor to AP) have alternated in power, but neither of them since 2015 has been able to win an absolute majority or close to one (see Figure 2).

Figure 2. Results of general elections, 1977-2023 (% of total votes cast)

	1977	1979	1982	1986	1989	1993	1996	2000	2004	2008	2011
UCD (centrist)	34.5	35.0	6.8	-	-	-	-	-	-	-	-
Socialists	29.4	30.5	48.1	44.1	39.6	38.8	37.6	34.2	42.6	43.9	28.8
Conservatives[1]	8.2	6.0	26.4	26.0	25.8	34.8	38.8	44.5	37.7	39.9	44.6
Soc.+Con.	37.6	36.5	74.5	70.1	65.4	73.6	76.4	78.7	80.3	83.8	73.4
Communists[2]	9.4	10.8	4.0	4.6	9.1	9.6	10.6	5.4	4.9	3.8	6.9
Catalan parties	2.8	2.7	3.7	5.0	5.0	4.9	5.2	5.0	3.2	4.1	4.1
Basque parties	1.6	1.5	1.9	1.5	1.2	1.2	2.0	1.9	1.6	1.6	2.6
VOX[5]	-	-	-	-	-	-	-	-	-	-	-
Other	14.1	13.5	9.1	18.8	19.3	10.7	5.8	8.9	10.0	6.7	13.0
Voter turnout (%)	78.8	68.0	80.0	70.5	69.8	76.4	77.4	68.7	75.7	73.8	68.9

	2015	2016	2019 April	2019 Nov.	2023
UCD (centrist)	-	-	-	-	-
Socialists	22.0	22.6	28.7	28.0	31.7
Conservatives[1]	28.7	33.0	16.7	20.8	33.1
Soc. + Con.	50.7	55.6	45.4	48.8	64.8
Communists[2]	3.7	-	-	-	-
Podemos[3]	20.7	21.1	14.3	12.8	12.3
Catalan parties	4.6	4.6	5.8	5.8	3.5
Basque parties	2.1	1.9	2.5	2.7	2.5
Ciudadanos[4]	13.9	13.1	15.9	6.8	-
VOX[5]	-	0.2	10.3	15.1	12.4
Other	4.3	3.5	5.7	8.0	4.4
Voter turnout (%)	69.7	66.5	71.8	66.2	66.6

(1) Popular Alliance, known as the Popular Party as of the 1989 election. (2) Spanish Communist Party until 1982; United Left from 1986 to 2016 when it joined Podemos to form Unidos Podemos; includes regional allies. (3) Unidas Podemos as of 2019 and the Sumar coalition in 2023. (4) Would-be Centrist party, which did not stand in the 2023 election. (5) Hard-right party.
UCD = Union of the Democratic Centre.
Source: Interior Ministry.

The combined share of the vote of the Socialists and the PP in general elections dropped from an average of 73.4% between 1982 and 2011 to 68.2% between 2015 and 2023 (a peak of 83.8% in 1982 and a lowof 50.7% in 2015). The political map fragmented and became more polarised as of 2015 when Podemos and the would-be centrist Ciudadanos (Cs) entered parliament for the first time, followed by the hard-right VOX in 2019. Until then the PP was a broad church conservative party. While tapping into some of the conservative values of the Franco era, particularly over social and cultural issues, VOX is more like the populist hard-right movements in Poland, Hungary and Italy.

Inconclusive results led to four elections between 2015 and November 2019 and ended with an unwieldy Socialist-led minority coalition (the first in post-Franco Spain), led by Pedro Sánchez, with the hard-left Unidas Podemos and parliamentary support from Basque and Catalan parties.

Something similar happened after the July 2023 election when Sánchez and his new junior partner, the hard-left Sumar alliance, needed again the support of the right wing separatist Together for Catalonia (*Junts*) and Republican Left of Catalonia (ERC) and Basque parties. This was not achieved until the November; the price of Catalan support and hence a parliamentary majority was a controversial and divisive amnesty law benefiting around 400 people involved in the illegal 2017 referendum on Catalan independence, approved by a narrow margin of 177 votes to 172. Sánchez said before the 2023 election he would never grant an amnesty as it was uncostitutional, but it became a matter of political expediency for him. He said he was 'making a virtue out of necessity'. The deal incensed the right.

The only way to have avoided such a government would have involved the Socialists and the PP forming a German-style grand coalition, something supported by many in opinion polls, but the gulf between the parties is too deep and their positions too entrenched. Yet another election would probably have been inconclusive again.

The European Commission issued a non-binding opinion on the amnesty law (approved in 2024), which questioned the political process behind the law's adoption. The Commission noted that the law 'seems to constitute a self-amnesty', as it was passed with the drafting and the votes in parliament of the two parties that directly benefit from its provisions. It suggested that the political trade-off may undermine rule of law standards. Previously the Venice Commission, a legal advisory body to the Council of Europe, said the amnesty had 'deepened the profound and virulent division in the political class, in the institutions, in the judiciary, in the academia and, above all, in the society of Spain[9]'.

9 The Commission's report is available at https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD(2024)003-e

The amnesty law is the only substantial law to have been passed since the 2023 general election. (The 2023 budget was rolled over twice, as there was insufficient support for the 2024 and 2025 budgets). The Constitutional Court upheld the amnesty law in June 2025, following an appeal lodged by the PP. 'Amnesty is not banned by the Constitution, and its adoption, when it responds to an exceptional situation and a legitimate public interest, may be constitutionally admissible,' the court ruled by six votes ('progressives') to four ('conservatives').

Junts also demanded official status for the Catalan language in the EU, but the government had not obtained the required unanimity by July 2025. The government was also seeking the same status for adding the Basque and Galician languages to the list of the bloc's 24 official languages. Catalan, Basque and Galician are co-official languages in Spain. One of the main arguments against the proposal is that it could set a precedent, leading to similar demands from other countries with minority languages.

Cs proved to be a short-lived party, dropping from a peak of 15.9% of the vote in April 2019 to 6.8% in November and throwing in the towel in 2023 when it did not run in the election. Spain might seem politically unstable, but it has had far fewer governments (19) since Franco's death in November 1975 than Italy (38), France (36) and Portugal (25). The UK, one of the world's most stable democracies, had three Conservative prime ministers between 2019 and 2024 because of infighting in the party.

VOX's share of votes in the 2023 election was 12%, one of the lowest among the EU's hard-right parties (see Figure 3). Among men under the age of 25 it was the leading party in 2025, and among males under 45 it enjoyed more support than the PP, according to opinion polls.

Figure 3. Hard-right parties in the EU (% of votes in last parliamentary election) (1)

	%		%
Hungary	60	Finland	20
Poland	44	Bulgaria	20
Italy	35	Romania	18
France	34	Greece	18
Netherlands	31	Estonia	16
Belgium	31	Slovakia	13
Austria	29	**Spain**	**12**
Portugal	23	Czech Republic	10
Sweden	21	Luxembourg	9
Germany	21	Denmark	6

(1) Hard-right parties as classified by https://popu-list.org/ as of May 2025.
Source: ParlGov.

The main nationalist and separatist parties –the Basque Nationalist Party (PNV), EH Bildu, descended from the political wing of the defunct terrorist group ETA, Together for Catalonia and Republican Left of Catalonia– have become more important in national politics. Thirty-one nationalist parties (ie, those that only ran candidates in their regions) ran in the 2023 election and captured 7.6% of the vote and 22 of the 350 seats in Congress. If one adds the Catalan Socialist Party (PSC), affiliated to the Socialist Party, and the Navarrese People's Union (UNP), affiliated to the PP, both of which ran candidates only in their regions, these parties gained 12.4% of the vote and 46 seats.

The Senate is constitutionally defined as a 'House of territorial representation', but it is not fulfilling its role and needs to be reformed and become the equivalent of Germany's Bundesrat. The Senate comprises 265 members, 57 of whom are appointed by regional parliaments and the rest by popular vote. It has limited legislative powers and has become an 'elephants' graveyard' where the two main parties park second-tier politicians. A reformed senate, together with a more clearly defined division of powers between the central government and the 17 regional governments, would go some way towards defusing the endless tensions between the regions and the central government.

The proliferation of parties and politicians has made Spain a vibrant democracy, but a difficult country to govern.[10] It is the only country in Europe with four levels of government (five including the EU): central, regional, municipal and the 41 *diputaciones provinciales* (provincial assemblies in those regions with more than one province). They are a hangover from the Franco regime and should have been abolished after the 1978 constitution created the 17 *comunidades autónomas* (regions, 11 of which are governed today by the conservative Popular Party, the main opposition).

Regional autonomy has turned Spain from the most rigidly centralised state in Western Europe to the most decentralised nation. Each region has its own parliament and government. Public health and education responsibilities were devolved to the regions. While the number of public sector employees, at the state level, dropped from just over 1.3 million in 1990 to 539,257 in January 2025 (-769,435), the number of people employed by the regional governments rose from 514,273 to 1,903,241 (+1,388,968). Spain's population is four times smaller than Brazil's and yet it has 2,555 more municipalities. The number of municipal bureaucrats rose from 333,843 to 594,934. As well as too many civil servants and politicians, there are thousands of discretionary political appointments.

10 The Spanish lawyer Miriam González Durántez estimates there are between 300,000 and 400,000 politicians. *Devuélveme el poder: por qué urge una reforma liberal en España*, Ediciones Península, Barcelona, 2019, chapter 1.

Spain was ranked 21st out of 167 countries in the 2024 Democracy Index published by the Economist Intelligence Unit (EIU) and was one of only 25 'full democracies' (see Figure 4). It scored 8.13 out of 10 ('full democracies' are those that score 8-10). Spain's score peaked at 8.45 in 2008 (see Figure 5).

Figure 4. The Economist Intelligence Unit's Democracy Index, 2024 (1)

	Rank (2)	Overall score	Electoral process & pluralism	Functioning of gov.	Political participation	Political culture	Civil liberties
Full democracies							
Norway	1	9.81	10.00	9.64	10.00	10.00	9.41
New Zealand	2	9.61	10.00	9.29	10.00	8.75	10.00
Sweden	3	9.39	9.58	9.64	8.33	10.00	9.41
Iceland	4	9.38	10.00	8.93	8.89	9.38	9.71
Switzerland	5	9.32	9.58	9.29	8.33	9.38	9.41
Finland	6	9.30	10.00	9.64	7.78	9.38	9.71
Denmark	7	9.28	10.00	9.29	8.33	9.38	9.41
Ireland	8	9.19	10.00	8.21	8.33	10.00	9.41
Netherlands	9	9.00	9.58	8.93	8.33	8.75	9.41
Luxembourg	10	8.88	10.00	9.29	6.67	8.75	9.71
Australia	11	8.85	10.00	8.57	7.22	8.75	9.71
Taiwan	12	8.78	10.00	8.57	7.78	8.13	9.41
Germany	13	8.73	9.58	8.21	8.33	8.13	9.41
Canada	14	8.69	10.00	8.21	8.89	7.50	8.82
Uruguay	15	8.67	10.00	9.29	7.78	6.88	9.41
Japan	16	8.48	9.58	8.93	6.67	8.13	9.12
UK	17	8.34	9.58	7.50	8.33	6.88	9.41
Costa Rica	18	8.29	9.58	7.50	7.78	6.88	9.71
Austria	19	8.28	9.58	7.50	8.89	6.88	8.53
Mauritius	20	8.23	9.58	7.86	6.11	8.75	8.82
Estonia	21	8.13	10.00	8.57	6.67	6.88	8.53
Spain	**21**	**8.13**	**9.58**	**7.50**	**7.22**	**7.50**	**8.82**
Czech Republic	23	8.08	9.58	6.43	7.78	7.50	9.12
Portugal	23	8.08	9.58	7.14	6.11	8.75	8.82
Greece	25	8.07	10.00	6.79	7.22	7.50	8.82

(1) Overall score out of 10.
(2) Out of 167 countries and two territories.
Source: The Economist Intelligence Unit.

Figure 5. EIU's democracy index, 2006-24, France, Germany, Italy, Spain, UK and US

	2008	2010	2012	2014	2016	2018	2020	2022	2024	Change 2008-24
France	8.07	7.77	7.88	8.04	7.92	7.80	7.99	8.07	7.99	-0.08
Germany	8.82	8.38	8.34	8.64	8.63	8.68	8.67	8.80	8.73	-0.09
Italy	7.98	7.83	7.74	7.85	7.98	7.71	7.74	7.69	7.58	0.40
Spain	**8.45**	**8.16**	**8.02**	**8.05**	**8.30**	**8.08**	**8.12**	**8.07**	**8.13**	**-0.32**
UK	8.15	8.16	8.21	8.31	8.36	8.53	8.54	8.28	8.34	+0.19
US	8.22	8.18	8.11	8.11	7.98	7.96	7.92	7.85	7.85	-0.37

Note: 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.
Source: The Economist Intelligence Unit.

Opinion polls show discontent with the way the 'full democracy' is working, and with the relentless and brutally aggressive political discourse, replete with playground insults. The political class would do well to heed the words of Adolfo Suárez, the Prime Minister who began the transition to democracy in 1976. After his UCD party won the 1977 election, which ushered in a constitutional process, Suárez said Spain required not only new rules but 'civic uses and customs that are clearly democratic and which complement strictly political principles and rules'.

Spain is far from being alone in these matters among western European countries, nine of which are among the world's 10 most democratic countries in the EIU ranking. A Pew survey in 2024 showed close to 70% of respondents in Spain dissatisfied with the functioning of its democracy (see Figure 6). That is one factor which fuels support for anti-establishment and hard-right parties.

Figure 6. 'How satisfied are you with the way democracy is working in your country?', 2024 (% responding, excluding those who did not answer)

	Dissatisfied	Satisfied
Greece	78	22
Spain	**68**	**30**
Italy	67	32
France	65	35
UK	60	39
Hungary	50	49
Germany	45	55
Netherlands	41	58
Poland	39	57
Sweden	24	75
31-country median	54	45

Source: Pew Research Centre.

Another factor behind the deterioration in the quality of Spain's democracy is 'partitocracy', a form of government in which the elites of political parties are the primary basis of rule rather than citizens or individual politicians. This is most evident in the closed party list system to elect MPs, under which candidates are elected in the order they appear on the list (as decided by the party's leadership). If a party wins six seats, for example, the first six candidates on that list take the seats. A vote for a particular party is read as an endorsement of the whole list.

Closed, as opposed to open, party lists give excessive power to a party's apparatus at the expense of accountability, stifle independent and minority opinion among MPs and hence a healthier debate and tend to make MPs sycophantic to the leadership. Article 67, section 2 of the 1978 Constitution declares that MPs 'shall not be bound by any compulsory mandate', meaning they do not have to adhere to the line established by the leadership and can vote according to their conscience. But if they do, they are sanctioned by the party. As Alfonso Guerra, a former Socialist Deputy Prime Minister (1982-91) who kept an iron grip on the party, said: 'Move and you're out of the photograph.' Closed lists might have been good for the elections in 1977, two years after the death of Franco, when strong and disciplined parties were needed to help anchor democracy, but not today.

Together with other countries, Spain also suffers from the professionalisation of politics: career politicians with little experience

of anything other than politics. Part of the malaise surrounding Spain's politics lies in a sense of disconnect between politicians and the electorate at large.

Corruption is another issue, though not on a scale remotely comparable to that during the Franco regime, beginning with the dictator's family and a coterie of close associates with no fear of conviction in the courts. The corruption problem in today's Spain (and in many other countries) is concentrated in tenders for public works by national, regional and local governments (worth close to €30 billion in 2024). The European Commission's 2025 Rule of Law Report on Spain said 'public procurement, political party financing, infrastructure projects and public service contracts are key sectors at high-risk of corruption[11].' The 2025 Special Barometer on Corruption showed 89% of respondents considered corruption is widespread (EU average 69%) and 87% of companies (EU average 63%). According to the Flash Eurobarometer on businesses' attitudes towards corruption in the EU (2025), 40% of companies in Spain (EU average 25%) said corruption had prevented them from winning a public tender or a public procurement contract in the last three years

Both the Socialists and the PP, the two parties that have alternated in power over the last 42 years, have done little to ensure the eradication of systemic corruption. The 2013 Transparency Law is largely ineffectual; the underfunded Council of Transparency and Good Governance lacks mechanisms to ensure compliance with its binding recommendations. The 70 anti-corruption measures approved by the PP in 2014 had little effect.

Following a spate of corruption scandals in which senior members of the governing Socialist Party were accused of taking bribes, the government unveiled in July 2025 a battery of anti-corruption measures, which parliament has yet to approve. Santos Cerdán, the Socialists' third-ranking official, was remanded in pre-trial detention, accused of taking at least €620,000 in bribes on public works contracts. Sánchez resisted the PP's relentless call for an early election. The next one is due no later than 22 August 2027.

The measures, introduced under duress, are split into five areas: risk prevention and bolstering measures against corruption; protecting whistleblowers; boosting the state's capacity to investigate and punish allegations; recovery of assets stolen through corruption; and creating a culture of integrity. Companies that have been convicted of corruption will be blacklisted from future government contracts, while sanctions against political parties will also be toughened.

Just when the PP thought it had the Socialists on the ropes, Cristóbal Montoro, the PP Finance Minister between 2011 and 2018, and former senior treasury officials were charged with making legislative changes in exchange for kickbacks from companies benefiting from the

11 The report is available at https://commission.europa.eu/document/download/3457bf3b-e321-49af-80fd-de0617ef5b28_en?filename=13_1_63945_coun_chap_spain_en.pdf

modifications. If true, this deprived the state coffers of much-needed funds and was done via a consulting firm founded by Montoro.

In 2018 the government of Mariano Rajoy, in which Montoro served, was brought down as a result of a successful censure motion in parliament, presented by the Socialists under Sánchez, after a court in a case known as Gürtel found the PP had benefited from illegal kickbacks-for-contracts. Sánchez became prime minister, promising to root out corruption. The list of Socialist and PP politicians charged in corruption cases in the last 40 years is too long to cite.

Many of these cases were unearthed by the Civil Guard's *Unidad Central Operativa* (UCO), whose independence, according to lawyers, would be eroded if it comes under the control of the government-appointed public prosecutor, instead of judges, as envisaged in the government's bill to reform the judiciary.

Spain declined from 41st position in 2018 in Transparency International's Corruption Perceptions Index (30th in 2012) to 46th in the 2024 index (see Figure 7). Its score fell from 65/100 in 2012 (the closer to 100 the cleaner) to 56/100. Spain has also fallen sharply in the World Bank's governance indicators (see Figure 8). Thirty-two countries have significantly improved their corruption score since 2012, but Spain was not one of them.

Figure 7. Corruption perceptions index, 2012 and 2024

	Rank (1)	Score (2)	Rank (3)	Score (2)
	2012		2024	
France	22	71	25	67
Germany	13	79	15	75
Italy	72	42	52	54
Spain	**30**	**65**	**46**	**56**

(1) Out of 174 countries.

(2) 100 is very clean and 0 highly corrupt.

(3) Out of 180 countries.

Source: Transparency International.

Figure 8. World governance indicators, 2000-23 (1)

	2000	2023	Change 2000-23
Control of corruption			
Spain	**1.33**	**0.63**	**-0.70**
EU 27	1.02	0.93	-0.09

Government efficiency			
Spain	**1.69**	**0.75**	**-0.94**
EU 27	1.07	0.98	-0.09
Regulatory quality			
Spain	**1.24**	**0.69**	**-0.55**
EU 27	1.03	1.08	+0.05
Rule of law			
Spain	**1.41**	**0.82**	**-0.59**
EU 27	1.02	1.05	+0.03
Average of the four			
Spain	**1.41**	**0.72**	**-0.69**
EU 27	1.04	1.00	-0.04

(1) Scores range from -2.5 (worst) to 2.5 (best). EU 27 is an unweighted average.
Source: World Bank.

The Council of Europe Group of States against Corruption (GRECO), dependent on the Council of Europe, is not happy with Spain's progress. Its latest compliance report, adopted in December 2023 but not released to the public at the request of the government until 16 April 2025, concluded that Spain had not yet fully implemented any of the 19 recommendations issued in 2019 to prevent corruption and promote integrity in top executive functions of the central government and the law enforcement agencies[12]. It had only partly implemented 13 of them, while no progress at all had been made on the other six. A follow-up report, adopted on 1 June (before the government´s measures) but not published until 1 August, said the 19 recommendations had still not been fully implemented, though some progress had been made. It criticised the 'lack of decisive action.' The authorities were told to report on progress on implementing the measures by the end of June 2026.

Spain has no effective system to deal with conflicts of interests of politicians' families and spouses, along the lines, for example, of the UK's Office of Propriety and Ethics. Instead, there is an outdated Office of Conflicts whose lack of independence and autonomy is constantly criticised by the EU and the Council of Europe. Not only is Spain out of line with advanced countries in matters of conflict of interest, but it does not even have a ministerial code of ethics or legislation on lobbies or rules limiting the use of ministerial houses or official airplanes. When Miriam González Durántez, a Spanish lawyer and the wife of Nick Clegg, a former UK Deputy Prime Minister (2010-15), who founded in 2023 the civil society organisation *España Mejor*, sent out a proposed ethics code

12 Available at https://rm.coe.int/grecorc5-2023-8-final-eng-2nd-compliance-report-spain-public/1680b547d8.

to 400 institutions of different political colours not one of them signed up, although they said it was a good idea.[13]

In another report on preventing corruption by MPs, judges and prosecutors, adopted in June 2024 and whose publication was also delayed until 16 April 2025, GRECO said its recommendation regarding the selection system of the General Council of the Judiciary (CGPJ), the governing body of the judiciary, and its perceived politicization had still not been implemented. GRECO has long said the 'political authorities shall not be involved, at any stage, in the selection process. It is crucial that the CGPJ is not only free, but also seen to be free from political influence'.

The five-year mandate for the CGPJ's 20 judges-members, which began when the Popular Party (PP) was last in power, expired in December 2018, but new ones were not appointed until June 2024 and only after EU mediation in order to break the bitter deadlock between the PP and the Socialist-led government, emblematic of the failure of the two main parties to reach consensus on crucial issues. More than 100 appointments were held up because of the lack of agreement. The two parties agreed an ad hoc system under which each appointed 10 new members and were charged with agreeing a new CGPJ President by a three-fifths majority (achieved in September 2024) and hammering out by the same majority changes to the law, under which the body is formed, and submitting them for absolute majority approval by the congress and the senate. One year after the CGPJ was renewed, the new system for appointing judges-members had not been agreed, and looked like not happening during the current legislature.

The previous system for appointment of members, which had been in force since 1985, involved parliament appointing 12 judges of magistrates and eight lawyers or other jurists, subject to a qualified three-fifths majority. Prior to that 12 were chosen by judges and eight designated by parliament. The PP's reluctance to renew the CGPJ was partly based on the appointment method not being in accordance with generally accepted EU standards, though it was happy to keep the system when it and not the Socialists were in power and, moreover, had an opportunity to change it. The European Commission and the Council of Europe want at least half of the Council's members to be designated by judges as it might make the body more independent.

Other problems affecting the quality of democracy include the colonisation by former politicians, or those deemed faithful to the party in power, of state institutions and companies, instead of more qualified people. These entities include the Centre for Sociological Research, which conducts opinion polling, the National Statistical Institute, the EFE news agency, the parador hotels and the electricity grid operator. Other

13 See https://elpais.com/espana/2025-03-17/el-codigo-etico-para-mejorar-las-administraciones-se-envia-a-400-entidades-y-ninguna-lo-firma.html.

issues are the overuse of decree laws (an emergency procedure), supposed to be reserved for exceptional circumstances; the use of what are called 'omnibus decree laws', where laws of a very diverse nature with little or no connection between them are bunched together and have to be voted as a package, and *aforamiento*– the right of politicians established in the Constitution to be tried only by the Supreme Court or regional Superior Courts.

The theory behind *aforamiento* is that the higher courts are more impartial and autonomous than lower ones for 'ordinary citizens', as they are more prone to political pressure. This avoids reckless or politicised criminal charges against high-ranking officials, particularly while Spain was consolidating democracy.[14] But it takes much longer to appear before these courts. Around 1,800 politicians benefit from *aforamiento*. In France there are 21 *aforados* (the President and his ministers), only one in Portugal, Italy and the UK, and in Germany none. The perception is that aforamiento on such a large scale gives politicians a sense of impunity, and it is time to change it.

Lastly, 86 years after the end of the Civil War the conflict continues to cast a shadow over the political landscape. The Historical Memory Law approved in 2007 by the Socialist government of José Luis Rodríguez Zapatero, followed by the broader Democratic Memory Law in 2022 approved by the Socialist government of Pedro Sánchez, aimed to bring 'justice, reparation and dignity' to the victims of the Civil War and the subsequent dictatorship.[15] Both laws faced criticism from the left and the right, with the former arguing they do not go far enough and the latter viewing them as politically motivated, opening up old wounds and sowing divisions.

While Felipe González, the first post-Franco Socialist Prime Minister, decided against officially commemorating in 1989 the 50th anniversary of the end of the Civil War, Sánchez marked the 50th anniversary of Franco's death, under the slogan 'Spain in Liberty', and announced the creation of a Truth Commission to examine human rights violations.

3.1. Catalonia: waning support for independence

The Franco regime did not tolerate anything that smacked of nationalistic sentiment, particularly in Catalonia and the Basque Country, the two territories that before (the former) or briefly (the latter) during the 1936-39

14 The 1998 White Paper on Justice, later cited by the Constitutional Court, said *aforamiento* was a 'guarantee for the free and independent performance of essential state tasks'. Carlos Mazón, the Popular Party president of the region of Valencia, where flash floods in October 2024 killed 228 people, declined to declare before a judge, as asked to do, because he is an *aforado*. By July 2025, no decision had been taken as to whether he should appear before the region's Supreme Court.

15 The 1977 amnesty paved the way for various laws that restored the rights of those on the losing side of the Civil War, including restoring the labour and pension rights of military personnel, civil servants and teachers, among other collectives, who lost their jobs, as well as indemnities. By 2006, 573,500 people had received some form of compensation.

Civil War enjoyed a measure of self-government. Their languages and culture were suppressed. Lluis Company, the President of the Catalan government, declared an independent state in 1934 within the Republic but it was very short-lived. He was captured by the Gestapo after fleeing to France and returned to Barcelona, where he was executed in 1940.

The 1978 Constitution led to the creation of a system of 17 *comunidades autónomas* (autonomous communities), which turned Spain into a quasi-federal state. While the Basque terrorist group ETA killed 853 people between 1968 and 2010 in its fight for an independent Basque Country and did not lay down its arms formally until 2017, the largely non-violent struggle for an independent Catalonia did not really begin until a non-binding referendum on the issue in 2014, followed by a real one in 2017 and a unilateral declaration of secession. The Constitutional Court declared both referendums unconstitutional.

The Popular Party government of Mariano Rajoy tried to prevent the 2017 referendum by sending in thousands of police from other parts of Spain. Shocking images of baton-wielding police beating and, in some cases, arresting voters were viewed around the world, a propaganda gift for the separatists and a public relations disaster for the PP government.

The Socialist-led minority government of Pedro Sánchez has taken a softer approach, appeasing the separatists by pardoning nine separatist leaders jailed for terms of between nine and 13 years after they were found guilty of sedition, scrapping the sedition law, on the books since 1822, for one of 'aggravated public disorder' and, more controversially, granting an amnesty for some 400 people who faced charges for offences related to the secession process and/or the referendum. Excluded from the amnesty, on the grounds of alleged misuse of public funds but not regarding holding the 2017 referendum, is Carles Puigdemont, the former Catalan Premier who has been in self-imposed exile in Belgium since fleeing in the boot of a car to avoid prosecution.

Eight years on, the secession movement has ebbed. Political fatigue with independence has set in, but it has not lost its hold over national political life. A kind of uneasy truce prevails. The snap election in Catalonia in 2024 saw the nationalist parties failing to secure a majority of seats in parliament for the first time since 1984. The Catalan Socialists returned to heading the government for the first time since 2006 after winning 42 of the 135 seats on 28% of the vote, though not enough to govern on their own.

The price of support from Republican Left of Catalonia (ERC), the more pragmatic of the two main pro-independence parties, was an agreement allowing Catalonia to become autonomous in collecting and managing taxes. Critics, including the Association of State Tax Inspectors and some regional Socialist leaders, said this clashed with the Spain-wide financing system of 'solidarity' under which poorer regions receive a portion of the revenues of more affluent regions such as Catalonia, one of the richest

(20% of Spain's GDP). The Basque Country and Navarre have systems similar to the one proposed for Catalonia, which has yet to be worked out and implemented.

Support for independence has fallen from a peak of 49% in October 2017 to 40% in June 2025 and from 40% to 28% in March 2025 when offered as one of four preferences, according to the Catalan government's pollster (see Figure 9).

Figure 9. Preferences for the relation between Catalonia and Spain, 2017-25 (% of respondents)

	Oct. 2017	Oct. 2018	Nov. 2019	Oct. 2020	Oct. 2022	Oct. 2023	Nov. 2024	March 2025
A region within Spain	5	6	6	6	8	6	6	8
A state within federal Spain	22	22	21	23	20	24	22	22
An autonomous region	27	24	28	28	29	31	34	36
An independent state	40	39	37	35	33	31	30	28

Source: Centre d'Estudis d'Opinió.

3.2. Monarchy: confidence restored

Franco appointed Juan Carlos his successor as head of state in 1969, and with it reinstated the Bourbon monarchy which had ended in 1931 when Juan Carlos's grandfather, Alfonso XIII, voluntarily left Spain on the eve of the proclamation of the Second Republic. Juan Carlos was hugely popular for overseeing the transition to democracy, particularly for bravely facing down a coup in 1981 by a minority of nostalgic Francoists.

But Juan Carlos began to lose support, and with it tarnished the monarchy, in the decade of the 2010s, following an ill-judged and pricey elephant-hunting trip to Botswana in 2012 when Spain was in a double-dip recession. This was followed by the revelation of the financial crimes and influence peddling of his son-in-law, Iñaki Urdangarín, for which he was sentenced to five years and 10 months in prison. These factors and ailing health led Juan Carlos to abdicate in 2014 in favour of his son Felipe.

Felipe VI inherited a toxic situation in a country whose history is characterised by institutional instability: nine constitutions since 1800, including Franco's Fundamental Laws, which were a kind of constitution, four civil wars, 13 military coups and two restorations of the Bourbon monarchy, in 1874, after the short lived First Republic, and in 1975. He quickly moved to clean up the monarchy's image by subjecting the royal palace's accounts to external audits, in line with practices in the UK, the Netherlands, Denmark, Sweden and Norway, and making the results

public. Other steps included a new code of good conduct and a ban on immediate royal family members working in the public sector.

The difficult relation between father and son reached a critical point in March 2020 when Felipe renounced any inheritance of his father and cut off his annual grant of US$217,100. This followed media reports that Juan Carlos had received US$100 million in 2018 from the Saudi royal family via an offshore account. Spain's Supreme Court's public prosecutor began to investigate Juan Carlos in connection with suspected kickback payments for the contract won by Spanish companies to build the high-speed rail line between Medina and Mecca. The probes were subsequently dropped when no evidence of this was found. The disgraced King left for Abu Dhabi in August 2020. His departure was followed by two voluntary tax settlements amounting to more than €5 million.

Fifty-eight percent of respondents in a GAD3 poll in September 2024 were in favour of Spain's parliamentary monarchy compared with 36% who wanted a republic. A survey by the Elcano Royal Institute at the end of 2024 showed Felipe to be more popular internationally than King Charles III, Pope Francis, the German Chancellor Olaf Scholz, Ursula von der Leyen, the President of the European Commission, and Emmanuel Macron, the French President. Felipe is also viewed more positively than Spain's political leaders. While Prime Minister Pedro Sánchez was swiftly evacuated in November 2024 from the epicentre of the devastating DANA floods near Valencia, Spain's third largest city, that killed 227 people, Felipe and Queen Letizia, splattered in mud thrown at them, stayed on and braved the furious crowd. It was a smart though risky move, winning them much approval.

In a country so sharply polarised and politically fragmented, the monarchy, albeit an apparently anachronistic institution in the 21st century, serves Spain better than a republic by standing above the fray and acting as a symbol of unity by not being identified with any political party. It is striking that many of the most prosperous and democratic countries in the world are parliamentary monarchies. Of the 25 countries classified as 'full democracies' in the 2024 democracy index of the Economist Intelligence Unit (EIU), including Spain, seven are parliamentary monarchies. Nine of the top 30 countries in the UN's Human Development Index (UNHDI) are parliamentary monarchies.

A change in the form of the state will not in itself resolve the country's fundamental problems and could, history suggests, even exacerbate them. Proclaiming a third republic would entail constitutional reform that would require a degree of political consensus that is impossible to achieve even for far less controversial issues. The reform would require approval by two-thirds of the members of Congress and Senate, followed

by elections, ratification by two-thirds of the new Congress and Senate and a referendum. It would be an unnecessary leap in the dark. Moreover, compared with other European monarchies (or, for example, the Presidency of the French Republic), Spain's is inexpensive (see Figure 10).

Figure 10. Public spending on European monarchies (€ mn)

Country	Cost
UK	147
Netherlands	53
Monaco	44
Norway	29
Luxembourg	24
Denmark	17
Belgium	15
Sweden	14
Spain	**9**

Source: The Guardian (2023), CNN (2020).

4. Economy: from closed to highly open

	1975	2025 (e)
GDP (US$)	114.7 billion	1.95 trillion

(e) Estimate.

Source: World Bank.

Fifty years ago, Spain, a big importer of energy, was reeling from the oil price shock, inflation was in double figures, the current account was in deficit as earnings from tourism and remittances from workers abroad no longer offset the trade deficit, the shipbuilding industry, the world's third largest after Japan and Sweden, was hard hit by the collapse of the tanker market, the steel industry suffered from the worldwide glut in steelmaking capacity, and the peseta faced devaluation (by 11% in 1976 and 20% in 1977). The economy had long stopped being predominantly agrarian, but more than 20% of jobs were in a sector that generated only 9% of GDP. Tax evasion was widespread: total tax revenue in 1975, including contributions to the social security system, accounted for just 18% of GDP, a smaller proportion than in any other OECD country except Turkey.[16]

Today, inflation is low, the current account has been in surplus for a decade, the tourism industry (Spain's 'oil') is the world's second largest in terms of numbers (94 million international visitors in 2024) after France, the agricultural sector's share of economic output (below 3%) is roughly in line with its share of employment, and the tax burden was 37.1% in 2024 (below the EU average of 40%). Much greater tax revenue enabled a universal healthcare system to be established.

Spain joined the EEC in 1986 and was one of the founding members of the eurozone in 1999. The economic benefits of membership were immediately evident. In 1986, the share of total merchandise exports going to the EEC, for example, rose to 60% from 53% in 1985. In 2024, Spain was the fourth largest contributor to the EU budget, in line with the size of its economy in the bloc, and a net contributor (see Figure 11).

16 The economist José Jané i Solà described tax evasion in the following way in his book *El problema de los salarios en España* (Oikos-Tau, Barcelona, 1969, p. 103): 'It is no secret, in fact quite the opposite, that in Spain one doesn't only conceal what one earns from the tax inspector, the labour authorities, the trade unions or any other official body, but also from one's friends.'

Figure 11. The EU's net contributors, 2023 (€ mn)

	Receipts	Contributions	Net contribution
Germany	14,065	33,818	19,753
France	16,498	25,831	9,333
Italy	12,804	18,756	5,952
Spain	**12,122**	**13,585**	**1,463**
Netherlands	2,886	9,139	6,253
Sweden	2,081	3,724	1,643
Ireland	2,264	3,536	1,272
Austria	2,167	3,488	1,321
Denmark	1,776	3,023	1,247
Finland	1,517	2,324	807

Source: European Commission.

Direct foreign investment has poured into Spain; the inward stock rose from US$13.4 billion in 1986 (5.3% of GDP) to US$867.6 billion in 2024 (50.4% of GDP), much higher than Italy (US$493.5 billion and 20.8%). The Spanish subsidiaries of foreign multinationals account for 15% of employment and close to 30% of turnover.

Per capita GDP has risen almost elevenfold since 1975, more than France, which started from a higher position, but less than Poland, which began from an even lower level than Spain (see Figure 12). In purchasing power standards, however, per capita GDP, relative to the EU average, hardly changed between 1986 (90% of the EU-12 average) and 2024 (92% of the EU-27 average, see Figure 13). During this period, the EU expanded enormously (10 countries joined in 2004), as did Spain's population (+10.4 million), both of which factors affect Spain's relative position in the EU.

The GDP per capita gap, particularly with the highest-income economies, such as Germany, is driven to some extent by a productivity shortfall. One reason for this is Spain invests less in R&D. Another is an overabundance of small firms that fail to scale up. Young high-growth firms or 'gazelles' are rare in Spain.

Figure 12. Per capita GDP, 1975 and 2024 (current US$)

	1975	2024
France	6,606	46,150
Germany	6,259	55,800
Italy	4,116	40,226
Poland	1,432	25,022
Spain	**3,207**	**35,297**

Source: World Bank Open Data.

Figure 13. Per capita GDP in purchasing power standards (EU = 100)

	1986 (1)	2000 (2)	2006 (3)	2013 (4)	2024 (5)
Germany	120	114	105	118	115
France	109	99	111	98	99
Italy	105	98	105	96	98
Spain	**90**	**92**	**105**	**91**	**92**
Poland	NA	79	52	68	79

(1) EU-12. Germany is only West Germany. (2) EU-15. (3) EU-25. (4) EU-28. (5) EU-27, provisional figures. Source: Eurostat.

The economy has moved from being highly protectionist, particularly in the first decades of the Franco regime, to a high level of international exposure, as measured by exports and imports of goods and services and the outward and inward stocks of direct investment as a percentage of GDP. Exposure rose from 34.6% of GDP in 1980 (the first year when figures for all these parameters became available) to 157.4% in 2024, higher than Italy and France (see Figure 14).

Figure 14. International exposure (% of GDP

	Inward direct investment (% of GDP)		Outward direct investment (% of GDP)		Imports of goods & services (% of GDP)		Exports of goods & services (% of GDP)		Total exposure as (% of GDP)	
	1980	2024	1980	2024	1980	2024	1980	2024	1980	2024
France	4.6	33.2	3.6	53.1	22.5	34.0	22.0	33.2	55.2	153.5
Germany	4.3	26.0	5.0	48.4	23.2	38.2	18.5	42.1	49.7	154.7
Italy	1.8	20.8	1.4	25.7	22.8	30.4	20.1	32.7	46.9	109.6
Spain	**2.2**	**50.4**	**0.8**	**36.7**	**17.3**	**33.0**	**14.3**	**37.3**	**34.6**	**157.4**

Source: UNCTAD and World Bank Data.

The Spanish stock market, a fairly exotic institution during the Franco regime, is today one of the 10 largest markets in the world in term of channelling new financing flows to its listed companies. Market capitalisation has risen from 33% of GDP in 1975 to around 70%, and average trading per inhabitant from €13 to €6,500.

4.1. Foreign trade: export success

Until the last years of the Franco regime Spain's exports were typical of an underdeveloped economy –raw materials that paid for a big influx of manufactured goods. This began to change and become more sophisticated. The shoe industry centred in Alicante, for example, accounted for more than 6% of total exports in 1975, despite tough competition from Italy, and SEAT, partly owned by Fiat, sent more than 100,000 small cars abroad.

Car exports took off after the Ford Motor Company opened a plant in Valencia in 1976, which today is the company's largest manufacturing plant outside of the US and exports most of its output. Total automotive exports alone including components were worth €53.2 billion in 2024, far more than the value of all exports of goods in 1975, and accounted for 13.8% of the total (see Figure 15).

Figure 15. Spain's exports of goods, 2024 (% of the total value of €384.4 bn)

	%
Capital goods	19.4
Food, beverages and tobacco	18.7
Chemical products	16.3
Automotive industry	13.8
Non-chemical semi-manufactures	9.7
Consumer goods	8.9
Energy products	7.3
Raw materials	2.2
Other goods	2.1
Consumer durables	1.5

Source: Economy and Trade Ministry.

Spain today is one of the world's top 20 exporters of goods (see Figure 16). Exports regularly cover more than 90% of imports. The trade deficit is mainly due to the energy bill, as Spain continues to import oil and natural gas, while transitioning to renewables (a record 57% of the total energy mix in 2024).

Figure 16. The world's main exporters of goods, 2024 (US$ bn and %)

Ranking out of 30 countries	Value (US$ bn)	% of world total
1. China	3,577	14.6
2. US	2,065	8.5
3. Germany	1,683	6.9
4. Netherlands	921	3.8
5. Japan	707	2.9
7. Italy	674	2.8
9. France	640	2.6
14. United Kingdom	513	2.1
19. Spain	**424**	**1.7**
World total	24,431	100.0

Source: World Trade Organisation.

Less known is the surge in exports of services–transport, construction, insurance, consulting, intellectual property, telecoms, for example, which have become a major driver of growth. They increased from €77.9 billion in 2020 to €203.5 billion in 2024, while exports of goods rose over the same period from €266.3 billion to €390 billion. Spain is ranked much higher in the league of the world's main exporters of services (11th) than in that for exporters of goods (see Figure 17). Spain's global share of exports of services in 2024 was 2.5% compared to 1.7% for goods. Total trade openness (the sum of exports and imports of goods and services as a share of GDP) rose from 29.1% in 1975 to 70.3% in 2024.

Figure 17. The world's main exporters of commercial services, 2024 (US$ bn and %)

Ranking out of 30 countries	Value (US$ bn)	% of world total
1. US	1,077	12.4
2. UK	645	7.4
3. Ireland	519	6.0
4. Germany	465	5.4
5. China	444	5.1
7. France	391	4.5
10. Japan	329	3.8
11. Spain	**219**	**2.5**
15. Italy	154	1.8
World total	8,687	100.0

Source: World Trade Organisation.

4.2. Banking: a concentrated sector

The banking industry has undergone sweeping changes. Long gone are the cosy days, during the Franco regime and until the early 1990s, when the chairmen of the seven biggest commercial banks had lunch together almost every month, raising accusations of an oligopoly.

As financial backers of the Nationalist cause in the Civil War, banks were given a relatively free hand during the dictatorship and faced virtually no competition from foreign entities. The regime prohibited the founding of new banks between 1936 and 1962. The seven banks controlled huge industrial portfolios to varying degrees, and collaborated with government institutions in directing Spain's economic expansion.

Of the 'Magnificent Seven', as they were known, only one of them today, Banco Santander, has kept its original name. Founded in 1857 in the city of the same name, the bank merged with or acquired: Banesto (1994), Banco Hispano-Americano (1999), Banco Central (1999) and Banco Popular (2017). Santander is continental Europe's largest bank by market capitalisation (the 18th globally), has a major presence in Latin America, particularly in Brazil and Mexico, and in the UK, through acquisitions, and is one of the 29 banks in the Financial Stability Board's list of global systemically important banks. This means that Santander, with more than 175 million clients, is considered too big to fail. The other two of the original seven banks, Banco de Bilbao and Banco de Vizcaya, merged and along with Argentaria, a state bank, which was privatised, formed BBVA, one of Europe's top 10 banks by market capitalisation.

There were other, smaller commercial banks 50 years ago, as well as official industrial, agricultural, mortgage and trade banks, and 88 savings banks. The banks were generally overstaffed, with far too many branches and their services were overpriced. An EEC report in the late 1980s indicated that, in order for the costs of financial services in member states to be harmonised, those of the Spanish banking system would have to be cut by 34%, those of French banks by 24%, and those of British banks by 13%.

Freed of their legal restrictions in 1987, the savings banks expanded beyond their home regions and together with commercial banks and other entities the total number of bank branches peaked at 44,662 in 2008, up from 17,514 in 1975. Spain's 2008-14 banking crisis and the bursting of an immense property bubble, following the global financial crisis, had a devastating impact on the economy, producing higher unemployment and public debt, and company bankruptcies. In 2012 Spain was granted a €100 billion bail-out by eurozone member states (exited in 2014), though it only drew down €41.4 billion, which was exclusively used to recapitalise stricken banks.

Systemic risks in the financial sector today are low. Banks are adequately capitalised, liquid, profitable and resilient, although capital ratios are somewhat below those of eurozone peers.

Largely as a result of forced mergers, the number of credit entities of one type or another dropped from 361 in 2008 to below 190 in 2024, including just two savings banks, under their original format, and 60 tiny, rural credit cooperatives. CaixaBank, originally a savings bank (La Caixa) and with the largest customer base today in Spain, comprises 16 savings banks and several commercial banks including the Spanish retail operation of Barclays, which it bought. BBVA consists of 18 banks and savings banks. The six largest banks –CaixaBank, Santander, BBVA, Sabadell, Bankinter and Unicaja– account for close to 80% of total deposits, making Spain one of the EU countries with the most concentrated banking industry.

Had BBVA's hostile bid for Sabadell, launched in May 2024, gone ahead, the industry would be more concentrated. In June 2025 the government said BBVA cannot fully merge the two entities for at least three years. This left BBVA with three possibilities: accept the conditions, challenge them in the courts or abandon its bid. The move was criticised by the European Commission which said 'any conditions imposed by a government to approve a transaction should be exceptional, proportionate and justified by valid reasons of public interest'. The Commission said it might use 'its powers as the guardian of the Treaties to remove any unjustified restrictions to the single market imposed by the member states.'

4.3. Multinationals: from none to many

	1980	2024
Outstock of direct investment (US$ bn)	15.6	632.2

Source: UNCTAD (its figures began in 1980).

The most significant corporate change over the last 50 years is probably the huge direct investment abroad by Spanish companies and with it the creation of a bevy of multinationals. Together with South Korea and Taiwan, Spain has produced the largest number of multinationals among the countries that in the 1960s had not yet developed a solid industrial base.

Hardly any Spanish company by the end of the Franco regime counted for much on the international corporate stage, except perhaps for Chupa Chups, a brand of confectionery, though the shipbuilding industry was ranked the world's third largest, before it was hit by the international

shipping crisis. Since then, the industry has recovered: the state-owned shipbuilder Navantia bought Belfast-based Harland & Wolff (H&W) in 2024, as well as the Arnish and Methil yards in Scotland and the Appledore site in Devon. H&W is best known for building the Titanic between 1909 and 1911.

The outstock of foreign direct investment (FDI) soared from a mere US$15.6 billion in 1980 (3% of GDP) to US$632.2 billion in 2024 (36.7% of GDP), higher in absolute and relative terms than Italy (see Figure 18).

Figure 18. Outstock of foreign direct investment, 1990 and 2024 (US$ bn)

	1980	2024
France	119.8	1,679.4
Germany	308.7	2,252.5
Italy	60.1	608.5
Spain	**15.6**	**632.2**

Source: UNCTAD.

The seeds for the creation of multinationals began to be planted during the Franco regime, particularly in the construction and transport sectors. For example, Rafael del Pino, an engineer, travelled around Europe in the 1950s to see how railways were built in other countries. He brought back to Spain machinery acquired in Germany and set out to repair railway tracks under the corporate name Ferrovial. Among many other investments it acquired a significant stake in Heathrow airport in 2006 (since sold).

Another driving force was the building of toll roads in the late 1960s and 1970s when Spain's tourism industry was in the throes of being developed. Unlike France and Italy, Spain did not choose the model of having state-owned companies develop roads and opted for a mainly private sector model. Ferrovial, Grupo ACS and Abertis are today among the world's 12 largest transport developers. Among other mega infrastructure projects, Spanish companies widened the Panama Canal and built new locks, and constructed the high-speed railway line between Mecca and Medina in Saudi Arabia. Repsol is one of Europe's oil majors and Iberdrola one of its biggest electric utilities.

Spain has 19 companies and banks in the 2025 Forbes Global 2000 ranking, based on sales, profits, assets and market value compared with 49 for Germany, 47 for France and 30 for Italy (see Figure 19).

Figure 19. Spanish companies and banks ranked in the Forbes Global 2000

Rank	Name	Nature of business
29.	Santander	Banking
52.	BBVA	Banking
112.	Iberdrola	Energy
162.	Caixabank	Banking
254.	Inditex	Fashion group
466.	Repsol	Oil and gas
498.	Naturgy	Energy
548.	Banco de Sabadell	Banking
624.	Ferrovial	Construction and services
626	Telefónica	Telecoms
628.	ACS	Construction
668.	Mapfre	Insurance
945.	Aena	Transportation
1,005	Bankinter	Banking
1,082	Amadeus	IT
1,175	Acciona	Construction
1,198	Cellnex	Telecoms
1,349	Unicaja Banco	Banking
1,893	Grupo Catalana Occidente	Insurance

Source: Forbes.

Not all those in the ranking, however, can be considered multinationals. And there are many not in it, such as Roca, one of the global leaders in bathroom equipment, whose international presence includes plants in India, while Antolín is a big player in the design and manufacture of interior components for cars (120 plants in 125 countries) and Sener, an engineering firm which won the contract this year to refurbish five airports in Saudi Arabia. More than two-thirds of the revenues of the companies that comprise the Ibex-35, the blue-chip index of the Madrid Stock Exchange, are generated every year abroad.

The creation of multinationals began to take off after Spain joined the EU in 1986, The country's adoption of the euro in 1999, a much more stable

currency than the peseta, enabled companies to raise funds for their acquisitions at rates unimaginable just a few years previous. Outward FDI flows soared from an annual average of US$2.3 billion in 1985-95 to US$30.4 billion in 1995-2004, US$94.3 billion in 2005-07 and US$34.4 billion in 2008-24.

Latin America was a natural first choice for companies wishing to invest abroad. As well as cultural and linguistic affinities, there were factors that pulled companies to the region. Economic liberalisation and privatisation in Latin America opened up sectors that were hitherto off-limits, and the region's poor infrastructure was in constant need of development. Between 1993 and 2000, during the first phase of significant investment abroad, Telefónica (telecoms), the banks Santander and BBVA, the oil and gas companies Repsol and Gas Natural, and the power companies Endesa, Iberdrola and Unión Fenosa made acquisitions in the region.

Santander's rise from a local note-issuing bank in the 19th century in the northern province of the same name (the present-day region of Cantabria) to its position as one of the eurozone's leading retail banks, with the biggest franchise in Latin America and a significant presence in the UK, is particularly remarkable. Santander boosted its UK presence in July 2025 when it acquired smaller rival Sabadell's British unit TSB. Santander, with more than 175 million clients worldwide, was ranked 14th in S&P's 2024 ranking of the world's 100 largest banks by assets and BBVA 43rd.

Another stellar success is Inditex (best known as the owner of the Zara clothes chain), which opened its first shop in Galicia in 1975, the year of Franco's death, and today is one of the world's largest fashion clothes retailers with stores (Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Zara Home) in 96 countries.

Not only is there a bevy of multinationals, but a significant number of captains of industry around the world are Spaniards. They include the chief executives of Hyundai Motor, Merck, Decathlon, Pepsico, Johnson & Johnson, Möet Chandon and ThyssenKrup.

5. Labour market: from deceptively low to high unemployment

	1975	2025
Female labour force participation rate (%)	28.0	47.0

Source: INE.

Labour relations during the Franco regime were set by government decrees until 1958, one year before the Stabilisation Plan that began to liberalise the economy, when the Collective Bargaining Law allowed limited local collective bargaining between employers and workers within the framework of the Spanish Syndical Organisation (*Organización Sindical Española*, OSE). All wage-earners had to belong to the OSE. Strikes were illegal. They were considered the equivalent of a treasonable offence, but that did not deter a tidal wave of labour unrest during the late 1960s and the early 1970s.

Unemployment was low in 1975 at around 5%. Many people only survived by holding two or more jobs. Few women worked; the female participation rate (FPR) in the labour force was very low at 28%.[17]

Today, unemployment is 10.3% (FPR of 47%), the lowest level since the end of 2008 and way down on the post-Franco peak of 27% in 2013, following the global financial crisis, the bursting of Spain's immense property bubble and the Great Recession (see Figure 20). The jobless rate over the last 50 years has only been below 10% between the second quarter of 2005 and the first quarter of 2008.

Figure 20. Seasonally adjusted unemployment, 2025, % (1)

	%
Spain	**10.9**
France	7.1
Italy	5.9
Germany	3.6
Poland	3.3
EU	5.9

(1) April. Source: Eurostat.

17 The 1975 OECD economic survey of Spain said the following: 'The number of people stating they were looking for employment was almost twice as high as those recorded in the monthly statistics'.

Trade union membership –the main unions are the Workers' Commissions (*Comisiones Obreras*, CCOO) and the General Union of Workers (*Unión General de Trabajadores*, UGT)– is low at an estimated 14%, but the level of coverage by collective bargaining is high at around 80%.

The high unemployment is due to various factors including a still high early school-leaving rate (13% of 18-24 year-olds in 2024, down from 37% in 2006), which leaves many workers poorly qualified,[18] and a dysfunctional labour market divided into insiders (those on permanent contracts, with more costly severance conditions) and outsiders (those on temporary ones), though less so than in the recent past.

Spain's labour market is particularly sensitive to economic cycles, as manifested by the huge jobless rate at the height of its Great Recession and the relatively low rate today when the economy is back growing strongly. Spain's economic output was the hardest hit among EU countries by the COVID pandemic; GDP fell 10.9% in 2020 compared with an EU average drop of 5.6%. The number of tourists plummeted from 85.3 million in 2019 to 18.9 million in 2020, the lowest count since 1969.

This divide between outsiders and insiders is less acute now than it was until reforms in 2021 (the seventh package since 1994) that have substantially reduced the temporary employment rate (those on precarious contracts) from an average of almost 30% between 2017 and 2021 to 12.5% (it is still high in the public sector at around 30%) and produced greater employment stability.

Temporary contracts were introduced in 1984 –when the unemployment rate was 20%– by the first Socialist government of Felipe González in order to make the labour market more flexible. Employers complained that the rigid labour market rules that continued after the end of the Franco regime in 1975 would put them at a disadvantage when Spain joined the European Community (1986) and became a free-market economy. Employers were quick to use them and by 1997 around one-third of jobholders held temporary contracts, three times the EU average and creating the two-tier system.

The reform toughened temporary hiring terms and conditions, a system widely abused, set limits on how long temporary contracts can be used, penalised their successive rollover, banned project-based contracts, which lasted only until the project was completed, made fixed-discontinuous (intermittent open-ended) contracts more versatile and reinstated the primacy of collective sectoral agreements over company-level agreements for setting wages, a continued rigidity for those firms whose circumstances make it harder for them to afford the collective agreement. The number of different contracts was reduced to three –

18 At the other end of educational attainment, Spain's over-qualification rate in 2024 was the highest in the EU at 35%. This is defined as the percentage of workers aged 20-64 with tertiary education employed in jobs not requiring tertiary education.

open-ended (permanent, the default option), fixed-term temporary (for specific reasons) and training– and kept in place many of the changes introduced in 2010 and 2012. These included employers' unilateral ability to make substantial changes to employment terms for economic, technological, organisational or productive reasons, which helped safeguard jobs.

The labour market is tight, as indicated by the high vacancies-to-unemployment ratio. This is due to a mismatch between the skills needed by firms and those offered by the workforce. The problem is more marked in jobs requiring intermediate or higher vocational training and, by sector of activity, in industry, construction and transport. According to the Bank of Spain's Business Activity Survey (EBAE), 46% of firms surveyed in 1Q25 reported that labour shortages were negatively impacting their activity.

Foreigners account for more than 15% of the work force in 20 of Spain's 50 provinces, and for more than 20% in five of them, and together with many Spaniards need to upskill to fill the jobs that demand higher qualifications.

5.1. Artificial intelligence: advancing slowly

Spain is lagging in artificial intelligence (AI), according to the IMF's AI Preparedness, Index, based on macro-structural indicators. One reason is Spain's low spending on R&D (1.5% of GDP), which is crucial for AI development (see Figure 21). The main factor behind the R&D shortfall compared to the EU average of 2.2% is the private business sector, whose contribution amounted to 0.8% of GDP. Spain's digital infrastructure, however, is generally more advanced than the EU average, with higher coverage rates in most categories. Spain's 5G spectrum assignment in pioneer bands is particularly strong too (98.33%).

Figure 21. R&D spending, 2023 (% of GDP)

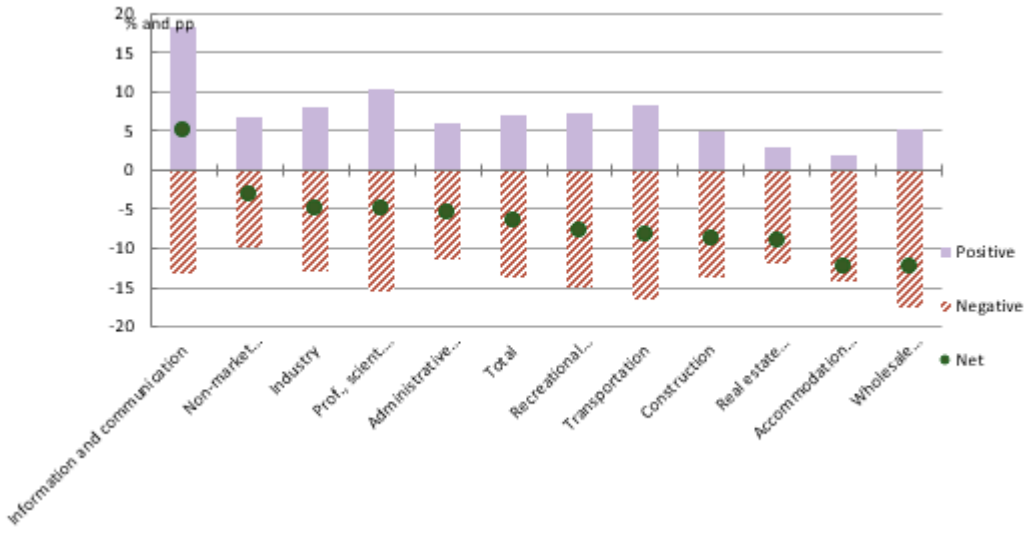
	% of GDP
Sweden	3.6
Germany	3.1
EU	2.2
France	2.2
Poland	1.6
Spain	1.5
Italy	1.3

Source: Eurostat.

A Bank of Spain report published in May 2025 said 20% of firms surveyed were using AI systems, fewer than Germany but more than Italy.[19] Most firms, however, are just experimenting with AI. The AI adoption rate in Spain is higher in technology services and in large, productive and young companies. The main obstacles to progress are the lack of skilled labour, high implementation costs and data availability. Firms are using AI mainly to optimise internal processes and for marketing. It is used less for task automation and innovation.

In a country with high unemployment, some 80% of firms said they believed AI will not significantly affect employment levels (see Figure 22).

Figure 22. Firms' perception of AI's possible impact on their employment level



Source: Bank of Spain.

The government launched its national AI strategy in November 2020 and a plan in May 2024 that includes strengthening supercomputing, an area where Spain is well prepared because it has one of the world's most powerful computers, the MareNostrum, and the creation of large language models (LLMs) in Castilian Spanish and co-official languages (Catalan, Basque, Galician, Valencian and Aranese).

19 Available at https://www.bde.es/wbe/en/publicaciones/analisis-economico-investigacion/boletin-economico/2025t2-articulo-06-la-adopcion-de-la-inteligencia-artificial-en-las-empresas-espanolas-un-primer-analisis-basado-en-la-ebae.html.

6. Education: mixed results

	1975	2025
Women enrolled at Spanish universities (%)	32.0	61.0

Source: Education Ministry

No sooner had Franco won the Civil War than his regime overturned the Second Republic's ambitious programme of modernising education, building many state-run schools, running literacy courses (over half the population was illiterate and the great majority of women) and its secular policy. The regime subordinated education to the country's ultra-conservative Roman Catholic Church (an estimated 60,000 schoolteachers, suspected of Republican sympathies, had to prove in 1940 their loyalty to the regime). The state took a subsidiary position that enabled a huge increase in religious and private schools. This policy lasted until the early 1960s by when major structural changes were being made under the 1959 Stabilisation Plan that moved Spain away from autarky and towards a more market-based economy. The state abandoned its subsidiarity and promoted growth in schools.

Compulsory schooling was generally limited to primary education, which lasted until the age of 12. This was extended to 14 in 1964, but implementation was often limited. The 1970 Education Act guaranteed free education for everyone, irrespective of gender. By 1975, 80% of the population could read and write (98% in 2025).

The Socialist governments in the 1980s invested considerably in public education. As they wanted to offer this option to everyone but could not finance all the investment needed to build and staff the schools required, charter (*concertado*) schools were started. These are semi-private schools paid for by the state but partially financed by monthly parental contributions. Most of these schools are Catholic with a faith-permeated curriculum, making this a sometimes heated issue rarely out of the political debate whenever education reforms are discussed. Compulsory education was extended to 16 in 1990 (it is 18 in the UK and Portugal).

More than half of 25-34 year-olds have tertiary education, above the OECD average of 47% (see Figure 23). Women, who accounted for just under one-third of university enrolments in 1975, today account for close to two-thirds.

Figure 23. Share of 25-34 year-olds with a tertiary qualification (%)

	%
UK	60.0
US	52.0
Spain	**52.0**
OECD average	47.0
Germany	38.5
Italy	30.5

Source: OECD, *2024 Education at a Glance.*

At the other end of the spectrum, 26% of 25-34 year olds have not completed upper secondary education, which is a substantial decline from 2016, when the share was 35%, but still way above the OECD average of 14% (see Figure 24).

Figure 24. Share of 25-34 year-olds with below upper secondary education attainment (%)

	%
Spain	**26.0**
Italy	26.0
Germany	16.0
OECD average	14.0
UK	12.0
US	6.0

Source: OECD, 2024 Education at a Glance.

The early school-leaving rate of 13% of 18-24 year-olds is also relatively high, though nothing compared to 2004 when the rate peaked at a whopping 32%, double the EU average (see Figure 25). During the period known as *vacas gordas* ('fat cows'), numerous students, mainly boys, saw no need to stay on at school as it was easy to find work, particularly in the construction, tourism and hospitality sectors. The bursting of an immense property bubble as of 2008 and recession left many of those with just basic education unemployed. Since then, there is a greater awareness of the importance of education for a more secure and better-paid job.

Figure 25. Early leavers from education and training, 2004 and 2024 (% of 18-24 year-olds) (1)

	2004	2024
France	12.3	7.7
Germany	12.1	12.4
EU-27	16.0	9.3
Italy	23.1	9.8
Portugal	39.3	6.6
Spain	**32.2**	**13.0**

(1) Those who had completed at most a lower secondary education and were not in further education or training.

Source: Eurostat.

Another factor behind the sharp fall in the early school-leaving rate is the significant rise in the number of students in vocational training (VT), an area that Spain has been lamentably slow to develop, particularly compared with the opportunities offered by Germany, but is now improving. The number of VT students has increased by more than a third in the past 10 years to over one million. These students often find a job, particularly in IT, building and civil engineering, medical care, marketing and renewable energies, more quickly than those with a university degree.

Spain's mean performance for science, mathematics and reading in the latest (2022) OECD PISA tests for 15-year-olds was the worst since the OECD's Programme for International Student Assessment was launched in 2000. But, as a result of the unprecedented drop in most countries' results, largely because of the COVID-19 pandemic impact, Spain was in line with the OECD average (see Figure 26). PISA tests in maths, science and reading are held every three years. The results of the next test, held this year, will be released in 2026.

Figure 26. Ranking of PISA scores by country

Ranking out of 81 countries (1)	Overall score	Maths	Science	Reading
1. Singapore	1,679	575	561	543
2. China	1,605	552	543	510
12. Finland	1,485	484	511	490
14. UK	1,483	489	500	494
15. Poland	1,477	489	499	489

18. US	1,468	465	499	504
24. Germany	1,447	475	492	480
26. France	1,435	474	487	474
27. Portugal	1,433	472	484	477
28. Spain	**1,432**	**473**	**485**	**474**
OECD average		472	485	476
Average of all countries		438	448	436

(1) Of which 37 are OECD countries.

Source: OECD PISA.

The PISA scores by region were markedly different. The difference between the results of Castile & León, the best region in all three subjects, and the worst, the Canary Islands, was considerable: in science 33 points, in mathematics 52 and in reading 35. Education experts say a difference of 40 points (some say 30) is the equivalent of an academic course. In mathematics, 10 regions scored higher than the OECD average. The results of Castile & León, Asturias, Cantabria and Madrid in mathematics and reading were better than Finland's, which used to be a star PISA performer.

In this the 50th year of Franco's death, it is striking how little secondary-school students know about the Civil War and the dictatorship, particularly given polls that show a quarter of young Spanish men believe that in some circumstances authoritarian government can be preferable to democracy. 'Those who sing the praises of authoritarianism want us to forget… that Spain was governed by an autocratic and repressive minority,' said Prime Minister Pedro Sánchez.

The first course on the recent past given in the history class does not happen until the last year of compulsory education, which ends at 16. Those who stay on at school for two years continue to learn about this period of history, but rarely very much. A lot depends on the time available and the will and ideology of the teacher. A new and worrying problem is the distorted historical revisionism of the Franco regime that young people receive via social media, where an influencer with tens of thousands of followers is believed more than a professional historian and facts. This has made some young adults nostalgic for a period they have never known.

Another issue is parental pressure on history teachers for ideological reasons or to avoid opening old wounds in families.

Teaching this period is a complex issue, as is creating a national museum on the Civil War and the dictatorship, which requires a broadly accepted narrative. Whereas there is little argument over who is the common

enemy when a country goes to war against another nation, this is not the case in a civil war that pits neighbours against one another and sometimes families, and where the narrative of why and what happened is monopolised by the winning side. A civil war is the worst kind of conflict as it leaves the deepest and longest scars, which, for decades, pass from one generation to the next.

The Popular Party and more so the hard-right VOX oppose the Socialist-led government's 2021 Democratic Memory Law that builds upon the 2007 Historic Memory Law of the previous Socialist government, accusing it of using history for political ends and stirring up division and recrimination by presenting the Civil War in simplistic terms.

While Spain has been slow to face up to the recent past, compared with, for example, Germany (the German Historical Museum in Berlin even has a section on the bombing of Guernica during Spain's Civil War by the Luftwaffe), it is not alone in taking time to address past conflicts (see Figure 27). The 1861-65 American Civil War Museum (formed from the merger of the American Civil War Centre and the Museum of the Confederacy) was established during the Obama Administration in 2013 – like Spain, the US is dealing with a civil war, though one far more distant.

Figure 27. Main war and conflict museums by country

Name	Country	Year inaugurated
Les Invalides	France	1687
Museum of Military History	Austria	1869
Imperial War Museum	UK	1917
Royal Museum of the Armed Forces and Military History	Belgium	1923
National WWI Museum and Memorial	US	1926
Hiroshima Peace Memorial Museum	Japan	1955
Dutch Resistance Museum	Netherlands	1984
Museum of the Great Patriotic War	Russia	1995
Kigali Genocide Memorial	Ruanda	2004
Memorial to the Murdered Jews of Europe	Germany	2005
Museum of Crimes against Humanity and Genocide, 1992-95	Bosnia	2016

Source: websites of each museum.

The government plans to redefine the monumental Valley of the Fallen complex, crowned by the world's highest cross (492 feet) and from where Franco's remains were exhumed and reburied in a cemetery on the outskirts of Madrid in 2019, and transform it into an educational centre or museum.

7. Demographics: more deaths than births

	1975	2025
Average life expectancy (years)	73	84

Source: INE.

When Franco died, 27% of the population was under the age of 15 and 10% over 65. Today, 13% is under 15 and 21% over 65 (see Figure 28). Spain is far from being the only country to experience a rapidly ageing population and the fiscal pressure it is exerting on public services, particularly the public health and pension systems, but, as in so many other things, the speed at which it has happened has been much faster.

Figure 28. Population by age group, 1975 and 1 January 2025 (% of total population)

Age group	1975 population 35.8 million, %	2025 population 49 million, %
Over 85	0.6	3.3
80-84	1.0	3.0
75-79	1.9	4.1
70-74	3.0	4.7
65-69	3.8	5.8
60-64	4.3	6.8
55-59	4.6	7.5
50-54	5.8	8.0
45-49	6.4	8.3
40-45	6.6	7.2
35-40	5.8	6.2
30-34	6.2	5.8
25-29	7.0	5.5
20-24	7.3	5.5
15-19	8.3	5.5
10-14	9.0	5.0
5-9	9.0	4.3
0-4	9.2	3.5

Source: INE.

The review by the fiscal watchdog AIReF in March 2025 of the pension system's sustainability did not trigger the system's safeguard clause, but it highlighted a widening gap between pension expenditure and social security contributions over the coming decades, partly as a result of the 2021-2023 reforms. AIReF will examine the sustainability again in 2026.

Not only is the population ageing quickly, but the fertility rate has plummeted from 2.80 in 1975 to 1.12, one of the world's lowest and far short of the 2.10 at which existing population levels would be maintained. The fertility rate has been below both the EU and OECD averages since 1983. Most of Spain's population growth, particularly in the last decade, is being driven by the arrival of immigrants. Foreign-born citizens now account for almost one-fifth of the population, while immigrant mothers account for close to one-third of new births each year.

Deaths have substantially outnumbered births every year since 2015 (see Figure 29)[20]. More babies were born in Spain in 1975 (669,378) than in 2024 (322,034), although the population then was 13.1 million lower. Spain's 1936-39 Civil War caused a sharp fall in the birth rate and delayed the 'baby boom' until 1960-75, more than a decade later than in most other Western countries. Every year, Franco awarded National Birth and Family Promotion Awards. One year it was won by a couple with 19 children.

A significant number of pregnancies are terminated voluntarily: one in every four pregnancies, a similar proportion to France's but far higher than Germany's and Italy's one abortion for every seven pregnancies, and Poland's one per thousand. The figures reflect, to some extent, countries' different abortion laws. In Poland, for example, where the influence of the Roman Catholic Church is still much stronger than in Spain, abortion has been largely outlawed since the 1990s after decades of permissive legislation during the communist era. Spain's laws, however, have been gradually liberalised since 1985, and since 2023 16-17-year olds do not need parental consent to have an abortion.

Figure 29. Births, deaths and voluntary abortions, 2013-24

	2013	2015	2017	2019	2021	2023	2024
Births	425,715	420,290	393,181	360,617	337,380	322,098	322,034
Deaths	390,419	422,568	424,523	418,703	450,744	434,114	439,146
Births less deaths	+35,296	-2,278	-31,342	-58,086	-113,364	-112,016	117,112
Abortions	108,690	94,188	94,131	99,149	90,189	103,097	NA (1)
Abortions: % pregnancies	20.3	18.3	19.3	21.5	21.1	24.2	NA

(1) Not available before this document was finished. Source: INE and Health Ministry.

20 Germany has recorded more deaths than births every year since 1972, while in the UK this happened for the first time in 50 years in the year to mid-2023, if excess deaths during Covid are stripped out.

Average life expectancy has risen from 73 years in 1975 to 84 years, one of the highest in the world: the oldest person in the world in 2024 was a Spanish woman who died at the age of 117.[21] The striking increase in life expectancy is one factor behind Spain's much improved score since 1980 in the UN's Human Development Index, which tracks progress on various measures and is one of the most widely used indicators of development. (see Figure 30).

Figure 30. UN Human Development Index trends, 1980 and 2023 (1)

Ranking in 2023 index out of 193 countries	Score in 2023 index	Score in 1980 index	Difference 2023-1980
1. Iceland	0.972	0.769	+0.203
5. Germany	0.959	0.738	+0.221
13. UK	0.946	0.748	+0.198
17. US	0.938	0.843	+0.095
26. France	0.920	0.728	+0.192
28. Spain	**0.918**	**0.698**	**+0.220**
29. Italy	0.915	0.723	+0.192

(1). The maximum score is one. The index, which began in 1980, is based on life expectancy, expected and mean years of schooling and per capita gross national income.

Source: Human Development Report 2025.

Polls show that couples would like to have children. One of the main deterrents is the lack of affordable housing (social rental housing accounts for a mere 2.5% of the total housing stock, compared with 35% in the Netherlands and an EU average of 8%). More than 4 million of these homes were built between 1961 and 1975 during the Franco regime, and only 2.4 million between 1981 and 2022 under democracy. Many of these homes were sold to tenants and not replaced. The bursting of an immense private sector property bubble as of 2008 and the collapse of many savings banks, the main source of financing for the building of 'protected' housing, halted construction.

A Bank of Spain report found that nearly 40% of families who rent spend more than 40% of their income on housing. Over the past 10 years rents have doubled in nominal terms, while salaries have risen by just 20%. In real terms, salaries rose 2.8% between 1994 and 2024, compared to an OECD average of 30.9%. House prices rose 12.3% on average in the year to March 2025, compared to an EU average increase of 5.7%, and were not far off the peak of the real estate bubble in 2007. The proportion of those aged 30 to 44 who owned their homes dropped from 73% in 2006 to 53% in 2024. Spain needs to close a deficit of 700,000 homes, the Bank says, and build 225,000 new ones each year just to keep pace with

21 María Branyas was born in the US in 1907 and moved to Spain in 1915.

new household creation. INE, the state statistics institute, forecasts 3.7 million more homes in net terms will be needed by 2039, which works out at around 250,000 a year. In 2024, around 130,000 permits for new homes were granted.

There is also a very large number of empty homes, some of which could be brought onto the property market. The government is studying ways to do this including penalising owners. INE, the state statistics office, put the number at 3.8 million in 2021 (14.4% of the total housing stock), but one-third of them are in villages, in what is known as *España vaciada* (emptied Spain), with populations of under 1,000 and where few people live (3% of the population) or want to live.

Overtourism in popular destinations such as Barcelona, Malaga and the Balearic and Canary Islands is already becoming a social problem, and is making Spain a victim of its own success. The Canary Islands, for example, received 15.5 million international tourists in 2024, seven times the resident population. Local residents have taken to the streets to protest at being priced out of the property market by landlords renting only to tourists, often via Airbnb, or owners of small shops turning their premises into flats exclusively for tourists. The government is clamping down on Airbnb.

The average age at which a woman has her first child is 31.6 years (EU average, 29.7 years). And many leave it even later, something that has made Spain's fertility clinics a growth industry. Spain is now the EU country with the highest proportion of first-time mothers over the age of 40 (10.4% of births in 2024, double the EU average, and up from 6.8% in 2013).

Family law has kept pace with societal changes, but governments' family policy –benefits, services and tax breaks– has been slow to change. A law in 2024 extended the childcare allowance, increased unpaid parental leave for fathers or mothers with children under the age of eight, increased the benefits for single-parent families and large families, and granted de facto couples the same rights as married couples.

The reforms, however, have made no difference to the low fertility rate. There's a traditional Spanish saying to the effect that *Todo niño nace con un pan debajo del brazo* (literally 'Every baby is born with a loaf of bread under its arm'). Unfortunately, nowadays more and more people, at least in Spain, seem to believe that a baby is in fact unaffordable.

8. Immigration: millions arrive

	1975 (1)	2025 (2)
Foreign-born population	166,067	9.4 million

(1) This is the number of registered foreigners. No number given then for the foreign-born.

(2) At 1 January. Source: INE.

Spain has a long history of driving its citizens abroad for political, religious or economic reasons. The historian Henry Kamen puts the number at around 3 million between 1492, with the massive expulsion of Jews and Muslims, and 1975 (some 500,000 refugees fled during the 1936-39 Civil War) without counting the very many others who formed part of a regular process of emigration, particularly between 1961 and 1973 when more than one million Spaniards emigrated to Western Europe.[22]

Spain, according to Kamen, was the 'only European country to have attempted to consolidate itself over the centuries not through offering shelter but through a policy of exclusion'.[23] All the more remarkable then has been the country's transformation from a big driver of emigrants to a major recipient of immigrants and the creation of a much more heterogeneous and tolerant nation. The foreign-born population of 9.4 million at 1 January 2025, the fourth largest number in the EU, accounted for 19.1% of the total population (see Figure 31). In 1975, it stood at a mere 0.4% and in 1998 3%.

Figure 31. Share of foreign-born persons in the resident population of EU countries, 1 January 2024 (%)

	%
Luxembourg	51.0
Ireland	22.6
Sweden	20.6
Germany	20.2
Spain (1)	**19.1**
France	13.6
Italy	11.3
Poland	2.6

(1) 1 January 2025. Source: Eurostat.

22 Henry Kamen (2007), *The Disinherited: The Exiles Who Created Spanish Culture,* Allen Lane, London, p. xi (preface).

23 *Ibid*

Of the 9.4 million, 2.8 million had acquired Spanish nationality as of 1 January 2024 and so figure in statistics as Spanish. The largest foreign population is Moroccan, followed by Romania and Colombia (see Figure 32). The region of Madrid now has more than one million Latin Americans, compared with just 80,000 25 years ago.

Figure 32. Ten largest foreign nationalities, at 1 January 2024 and 1 January 1996 (1)

	Number in 2024	% of total	Number in 1996	% of total
Morocco	920,693	14.2	111,043	17.4
Romania	620,463	9.5	2,258	0.3
Colombia	578,477	8.9	9,997	1.6
Italy	325,358	5.0	19,287	3.0
Venezuela	325,254	5.0	16,549 (2)	NA
UK	272,402	4.2	75,600	11.8
China	226,718	3.5	11,611	1.8
Peru	219,643	3.4	928 (2)	NA
Ukraine	210,012	3.2	727 (2)	NA
Honduras	171,771	2.6	795 (2)	NA
Total of all nationalities	6,502,282	100.0	637,085	100.0

(1) Excluding those who have acquired Spanish nationality. The data by country at 1 January 2025 will be published in December 2025.

(2) The earliest year for figures for these countries is 2001. Source: INE.

Until the arrival of immigrants, which no one foresaw would happen in such large numbers, Spain's population was projected to decline steeply. In 1996, the United Nations forecast the population would sharply fall by 2050 from almost 40 million to around 28 million because Spanish women were not producing enough babies. But for immigrants the population would indeed have fallen: most of the 8.2 million rise between 2001 and 2024 to 48.8 million was due to net international migration. Of the five most populous EU countries, Spain's population has increased the most in relative terms (+36.6%) over the last 50 years (see Figure 33).

Figure 33. Population growth, 1975-2024 (million)

	1975	2024	% change
France	54.0	68.5	+26.8
Germany (1)	78.7	83.5	+6.0
Italy	55.4	58.9	+6.3
Poland	34.0	36.5	+7.3
Spain	**35.7**	**48.8**	**+36.6**

(1) East and West Germany for 1975. Source: World Bank Data.

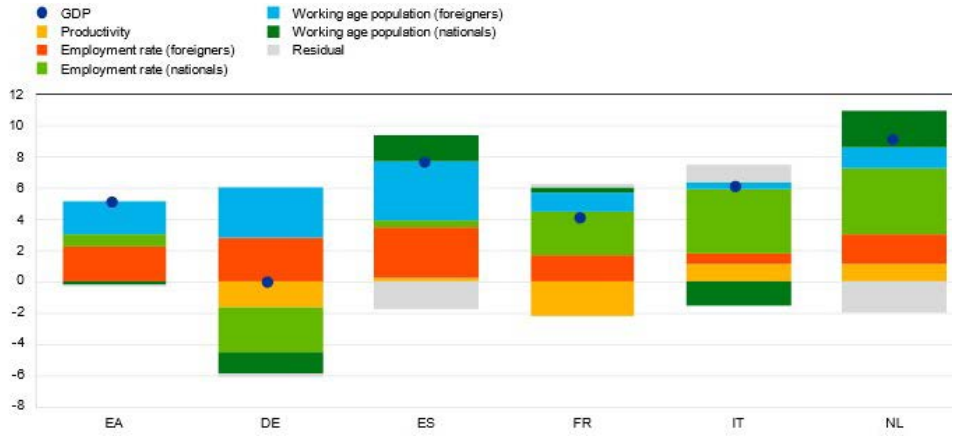
Immigrants have not taken away jobs from Spaniards; many of them arrived during the country's 1997-2008 economic boom and did the work that Spaniards were less inclined to do, particularly in agriculture, caring for the elderly and the hotel trade. To some extent, this explained why Spaniards were remarkably tolerant of immigrants. Also, many Spanish families have relatives who emigrated, helping them to view migrants with greater understanding and sympathy and to feel relatively comfortable with them.

Assimilation has also been aided by a very large number of immigrants being Latin American (47% of the total at 1 January, 2024) and hence (apart from Brazil) sharing the same language and usually the same Roman Catholic religion, while Romanians pick up the Spanish language quickly. Both are Romance languages descended from Vulgar Latin.

There had been no significant backlash against them, nor the creation of an anti-immigrant and xenophobic party along the lines of France's or Britain's parties until the creation in 2013 of the hard-right VOX, and its entry into parliament in 2019. Spain was the last of the big EU countries to have such a party. Public opinion on immigration stands out as notably positive in the European context. According to the 2024 European Social Survey, Spain's score–on a scale from 0 (very bad) to 10 (very good)–was 6.2.

Foreign workers have become a lever for economic growth throughout much of the EU, particularly in Spain (see Figure 34). Ninety per cent of the new jobs created between January 2024 and March 2025 were occupied by foreign-born workers. These workers, who are also registered in the Social Security system, today account for 14% of total jobs, mostly in sectors such as construction (20%), hotel trade (28%) and tourism, while Spaniards have filled most of the positions in areas that require higher qualifications such as education, civil service, health and IT.

Figure 34. Contribution to GDP growth between 4Q19 and 4Q24 by country (% change since 4Q19 and percentage point contributions) (1)



(1) The residual contribution is mostly due to differences in employment growth between LFS and national accounts data. A small part is also due to approximations in calculating the contributions by nationality. EA = Euro Area; DE = Germany; ES = Spain; FR = France; IT = Italy; and NL = the Netherlands. Source: National accounts data and EU LFS.

The increasing predominance of unskilled foreigners in sectors where Spaniards are not prepared to work is mitigating the effects of the ageing of the population and the shrinking national workforce[24]. Almost 80% of immigrants are aged between 20 and 64, compared to 56% of those born in Spain (see Figure 35).

Figure 35. Population by age group, those born in Spain and immigrants (% of total population)

Age group	Born in Spain, %	Immigrants, %
90 and over	1.7	0.2
85-89	2.2	0.4
80-84	3.5	0.9
75-79	4.7	1.6
70-74	5.2	2.5
65-69	6.3	3.7
60-64	7.1	5.3
55-59	7.5	7.3
50-54	7.8	8.9
45-49	7.8	10.4
40-44	6.4	10.8
35-39	5.2	10.5
30-34	4.8	10.4
25-29	4.5	9.6
20-24	5.2	6.8
15-19	5.9	3.9
10-14	5.4	3.3
5-9	4.8	2.6
0-4	4.1	0.9

Source: Carmen González and José P. Martínez, Elcano Royal Institute, based on data from INE.

The economy would crash if VOX's call for up to 8 million immigrants, including second generation ones (ie those born in Spain), to be deported were ever implemented. Of course, it will not happen as only those illegally in Spain might be eligible for deportation.

Prime Minister Pedro Sánchez has championed migration and its economic benefits, while other EU leaders have tightened their borders against newcomers: 'Immigration is not just a question of

24 See https://www.ecb.europa.eu/press/blog/date/2025/html/ecb.blog20250508~897078ce87.es.html.

humanitarianism..., it's also necessary for the prosperity of our economy and the sustainability of the welfare state,' he said last year. 'The key is in managing it well.' He pledged to hand residency permits to around 300,000 undocumented workers a year over the next three years. A record 61,323 migrants reached Spanish shores from Africa in 2024, 73% of them in the Canary Islands.

The need for migrant workers, however, in a country with a major housing crisis has created a conundrum: the supply of properties cannot keep up with new arrivals, let alone with the resident population, and is aggravating the crisis. The major housing bottleneck raises questions over whether immigration can continue at its recent pace, while raising concern over the immigration levels and boosting support for the hard-right VOX, particularly among men aged under 25 for whom VOX is the leading party. It is perhaps no coincidence that 'nationalistic' Catalonia, the region with the highest share in its population of immigrants (23.8%, the same as Madrid), has a hard-right pro-independence party, Catalan Alliance, founded in 2020, which entered the Catalan parliament in 2024 with two of the 135 seats (see Figure 36).

Figure 36. Foreign-born population in Spain by region, at 1 January 2024 (%)

	% of the region's population
Andalusia	12.5
Aragón	17.6
Asturias	10.3
Balearic Islands	27.6
Basque Country	13.3
Canary Islands	22.6
Cantabria	11.8
Castile & León	10.7
Castile La Mancha	14.0
Catalonia	23.8
Extremadura	5.6
Galicia	11.3
La Rioja	17.9
Madrid	23.8
Murcia	19.5
Navarre	18.9
Valencia	22.5
Total foreign-born population (million)	8.8

Source: INE.

While assimilation has been largely successful, it is striking how few MPs in Spain are foreign-born (only 45 of the almost 4,000 MPs between 1993 and 2023), far lower than the UK, the Netherlands and Germany, according to a study by Proyecto Repchance.

Another challenge is to improve the education attainment of second-generation immigrants, one of the factors that affects their integration into the labour market. The unemployment rate of these immigrants at the end of 2024 was 17%, compared to 8% for the native population. Only 39% of second-generation immigrants have basic education (compulsory secondary education ends at 16) and 25% a university degree, 24 percentage points below that of the native population.

9. Society: from repressed to open

	1975	2024
Proportion of births outside marriage (%)	2.0	53.0

Source: INE.

The Franco regime organised women through its *Sección Femenina* (Women's Section), established by Pilar, the sister of José Antonio Primo de Rivera, the founder of the fascist Falange. All single women between the ages of 18 and 35 had to complete six months' social service, where they were told to aspire to marriage and motherhood and expect little else. In her words: 'The only mission that Spain assigns to women is the home.' The regime abolished women's suffrage, granted in 1931 in the Constitution of the Second Republic, though women could vote in some limited circumstances.

Contraception, abortion and divorce were all illegal. Married women needed their husband's approval to work, own property, open a bank account, make an official complaint to the police, obtain a passport or even travel away from home. Article 57 of the 1958 civil code declared 'the husband must protect his wife, and she obey her husband'. The law also provided for less stringent definitions of such crimes as adultery and desertion for husbands than it did for wives. The restrictions on wives were not removed until the final months of the Franco regime when the *permiso marital* was abolished.

Contraception was legalised and the law against adultery abolished in 1978, divorce was allowed as of 1981 (by a fast-track route as of 2005) and abortion made legal in 1985 in three specific circumstances. It was legalised on demand as of 2010 within the first 14 weeks of pregnancy, in line with most of Western Europe, and in 2023 16- and 17-year-olds no longer needed parental assent for an abortion.

Women's empowerment, one of the profoundest changes in Spain's society, is reflected in the much-improved gender parity. Spain is among the top 10 countries out of 146 in the World Economic Forum's Global Gender Index, based on economic participation and opportunity, educational attainment, health and survival, and political empowerment (see Figure 37). While there were only 640,000 women with higher education in 1982 (no figure could be found for 1975), today there are more than 5.3 million (1.2 million more than men).

Figure 37. The Global Gender Gap Index 2025

Rank	
1.	Iceland
2.	Finland
3.	Norway
4.	New Zealand
5.	Sweden
6.	Nicaragua
7.	Germany
8.	Namibia
9.	Ireland
10.	**Spain**

Source: World Economic Forum, https://www.weforum.org/publications/global-gender-gap-report-2024/in-full/key-findings-e7709cd964/.

The country also compares well in working conditions for women, ranking 8th among the OECD's 29 countries in *The Economist's* Glass-Ceiling Index, based on 10 measures including labour-salaries and paid parental leave (see Figure 38). Women are also well represented in parliament (155 of the 350 MPs in the Congress and 113 of the 266 senators, compared to just 12 of the 543 *procuradores* in Franco's Cortes in 1975, see Figure 39).

Figure 38. Top 10 countries in the glass-ceiling index, 2024

Rank	
1.	Sweden
2.	Iceland
3.	Finland
4.	Norway
5.	France
5.	New Zealand
5.	Portugal
8.	**Spain**
9.	Denmark
10.	Australia

Source: The Economist.

Figure 39. Women in politics, situation at 1 January, 2025 (%)

Ranking out of 183 countries	Lower or single house (% of women)	Upper house or senate (% of women)
1. Rwanda	63.8	53.9
4. Mexico	50.2	50.0
11. Finland	45.5	-
17. Spain	**44.3**	**42.5**
26. United Kingdom	40.5	30.0
42. France	36.2	37.1
44. Germany	35.7	34.8
58. Italy	32.8	36.3

Source: United Nations.

The Roman Catholic Church, one of the Franco regime's three pillars together with the National Movement, the only legal political organisation, and the military has lost most of its immense power, though it remains influential in certain areas, especially in education via the *concertado* semi-private schools, largely paid for by the state[25]. Franco rewarded the Church for 'blessing' his 1936 coup against the Republic's democratically-elected government. This was sealed in 1953 by a concordat with the Vatican, which made Roman Catholicism the state religion. Bishops sat in the Cortes, the rubber-stamp legislative institution, and were members of the Council of the Realm (the highest advisory body). The state subsidised clerical salaries, the Church controlled the Education Ministry, it played a significant role in censorship and national culture, and parish priests were the guardians of public morality, particularly in villages. No non-Catholic was allowed to teach or become a journalist, a nurse, civil servant, a policeman or an officer in the armed forces. It was difficult for non-Catholics even to get married[26]. No other Church, except possibly in Ireland, had such a position of privilege.

Antonio Muñoz Molina (born in 1956), one of Spain's best-known novelists, summed up the feelings towards the Church of the generation that came of age in the twilight years of the Franco regime in the following way:

> 'Spaniards of my generation have the curious virtue of possessing memories that seem prior to our own lives. That is to the benefit, so to speak, of having been born in an anachronistic country. I was

25 There were 36,686 religion teachers in 2024 and 2.9 million students in religion classes. These classes have to be offered but are optional.

26 I can testify to this. As a Protestant, it was far easier to marry my Catholic wife in 1974 in Gibraltar than in Madrid, though this involved travelling to Algeciras, taking the ferry to Tangiers and another one to the British Overseas Territory, as the border between the Rock and Spain had been closed since 1969. The alternative was to fly via London, but that made even less sense.

> born in 1956, seventeen years after the end of the Civil War, but I remember having spent my childhood in the shadow of the war, doubtless on account of the crude objective fact that the Spanish post-war period only began to wane well into the sixties. Yet I can also say that I lived during the Counter-Reformation, even if the Council of Trent came to a close nearly four centuries before I was born. Much of what history books recount about that period (its notions of God, guilt, salvation, the Immaculate Conception of Mary, in fact all the notions expressed in the religious Catholic art of the seventeenth century) remained firmly in place until I was a teenager.'[27]

The 1978 Constitution states that 'there shall be no state religion'. Article 16:3, however, then declares: 'the public authorities shall take the religious beliefs of Spanish society into account and shall in consequence maintain appropriate cooperation with the Catholic Church and the other confessions'. No other religion is mentioned. Spain's secularism is nothing like as strong as the *laïcité* in France; in June 2025 the head of the Spanish Episcopal Conference, César García Magan, called for an early election - a move that would be unthinkable in France.

Church attendance in Spain is low; in April 2025 55.4% of respondents declared themselves to be Catholics (18.8% practising), compared to 90.2% in 1985, according to the state pollster CIS. The number of priests fell from 20,390 in 2008 to 15,285 in 2023 and the number of seminarians from 1,387 to 965, according to the Church's figures. Despite falling numbers, a large number of taxpayers tick the box in their yearly tax returns in order to give voluntarily to the Church 0.7% of the taxes they contributed to the state. The 2023 tax returns, filed in June 2024, saw 9 million people (30.4% of the total), 208,841 more than in 2022, contribute €382.4 million (+€23.6 million).

No other faith benefits from an arrangement of this type, even though Islam is the second-largest religion in Spain (an estimated 2.4 million Muslims). According to the 1979 agreement between Spain and the Vatican, the church was slated to be self-financing as of the 1990s, but this had still not happened by 2025 and looks like never happening.

Spaniards value families and family life highly. The 'traditional' nuclear family model has changed significantly. Divorce and wide social acceptance of co-habitation have led to more diverse family compositions, with a steep decline in the share of children born to married parents and an increase in the number of children living in single-parent or reconstituted families. The share of new-borns with unmarried parents has soared from 2% of births in 1975 to more than 50% today.

Attitudes toward same-sex couples have profoundly changed too, following the introduction in 2005 of 'egalitarian marriage'. Spain was the third country in the EU to do this. Equally progressive was the

27 Antonio Muñoz Molina, 'Rounds of the Prado: the place of painting', *Hudson Review*, Spring, 2021.

authorisation in 2021 of euthanasia and medically-assisted suicide in certain circumstance, the fourth country to do so, a Child Protection Law, considered one of the world's most advanced, and in 2023 Spain was the first to introduce paid menstrual leave.

In sexual orientation issues, Spain has moved from outlawing homosexuality between 1954 and 1979, imprisoning gay and bisexual men and trans women and submitting some of them to electric shock treatment, to become a global LGBTQ rights leader. In short, Spain has become a profoundly tolerant and diverse society.

9.1. The press: numerous publications, low readership

Under Franco, the press was regarded as a 'fourth estate', after the National Movement, the only legal political organisation, the state-run trade unions, and the political police. Its role emerged out of the Civil War and was designed to keep the flag of Franco's 'crusade' flying by creating a victory culture, which divided Spain into winners and losers. This concept was aptly summed up by one of Franco's last Information Ministers, Alfredo Sánchez Bella, who told the Cortes (parliament) in April 1970 that information 'is an instrument serving state policy'. One of the stipulations of the Federation of Press Associations ran: 'As Spaniards brought up in the Catholic faith and as defenders of the glorious National Movement, our duty is to serve with zeal these religious and political truths…'.

The media consisted of the newspapers and news agency (Pyresa) of the National Movement, the official news agency Efe (founded in 1939), which by virtue of its exclusive contracts with the major world news agencies –Agence France Presse, Reuters, Associated Press and United Press International– held a monopoly inside Spain of distributing foreign news and photographs, RTVE, the state-controlled television channel, Radio Nacional de España and the non-governmental press (mainly *ABC*, *La Vanguardia*, *YA* and *Informaciones,* and in the last years of the regime magazines such as *Triunfo, Cuadernos para el Dialogo* and *Cambio-16*. The Movement had 38 newspapers and 40 radio stations spread around the country.

Hardly had Franco died than restrictions on the press were gradually relaxed, though press freedom was not guaranteed until it was enshrined in the 1978 Constitution. Today, Spain has a vibrant press covering all political options. There are three daily national general newspapers –*El País, ABC* and *El Mundo*–, regional newspapers such as *La Vanguardia* in Catalonia, *El Correo* in the Basque Country and *La Voz de Galicia* in Galicia, sports newspapers, economic newspapers and countless weekly magazines, including *Hola* which specialises in celebrity news (circulation

of around 500,000 printed copies). One would infer from this plethora of publications that Spaniards are great readers of the press, but readership is low.

The main daily is the centre-left El País, founded in 1976, which played a significant role fostering the transition to democracy. It challenged the democratic credentials of the first post-Franco government, headed by Carlos Arias Navarro, Franco's former prime minister, on its very first day and published the first-ever interview in a Spanish publication with Dolores Ibárruri, the octogenarian president of the Spanish Communist Party and bête noire of the regime, then still in exile in Moscow.

Spain was ranked 23rd out of 180 countries in the 2025 Press Freedom Index produced by Reporters Without borders (see Figure 40).

Figure 40. Press Freedom Index, 2025 (1)

Rank		Score out of 100
1.	Norway	92.31
3.	Netherlands	88.64
8.	Portugal	84.26
11.	Germany	83.85
20.	UK	78.89
23.	**Spain**	**77.35**
25.	France	76.62
49.	Italy	68.01

(1) Based on five indicators: political context, legal framework, economic context, sociocultural context and safety.

10. Climate change: hard hit

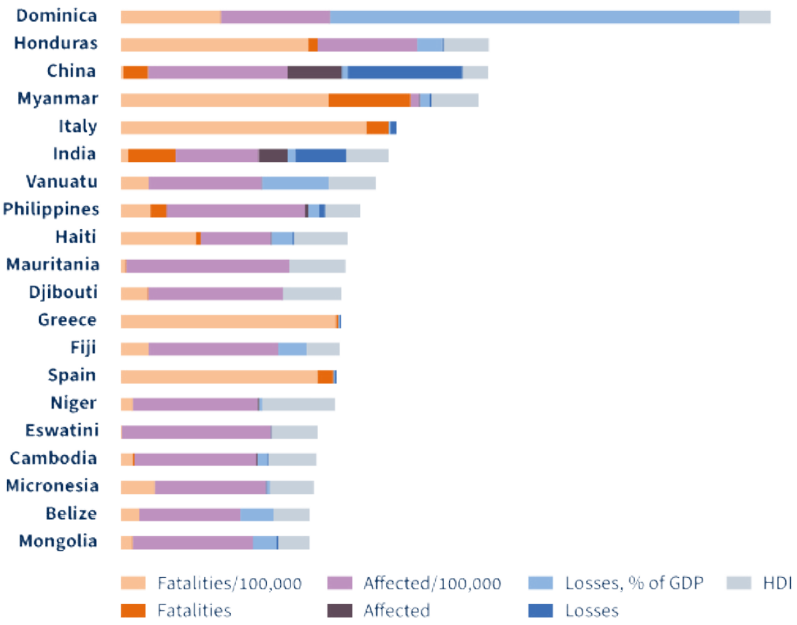
	1975		2021	
	High	Low	High	Low (1)
Average daily high and low temperatures	18.3°C	7.6°C	20.0°C	9.0°C

(1) The series begins in 1901 and ends in 2021.

Source: Extreme Weather Watch

Spain today is one of the 20 countries most affected by climate change, a term that barely existed during the Franco regime except, perhaps, in academic circles (see Figure 41). Some 20% of mainland Spain is already desertified, due to climate change and overexploitation of water, particularly groundwater extraction, and a further 74% is at risk of desertification. Some coastal areas are extremely vulnerable to rising sea levels.

Figure 41. The 20 countries most affected by climate change in 1993-2022 (HDI-corrected)



Note: the graph shows the result of aggregating standardised data in the six weighted indicators. The maximum score of all the aggregated indicators is 100. The higher the score, the higher the rank of the country. The different colours indicate the weighted standardised score of the country in the respective indicators. The longer the bar, the higher the score.

Source: GermanWatch.

Furthermore, Madrid is one of the world's cities that has suffered most from a climate 'flip' in the last 20 years, switching quickly from dry to wet extremes and vice versa.[28] In January 2021 the city was one of the worst areas hit by an extratropical cyclone, known as Storm Filomena, that brought the heaviest snowfall in over a century and freezing temperatures for two weeks. So much snow fell in a city not normally associated with this element that I was unable to leave my house until two neighbours managed to dig a pathway.

At the end of October 2024, 227 people were killed near Valencia, Spain's third largest city, when a year's worth of rain fell in just 12 hours, triggering flash-flooding. The torrential rain was caused by a high-altitude isolated depression (DANA), fed by an overheated Mediterranean, which particularly impacted floodplains. The severity of the storm was linked to climate change.

March 2025 saw an unusually long cold spell in most of Spain and more rain in the first week of the month than during all of a 'normal' spring. Three years earlier, there was so little rain in the region of Extremadura that borders Portugal during the hottest year on record that the future of the much-loved acorn-fed ham was in jeopardy because there were not enough acorns, the key element in the pigs' diet. March's cold spell was followed in May by three days which were among the 10 hottest days for that month since records began in 1941 (average maximum temperature of 32.2°C). The following month was the hottest June on record–the temperature hit 46°C in the Andalusian village of El Granado.

These trends are expected to continue, with temperatures in Spain increasing 1.6 times faster than the global average, according to a report published by the Ministry for the Ecological Transition and the Demographic Challenge.[29]

Exceptionally hot weather and the resultant drought in some parts of the country, to which Spain is particularly prone, has triggered wildfires: in 2022, 306,133 hectares were burned, three and a half times more than in 2021. Spain has had three prolonged and intense droughts in the last 40 years: 1982-84, 1991-96 and 2005-09, and five intense and short periods: in 1975-76, 1987-88, 2000-01, 2017-18 and 2022. This dramatically changed in 2025 when abundant rain pushed up the average level of reservoirs in the first half of the year to more than 70% of their capacity.

Fifty years after Franco: Spain's profound transformation, 1975-2025

Climate change is impacting water management in a country which is one of the most water-stressed industrialised nations in the world (water stress expresses the ratio between total extracted freshwater and naturally renewable water, considering environmental water needs). Some

28 See https://www.theguardian.com/environment/2025/mar/12/global-weirding-climate-whiplash-hitting-worlds-biggest-cities-study-reveals#:~:text=Dozens%20more%20cities%2C%20including%20Lucknow,towards%20wetter%20or%20drier%20weather.

29 Available at http://clivar.es/wp-content/uploads/2025/03/Libro_THE_CLIVAR-SPAIN_REPORT_on_the_climate_in_Spain.pdf

500 villages were submerged during the Franco regime in order to build 300 reservoirs between 1940 and 1967. A further 33 were built between 1975 and 2008.

Spain emits 0.6% of the world's greenhouse gases. Its carbon dioxide emissions per person increased from 5.1 tonnes in 1975 to 8.47 tonnes in 2005 but dropped to 4.6 tonnes in 2023, as measures to combat climate change began to take effect and the country became more environmentally conscious (see Figure 42).

Figure 42. Per capita carbon dioxide emissions from fossil fuels and industry, 1975 and 2023, selected countries (1)

	Tonnes per person 1975	Tonnes per person 2023
US	20.4	14.3
Germany	12.7	7.1
France	9.2	4.1
Italy	6.2	5.3
Spain	**5.1**	**4.6**
China	1.3	8.4

(1) Land-use change is not included.

Source: Global Carbon Budget (2024). Population based on various sources (2024). Data available at https://ourworldindata.org/co2/country/spain.

Spain has significantly reduced its greenhouse gas (GhG) emission in the past 15 years, but a further 30% cut will be needed to achieve the government's ambitious climate objectives. The updated 2023-30 national energy and climate plan raised Spain's 2030 GhG-emission-reduction target from 49% to 55% via-à-vis the 2005 level. Despite the pace of emission reduction being steady since the mid-2000s, Spain's emissions were only slightly below 1990 levels in 2023, while those in the EU-27 were 36% below.

Much of the reduction in emissions has come from the progress made in renewable energy. In 2024, renewables accounted for a record 56% of net electricity generation, above the EU average of 47.4%, and Spain was the EU leader in the solar energy share (21%, double that in 2021). Coal accounted for an all-time low of 1.1%. As a result of the greatly increased share of renewables in the energy mix, wholesale electricity prices have fallen 40% in recent years, according to the Bank of Spain.

Spain is ranked 19th out of 64 countries and the EU as a whole in the 2025 Climate Change Performance Index (CCPI), which assesses the progress made in terms of emissions, renewable energy and climate policy (see Figure 43). Around 40% of Spain's Next Generation EU (NGEU) funds are devoted to green investments.

Figure 43. Climate Change Performance Index, 2025 (1)

Ranking (2)	Score
4. Denmark	78.37
5. Netherlands	69.60
6. UK	69.29
10. India	67.99
15. Portugal	66.59
16. Germany	64.91
17. EU-217	63.76
19. Spain	**61.57**
26. France	59.18
43. Italy	49.81

(1) The index is based on four categories: GHG emissions (40% weighting); renewable energy (20%); energy use (20%) and climate policy (20%).

(2) None of the countries achieved positions one to three because no country was doing enough to prevent dangerous climate change.

Source: Germanwatch.

Not everyone is happy at the pace of the ecological transition, particularly in what is known as the 'empty Spain', rural areas with very low population densities, such as Soria, where giant wind turbines and vast solar panels dominate the skyline. The film *Alcarràs,* about how a solar park uproots and divides a family that has farmed for generations growing peaches in Catalonia, was a box office hit in 2022 and won the Berlin International Film Festival's Golden Bear award, while *As Bestas*, about a conflict over wind power, won the Goya award in Spain.

Fifty years after Franco: Spain's profound transformation, 1975-2025

As regards adopting electric cars and installing charging points, Spain is something of a laggard. Electric cars (BEV+PHEV) accounted for 11.4% of total new car sales in 2024, below the EU average of 13.6%. The Netherlands, with a population two and a half times less than Spain's, has four times more charge points (see Figure 44).

Figure 44. Public charge points in 2024

	Public chargers	Per 1,000 inhabitants
France	155,931	2.3
Germany	159,958	1.9
Italy	58,189	0.2
Netherlands	183,000	10.0
Spain	**45,213**	**0.9**
Sweden	53,778	5.1
EU-27+Iceland, Liechtenstein, Norway, Switzerland & the UK	1,020,449	2.2

Source: GridX Charging Report 2025.

The exceptionally hot weather is making more and more Spaniards opt to spend their summer holiday in the cooler north rather than in the overcrowded south of Spain. Bookings in the regions of Galicia, Asturias, Cantabria and the Basque Country are well up on last year, though there, too, climate change is making its presence felt.

11. Foreign and defence policy: stepping up

	1939-75 (1)	1975-2025 (2)
Head of state official visits abroad	3	379

(1) Franco visited France to meet Hitler, Italy to meet Mussolini and Portugal to meet Salazar.

(2) 242 trips by King Juan Carlos until he abdicated in June 2014 and 137 by King Felipe until May 2025.

Source: Wikipedia.

The victory of the Allies in the Second World War left Franco's regime a pariah. The dictator had taken the side of the Axis powers, with whom he identified ideologically although Spain was officially non-belligerent and then neutral. In 1948 Spain was excluded from the Marshall Plan, the US aid programme that helped to rebuild 16 non-communist economies in post-war Europe. This rejection was amusingly satirised in Luis García Berlanga's famous 1953 film *Bienvenido Mr Marshall* (*Welcome Mr Marshall*), whose subtleties escaped Franco's censors. One of the scenes shows a large American car speeding through a village and passing crowds, leaving nothing in its trail but dust and dashed hopes. It was not made clear whether Mr Marshall was in the car.

Excluded from the UN and NATO, the Franco regime sought alternative alliances, strengthening links with Latin America and the Arab world, especially the monarchies of Jordan, Saudi Arabia and Egypt. The first head of state to visit Spain after the Civil War was Jordan's King Abdullah I in 1949.

Spain was not welcomed back into the Western fold until 1953, during the Cold War, when it signed an agreement with the US government to establish military bases in the country. Franco successfully played his staunchly anti-communist card. This was followed by Spain joining the United Nations in 1955, and in 1959 the IMF. But it was excluded from NATO and the EEC until after Franco's death.

Once Franco died and Spain transitioned to democracy, the country began to engage with the whole world and normalise its foreign policy.

Relations with the Soviet Union and Mexico, both of which supported the Republic during the Civil War, and with Hungary, Poland and Yugoslavia were re-established in 1977, and with Israel in 1986 (the last country in Europe to do so), the year Spain joined the EEC.

Britain's support for Spain's EEC membership required the full opening of the border with Gibraltar at the southern tip of Spain. Franco had closed the border in 1969 with the British territory, over which Spain had long claimed sovereignty. Gibraltar was ceded to Britain in 1713 under the Treaty of Utrecht. Since the 1960s, it has been on the United Nations' list of 'Non-Self-Governing Territories awaiting decolonisation'.

Spain joined NATO in 1982, reaffirmed in a referendum in 1986 during the first Socialist government of Felipe González. It did not form part of the integrated military structure until 1999.

Spain is one of the EU countries most supportive of the EU, though this has declined over the years. More than 75% of respondents say the country benefits from EU membership, according to a Eurobarometer survey earlier this year (Figure 45). A Franco-Spanish axis emerged during Spain's presidency of the EU in the second half of 2023, consolidated earlier that year by the Treaty of Barcelona, which covers a wide range of topics including the underwater hydrogen pipeline between the Catalan coast and Marseille, rail transport, education, defence and security. This enhanced Spain's position as a pivot state, able to move between alternative partners who may not be able to work with each other (or are even rivals).

Figure 45. 'Taking everything into account, would you say your country has on balance benefited or not from EU membership?' (%-benefited)

	%
Portugal	91
Netherlands	85
Poland	84
Germany	79
Spain	**76**
EU-27	74
Italy	67
France	65
Bulgaria	61

Source: Eurobarometer.

The Socialist-led government's 2025-28 foreign action strategy focuses on:

- A more autonomous Europe: Spain is committed to a qualitative leap forward in European integration, promoting a stronger EU capable of acting independently on the global stage.
- A committed Spain: Spain reaffirms its commitment to multilateralism and international cooperation, seeking to strengthen alliances and contribute to solving global challenges.
- A Spain that builds peace and security: priority is given to promoting international peace and security, with a focus on the peaceful resolution of conflicts and strengthening global security.[30]

The country's greater engagement with the world can be seen in Elcano's Global Presence Index, in which Spain is ranked 13th out of 150 countries (see Figure 46). The index, the result of adding together 17 indicators of external projection which are aggregated according to the criteria of experts in international relations, measures the ability of countries to project themselves beyond their borders and the extent to which they are participating in and shaping the process of globalisation. Global presence is measured on three dimensions: economic presence, including outward foreign direct investment and other elements such as energy, services and exports; military presence, which is determined by the number of troops deployed abroad and; the equipment available for deployment; and soft presence, which is based on a wide number of factors including exports of cultural products, tourist arrivals and official development aid. Economic presence accounted for 60.8% of Spain's global presence in the 2025 index, soft presence 15% and military presence 24.2%.

Figure 46. 2025 Elcano global presence ranking, top 20 (1)

Country	Score	Country	Score
1. US	3,438.3	**11. South Korea**	411.8
2. China	1,978.4	**12. Italy**	398.6
3. Germany	917.5	**13. Spain**	**319.1**
4. Japan	878.1	**14. Australia**	287.0
5. UK	866.0	**15. Switzerland**	239.6
6. Russia	703.9	**16. Turkey**	228.6
7. France	700.1	**17. Saudi Arabia**	221.1
8. Canada	497.5	**18. Singapore**	220.6
9. India	466.1	**19. United Arab Emirates**	219.6
10. Netherlands	457.1	**20. Belgium**	214.8

(1) 2024 data. Source: Elcano Royal Institute.

30 The main outlines are set out in https://www.exteriores.gob.es/es/Comunicacion/NotasPrensa/Documents/2025-04%20DOCUMENTO%20ACCION%20EXTERIOR%20v2.pdf.

Spain is perceived by foreign policy experts as now punching more in line with its weight than it did 20 years ago, though this concept is impossible to gauge objectively. The appointment of Josep Borrell, a former Foreign Minister, as the EU's foreign policy chief (2019-24) and that of Teresa Ribera, a former Minister for the Ecological Transition, as the EU's First Executive Vice-President for Clean, Just and Competitive Transition, as of 2024, speak to this. Another Spaniard. Javier Solana was the foreign policy chief between 1999 and 2009, and before that NATO's Secretary General (1995-99).

The strong recovery from the impact of the COVID pandemic (GDP growth this year and last has outpaced that of the eurozone as a whole) and the UK's departure from the EU has enhanced Spain's position in the bloc. It also helps that Prime Minister Pedro Sánchez is a fluent English speaker and so is able to engage more easily with his counterparts than all his predecessors.

Spain was a prime mover behind the creation of the NextGenerationEU (NGEU) programme, launched in 2020 to stimulate economic recovery from the COVID-19 pandemic. It is the second-largest recipient of NGEU funds (€80 billion of non-repayable grants and €83 billion of loans) after Italy.

Spain has been the EU's most vociferous critic of Israel's conduct of the war in Gaza and violations of international law, incurring the wrath of Israel's Prime Minister, Benjamin Netanyahu. But it finds itself in a minority position compared with other EU states that are more aligned with Israel. As Israel's excesses in Gaza have piled up, however, so Spain's position has become more mainstream. It recognised, together with Ireland and Norway, the state of Palestine in 2024 and supported the genocide case against Israel brought by South Africa to the International Court of Justice last year.

Sánchez is one of Europe's staunchest supporters of Ukraine's resistance to Russia's invasion. His first visit to Kyiv was in April 2022, two months after the start of the war, came before those by his French, German and Italian counterparts. He began Spain's presidency of the EU in the second half of 2023 with his third visit to Kyiv. Spain has sent Leopard tanks and Hawk air defence systems, trained more than 7,500 Ukrainian troops and will provide €1 billion in military aid this year, similar to that in 2024. Spain spent €8.2 billion on Ukrainian refugees between 2022 and 2024, taking in more than 215,000 people, the third largest number (see Figure 47).

Figure 47. Estimated number of refugees from Ukraine in the EU since February 2022 as of May 2025 (1)

	Number	% of the population
Germany	1,217,680	1.4
Poland	994,180	2.6
Spain	**239,670**	**0.5**
Romania	184,500	0.9
Italy	173,740	0.3
Slovakia	144,110	2.6
Netherlands	123,960	0.6
Ireland	112,850	2.1
Belgium	90,620	0.7
France	74,540	0.1

(1) Latest figures.

Source: Visual Capitalist for the refugee numbers and Worldometer for population.

Beyond Europe, Sánchez was the first EU head of government to make an official visit to China since US President Donald Trump took office, and when there was a major spat between China and the US over the tariffs imposed by Trump. 'Only multilateralism and solidarity between nations can address these types of global challenges,' said Sánchez. 'Spain defends a world with open doors. A world in which trade unites our people and makes them more prosperous.'

The government, under pressure from the first and the second Trump administrations to increase its paltry defence spending, the lowest among NATO's 32 members at 1.43% of GDP in 2024, committed itself to reaching the alliance's target of 2%, set in 2014, this year (see Figure 48). Previously, Spain only aspired to meet the 2% goal by 2029. That target was superseded by Trump more than doubling it to 5% (3.5% for core military expenditure and 1.5% for adjacent investment), agreed at NATO's summit in June 2025.

Figure 48. Defence spending, 2014 and 2024 (% of GDP)

Country	2014	2024
Poland	1.84	4.26
US	3.38	3.71
UK	2.14	2.28
Germany	1.19	2.12
France	1.82	2.06
Italy	1.14	1.49
Spain	**0.92**	**1.43**

Source: NATO.

Sánchez called this target 'disproportionate and unnecessary', and said attaining it would mean massive cuts in social spending. He claimed Spain could meet its commitments by spending only 2.1% of GDP. NATO is convinced it will require 3.5% to achieve them. Spain's rejection of the 5% angered other NATO countries, but went down well with the parties that support Sánchez's minority coalition government, particularly the hard-left Sumar, at a time when the Socialists were engulfed in corruption scandals. Also low is Spain's official development assistance (ODA) at 0.25% (see Figure 49).

Figure 49. Official Development Assistance, 2024 (% of GNI)

Ranking out of 32 OECD countries	% of GNI
1. Norway	1.02
5. Germany	0.67
6. Netherlands	0.62
9. UK	0.50
11. France	0.48
Development Assistance Committee Average	0.33
18. Italy	0.28
20. Spain	**0.25**
32. Hungary	0.09

Source: OECD.

In contrast, Spain plays a significant role in international peacekeeping missions around the world, a little-known part of the country's international projection (see Figure 50). The largest of its 16 missions is in Lebanon, under NATO's mandate, with 650 military personnel (out of Spain's total of 3,000 stationed abroad). Spain is also one of the major naval contributors to ensure freedom of navigation and the implementation of arms embargoes, and it hosts US Navy assets (Aegis Ballistic Missile Defence System) at the Rota naval base31.

31 See *The defence dilemna: can Spain ride Europe's defence revival?* at https://media.realinstitutoelcano.org/wp-content/uploads/2025/06/policy-paper-the-defence-dilemma-can-spain-ride-europes-defence-revival.pdf

Figure 50. Spain's ongoing international military missions

Place	Mission	Started	Mandate
Bosnia & Herzegovina	EUFOR in BiH	December 2004	EU
Lebanon	FINUL	September 2006	UN
Indian Ocean	Atalanta	September 2008	EU
Colombia	UN Peace Agreement	August 2012	NATO
Mali	EUTM-Mali	January 2013	Spain/France
Senegal	Ivory detachment	January 2013	EU
Turkey	Persistent Effort: Support	September 2014	NATO
Gulf of Guinea	Defence Diplomacy	September 2014	Spain
Iraq	Support	October 2014	NATO
Central African Republic	EUTM RCA	July 2016	EU
Various zones	Sea Guardian	November 2016	NATO
Various zones	NATO permanent naval groups	January 2017	NATO
Latvia, Slovakia & Romania	Euro-Atlantic security	June 2017	NATO
Baltic countries	Persistent Effort: patrolling air space	May 2020	NATO
Mozambique	Training Mission	November 2021	EU
Bulgaria & Romania	Persistent Effort: patrolling air space	February 2022	NATO

Source: Ministry of Defence. At January 2025.

The country is an active contributor and partner in the European Defence Fund24, and participates in more than 30 PESCO projects, often taking a leadership role (in five of them), such as in the development of the EU's Strategic Command and Control System and maritime surveillance initiatives.

Spain's preference for peace-keeping as opposed to spending on military hardware reflects the strong streak of pacifism in society, following the 1936-39 Civil War and the Franco dictatorship. Its participation in the 2003 Iraq war, through 1,300 peace-keeping troops sent by the Popular Party Prime Minister José María Aznar, a key ally of US President George H.W. Bush, was highly unpopular. More than 90% of Spaniards were against the war, according to the CIS state pollster.

When the PP lost the 2004 election, the very first measure taken by incoming Socialist Prime Minister José Luis Rodríguez Zapatero was to withdraw the troops, provoking the wrath of the US Administration. A Gallup survey in 2024 of 45 countries on how willing citizens were to take up arms in case of war showed Spain to be one of the least enthusiastic (29% said 'yes' compared to a global average of 52%).

On Spain's doorstep, a political agreement was finally reached in June 2025 with the UK, Gibraltar and the EU, after more than three and half years of negotiations, on the post-Brexit status for the British Overseas Territory, which voted overwhelmingly in the 2016 referendum to remain in the EU. The agreement took longer than the UK's withdrawal agreement from the EU and the subsequent trade and cooperation accord. The price of an open land crossing into Spain, in effect making Gibraltar part of the EU's Schengen free-travel area, is allowing Spanish and not just British officials to check passports at the territory's airport. This mirrors the Eurostar-style dual border checks (British and French) conducted before departure at St. Pancras railway station in London.

The removal of what Foreign Minister José Manuel Albares called Europe's 'last wall' (Gibraltar's 1.2km border fence), due in 2026, means the more than 15,000 people who live in Spain and work in Gibraltar can move freely every day, as well as the many tourists. Failure to achieve an agreement could at some unspecified point have meant a hard border between the Rock and Spain, a solution that would benefit neither side.

A clause agreed by all sides makes it clear that the treaty is without prejudice to the respective legal positions of the UK and Spain in respect of sovereignty and jurisdiction.

Gibraltar will form a customs union with the EU, removing all physical barriers, checks and controls on persons and goods. The territory will also coordinate some taxes with Spain. The territory will raise its sales tax from 3% to at least 15% within three years of the deal's ratification to avoid unfair competition with Spain where VAT is higher. The agreement is expected to be turned into a final treaty text by the end of 2025 and will then have to be ratified by the UK, EU and Gibraltar parliaments. An agreement was necessary if Spain was to allow a wider reset of EU relations with the UK. Predictably, the agreement was condemned as a 'surrender' by the hard-right parties in both Spain (VOX) and Britain (Reform UK).

Conclusions

Spain is one of the political, economic and social success stories of the past 50 years (see Appendix a and b), but faces a host of challenges, some of them not new but becoming increasingly urgent. The economy is growing strongly (more than double the forecast EU average of 1.1%), fuelled, among other factors, by record international tourist arrivals, but the unemployment rate (10.3%) is close to double the EU average, productivity growth is sluggish, public debt is over 100% of GDP, one of the highest in the eurozone, and the sustainability of the relatively generous state pension system in a country with a fast-ageing population and one of the world's highest average life expectancies is under pressure. Spain faces mounting fiscal pressures driven by the ageing trend.

In education, the early school-leaving rate (in 2024 13% of 16-24-year-olds had left school having completed, at most, compulsory secondary education) remains high, although far below the levels of 20 years ago.

In climate change, Spain is being hit hard, with abnormally sweltering temperatures even in the least expected months, dramatic bouts of drought and torrential rain.

The deep divide between the generally poor living standards of young adults and the relatively more comfortable life of the elderly is generating worrying intergenerational friction. The main factor is the inability of young adults to get on the property ladder at affordable prices. This is an EU-wide problem, but particularly acute in Spain. While the parents and grandparents of young adults have second and sometimes third homes (often a flat on the coast), the young usually are not able to leave the parental home until they are around 30, unless they have substantial financial help from the family.

Overtourism in Spain, which in 2025 is set to receive close to 100 million international tourists, more than double the country's population, has led to landlords taking properties off the market in order to rent them exclusively to tourists and so earn much more with short lets than with long rentals. Even before the arrival of tourists in such large numbers, Spain had an acute housing shortage, added to which is the growth in the population (more than 8 million in the last 25 years), very largely due to immigration. The supply of housing has been behind demand for years.

The government is belatedly beginning to tackle this problem, promising to build more social rental housing (Spain's stock is the lowest in the EU) and making it more difficult for property owners to rent only to tourists. The scale of the task is such that a Herculean effort will have to be

made before any impact is felt. The lack of housing could put a brake on immigrant arrivals and impact the economy. The Bank of Spain warned that the mismatch between housing supply and demand 'could become a clear supply-side bottleneck for the Spanish economy and a major social problem'.

Spain is not alone in its demographic changes, but they are more pronounced and have been telescoped into a relatively short period. But for immigration –one in five residents is foreign-born– Spain's population would have virtually stopped growing some 20 years ago. Immigrants have also become a major driver of economic growth. The fertility rate (1.12) has been below the replacement rate (2.10) at which population levels would be maintained since the 1980s.

Immigrant assimilation has been largely successful. While Spain does not have ghettos like those in other countries, for example, France's banlieues, it does, however, have areas with high concentrations of immigrants. Unlike France, Germany and the UK, all of which have been receiving international migrants for much longer, Spain has yet to incorporate more immigrants into political life. Only 1% of MPs between 1993 and 2023 were of foreign origin.

Spain has consolidated its democracy, with two mainstream parties, the Socialists and the PP, as well as Catalan, Basque and Galician parties, and others representing the extremes on the left and right. All of this makes Spain a difficult country to govern. Political life has become woefully polarised, making the consensus that would enable structural reforms to be approved for the benefit of the greater good impossible to achieve. The divide between left and right in the political class is deeper than in France, Germany and Italy. A German-style coalition government is, unfortunately, unthinkable.

Equally lamentable is systemic political corruption. Work on a national anti-corruption strategy, foreseen by law for September 2024, only started in July 2025 when the governing Socialist Party, engulfed in a series of scandals and facing the threat of being forced to call an early election, announced a battery of measures. For any measures to be credible and effective, the colonisation of state institutions by politicians and political influence in private companies needs to be ended.

Symptomatic of the declining quality of democracy is that the public administration is still needlessly opaque. Franco's archaic Official Secrets Law of 1968, which allows classified information to be kept secret forever, remains inexplicably in force. The government unveiled a draft law in July 2025, which finally brings Spain into line with other democracies, and was pending parliamentary approval. In the 50th year of Franco's death, it is about time.

Appendix

Appendix a. Basic Socioeconomic Statistics, 1975-2025

	1975[1]	2025[1]
Population (mn)	35.8	49.1
Foreign-born residents (2)	166,067	9.4 mn
Foreign-born population (% of total)	0.4	19.1
Unemployment rate (%)	4.7	10.3
Per capita GDP (current US$)	3,207	35,297
GDP structure (% of total)		
Agriculture	9.0	2.8
Industry and construction	39.0	21.4
Services	52.0	75.8
Employment by sectors (% of total jobs)		
Agriculture	21.8	3.5
Industry and construction	37.8	20.2
Services	40.4	76.3
Exports of goods and services (% of GDP)	12.4	37.3
Imports of goods and services (% of GDP)	16.7	33.0
Number of international tourists (mn)	27.3	94.0
Public debt (% of GDP)	7.3	103.5
Public spending (% of GDP)	12.0	45.4
Public revenue (% of GDP)	11.6	42.2
Total receipts from taxes and social security contributions (% GDP)	18.0	37.1
Net official development assistance (% of GDP)	0.08 (1980)	0.25
Inward stock of foreign direct investment (% of GDP)	2.2 (1980)	50.4
Outward stock of Spanish investment (% of GDP)	0.8 (1980)	36.7
Spending on R&D (% of GDP)	0.35	1.5
Passenger cars per 1,000 population	123	553
Average number of children per woman	2.80	1.12
Proportion of births outside marriage (%)	2.0	52.7
UN human development index (3)	0.680 (1980)	0.918
Average life expectancy at birth (years)	73.3	84.0
Percentage of population under the age of 15	27.3	12.8
Percentage of population over the age of 65	10.3	20.9
Early abandonment of education (%) (4)	17.7	13.0

(1) Or latest available.

(2) The 1975 figure is for foreigners registered as living in Spain. The foreign-born figure is probably not substantially higher.

(3) The maximum value is one. The index is based on life expectancy at birth, mean years of schooling, expected years of schooling and per capita income.

(4) The proportion of the population between 18 and 24 who left school after receiving their compulsory education at 16.

Source: Eurostat, National Statistics Office of Spain (INE), Bank of Spain, World Bank and United Nations Conference on Trade and Development (UNCTAD).

Appendix b. Spain today: some economic and socioeconomic realities*

Global ranking	Description
Top 3	1st in biosphere reserves (55 officially designated sites)
Top 3	Most blue flag beaches in the world
Top 3	Biggest producer of olive oil
Top 3	2nd largest high-speed rail network after China
Top 3	2nd largest tourist destination in terms of visitors
Top 5	4th largest producer of sparkling wine (*cava*)
Top 5	5th largest number of UNESCO World Heritage Sites (50)
Top 10	6th largest share of wind and solar energy in electricity production
Top 10	9th longest life expectancy at birth
Top 10	9th largest producer of motor vehicles
Top 10	8th in The Economist's glass-ceiling index (out of the 29 OECD countries)
Top 10	10th in World Economic Forum's Global Gender Index (out of 146 countries)
Top 15	13th in Brand Finance's Global Soft Power Index (out of 193 countries)
Top 15	13th in the Elcano Global Presence Index (out of 150 countries)
Top 20	15h largest economy in current dollars
Top 20	14th in Sustainable Development Goals Index (out of 167 countries)
Top 25	21st equal with Estonia as a 'full democracy' in the Democracy Index of the Economist Intelligence Unit (out of 167 countries)
Top 25	23rd in the World Press Freedom Index of Reporters Without Borders (out of 180 countries)
Top 25	25th in the World Justice Project's Rule of Law Index (out of 142 countries)
Top 25	25th in WJP Rule of Law Index (out of 142 countries)
Top 30	28th in the UN's Human Development Index (out of 193 countries)
Top 40	38th in World Happiness Report (out of 100 countries)
Top 40	40th in IMD World Competitiveness Ranking (out of 64 countries)
Top 50	46th in Transparency International's ranking of perceived levels of public sector corruption (out of 180 countries)

(*) The figures were the latest available.

Sources: The Lancet, IMF, Economist Intelligence Unit, UN Human Development Report, UNCTAD, ANFAC, World Tourism Organisation, Transparency International and the Elcano Royal Institute.

Appendix c. Timeline, 1975-2025

Year	
1975	Three convicted political terrorists of FRAP and two of ETA are executed by firing squad in September, triggering protests abroad and the recall of several European ambassadors. General Franco dies on 20 November, and is succeeded as head of state by King Juan Carlos who renounces the right, held by Franco, to name bishops
1976	King Juan Carlos issues a partial political amnesty, freeing 400 prisoners. A referendum on political reform is held, supported by 97.4% of valid votes on a turnout of 77.7%.
1977	Right-wing extremists kill five labour activists from the Communist Party. The *Tribunal de Orden Público* (TOP), the court to deal with political crimes, and film censorship are abolished. The communist party is legalised. King Juan Carlos grants a blanket amnesty. The first free general election since 1936 is held. The Moncloa Pacts to address economic problems are agreed by political parties, trade unions and employers. Josep Tarradellas, the exiled president of the Catalan government, returns to Spain after 38 years.
1978	A new Constitution is approved by 88% of voters in a referendum on a 67% turnout.
1979	Adolfo Suárez's Union of the Democratic Centre (UCD) wins the general election.
1980	The Basque terrorist group ETA kills 118 people in its bloodiest year.
1981	King Juan Carlos faces down a military coup on 23 February led by Lt Col Antonio Tejero and it collapses. Divorce is legalised (the 1932 law was abolished by the Franco regime).
1982	Spain joins NATO. The Socialists led by Felipe González win a landslide victory in the general election.
1983	Industrial reconversion programme launched.
1984	Labour-market reform leads to sharp rise in fixed-term contracts (from 10% to 30% in 1989).
1985	Abortion becomes legal in Spain, limited to cases of rape, a malformed foetus or danger to the mother. Inflation dips below 10% for the first time in a decade.
1986	Spain joins the European Economic Community (EEC), votes in a referendum to remain in NATO and establishes diplomatic relations with Israel. Socialists re-elected.
1987	ETA places a bomb in an underground carpark of a Barcelona supermarket, killing 21 people.
1988	Banco de Bilbao and Banco de Vizcaya merge to form BBVA. General strike against labour-market reforms.
1989	Spain joins the European Monetary System. Socialists hold a snap election and are re-elected with a very slim majority.
1990	The compulsory schooling age is raised from 14 to 16 and more technical subjects are introduced to the curriculum.
1991	Compulsory military service reduced from 12 to nine months.
1992	Seville hosts the Universal Exhibition and Barcelona the Olympic Games. Peseta devalued.

1993 The Bank of Spain intervenes in Banesto in a US$4 bn rescue operation. The economy enters a mild recession. Socialists lose their absolute majority in parliament.

1994 Luis Roldán, the former head of the Civil Guard, goes into hiding to avoid prosecution for embezzlement. Security services accused of 'dirty war' against suspected members of the violent Basque separatist group ETA.

1995 Bank of Spain forced to accept a 7% downward adjustment of the peseta's parity within the European Monetary System.

1996 The Popular Party (PP) under José María Aznar wins the election, ending over 13 years of Socialist rule.

1997 Spain joins the military structure of a reorganised NATO.

1998 Land market liberalised, refining the category of land previously excluded from development. This sparks the massive building of homes and an eventual property bubble.

1999 Spain forms part of integrated military structure of NATO and joins the first wave of countries to use the euro.

2000 The PP wins for the first time an absolute majority in the legislature.

2001 The EU includes the Basque group ETA in a list of terrorist organisations.

2002 A debt-fuelled property boom begins and the economy grows by more than 3% a year until 2007.

2003 Prime Minister José María Aznar defends the Iraq war together with US President George W Bush and UK PM Tony Blair, but does not commit combat troops.

2004 Spain suffers its worst-ever terrorist attack on 11 March, with the bombing by Islamist militants of commuter trains in Madrid, causing 191 deaths. The Socialists led by José Luis Rodríguez Zapatero win the general election on 14 March, ending eight years of PP rule.

2005 Spain becomes the fourth country to legalise gay marriage after the Netherlands, Belgium and Canada. 'Express' divorce law approved.

2006 The number of housing starts (865,000) is more than Germany, France and the UK combined.

2007 The jobless rate reaches a low of 8.3% (1.8 million unemployed) and the Ibex-35 stock market index peaks at 15,945. Foreign-born population reaches 10% of the total.

2008 The debt-fuelled property bubble bursts.

2009 Economy in recession.

2010 Government makes U-turn with cuts to civil service pay and public investment.

2011 The PP returns to power under Mariano Rajoy.

2012 Spain agrees a bank bailout of up to €100 bn with the EU. Unemployment rate reaches 26%. Labour-market reforms cut severance pay.

2013 *El Mundo* reveals that former Popular Party (PP) treasurer Luis Barcenas used a slush fund to pay leading PP members.

2014 Felipe VI becomes King following the abdication of his father King Juan Carlos I.

2015 Pro-independence parties win an absolute majority in Catalan elections on just under 50% of the vote. The incumbent Popular Party is the most voted party in April's general election but is unable to form a government, and neither can the Socialists. The hard-left Podemos and the centrist Ciudadanos enter parliament.

2016 The Popular Party again wins the most seats in June's election, but is unable to form a government until October when the centrist Ciudadanos supported it and 15 Socialists abstained in the investiture vote, giving the party a simple majority.

2017	Economy recovers pre-crisis (2008) GDP level. Illegal referendum on independence for Catalonia held on 1 October and independent Catalan republic proclaimed.
2018	Basque terrorist group ETA, responsible for more than 800 deaths in 50 years, disbands. Popular Party government dislodged from office in June after Socialists, backed by other parties, win an unprecedented censure vote in parliament, triggered by a court imprisoning Popular Party politicians and business people for corruption. Pedro Sánchez becomes Prime Minister with 84 of the 350 seats in Congress.
2019	Pedro Sánchez calls a snap election in April. The hard-right VOX enters parliament. No party is able to form a government. A new election is held in November. General Franco is exhumed from the Valley of the Fallen mausoleum. Socialist Pedro Sánchez goes against his word and forms a minority coalition government in January 2020 with hard-left Unidas Podemos, with narrow parliamentary support.
2020	The Covid pandemic hits the country. Economic output plummets 11.2%, the steepest fall the in EU. The number of international tourists slumps to 18.9 million from 83.7 million in 2019. King Juan Carlos I goes into self-imposed exile in Abu Dhabi over allegations of financial irregularities.
2021	Spain becomes the sixth country in the world to approve physician-assisted suicide and euthanasia. The government pardons nine Catalan separatists who were convicted and jailed over the failed independence bid in 2017.
2022	The Democratic Memory Law, which builds on 2007 memory legislation, comes into effect. Tourism recovers from impact of Covid pandemic.
2023	Socialists returned to power after snap election, following the party's drubbing in municipal and regional elections. Pedro Sánchez forms another minority coalition government, this time with hard-left Sumar and the parliamentary support of Catalan and Basque separatist parties.
2024	Parliament approves a controversial amnesty law for around 400 people involved in separatist activities since November 2011, including organizing an illegal referendum in 2017 and failed independence bid. The Socialists win the regional election in Catalonia, ending 14 years of government by separatist parties. More than 200 people killed in catastrophic floods in region of Valencia. A record 94 million international tourists visit Spain.
2025	The government commemorates the 50th anniversary of Franco's death with events in schools, universities and public places under the slogan 'Spain in Liberty'. Agreement is reached with Gibraltar, the British Overseas Territory claimed by Spain, on its post-Brexit status.

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