

# THE MELTING POT BASQUE POLITICS

BY CAROLINE GRAY

Financing systems in and of themselves may sound a rather dull and technical business, but how they affect politics is anything but. Where the taxes we all pay end up is inevitably always a politically fraught issue, and the fact that the Basque and Navarran regions of Spain have greater fiscal autonomy and pay less into the Spanish kitty than other comparably wealthy regions has caused grievance elsewhere. Beyond this, however, what is particularly interesting about the Basque economic agreement in particular – the *concierto económico* – is how the tax-raising powers it affords the Basque provinces have contributed to shaping the complexity of internal political dynamics within the Basque region itself. The importance afforded to the Basque provincial governments and the debates over taxation that the Basque financing model has provoked between different political forces and at different levels of government (both provincial and regional) have had significant implications for pacts and alliances between parties in the

region. It is this topic that I wish to address here, for the complex nature of Basque politics is a fascinating issue and one which, in turn, ends up influencing political relations between the region and the Spanish government too.

The Basque provinces of Álava, Vizcaya and Guipúzcoa, which together make up the Basque region, each have provincial governments that have far more significant powers than the provincial authorities or *Diputaciones* elsewhere in Spain, on account of the fact that in the Basque region they are responsible for raising taxes. Moreover, the Basque Country is the only region of Spain to have separate elected parliaments at provincial level, the *Juntas Generales*, in addition to a regional parliament (in theory Navarre should have both too, but since the Navarran region and province are one and the same, the regional parliament suffices for both). This distinctive feature of the Basque political setup has its origins long ago in the Basque provincial charters (*fueros*) from

the middle ages onwards, and subsequently the first Basque economic agreements (*conciertos económicos*) that reinstated Basque tax-raising powers shortly after the *fueros* had been abolished.

The idea of mutual respect embodied in the *fueros*, which was subsequently preserved in relation to fiscal matters in the *conciertos económicos*, has a special place in Basque historical memory and is ever present in Basque nationalist political discourse. Long before Picasso's iconic painting, Guernica was already the symbolic heartland of the Basque Country. This is the site of the Vizcayan provincial government and where the Castilian monarchs used to go and swear allegiance to the *fueros* of Vizcaya centuries ago by a famous oak tree. The remains one of the old trees have been carefully preserved, and a replacement tree stands close by to symbolise Basque freedoms, as I discovered on my first trip around the Basque Country back in 2013 towards the start of my PhD studies. It is this idea of mutual reciprocity that Basque nationalists repeatedly recall to this day in their quest for a new relationship based on 'co-sovereignty' with Spain, rather than the current situation whereby Spain itself is the only sovereign nation. Senior representatives of the Basque Nationalist Party (PNV) argue that they wish to extend the equal negotiating rights and veto power enshrined in the *concierto económico* to wider Basque-Spanish political relations, echoing the spirit of the original *fueros* governing both political and fiscal relations between the provinces and Castile.

Within the Basque region itself, the importance afforded to the provincial *Diputaciones* and the complexity of political relations between these and the regional government shapes Basque politics in myriad ways. The Basque region, for all that it is a relatively small territory of less than 2.2 million inhabitants (4.7% of Spain's total population) and 7234 km squared, encompasses vastly different geographies and political sensibilities. Visitors





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to the region taking a quick weekend break in its economic capital Bilbao risk getting a distorted impression if they make a beeline for the Guggenheim and do not venture much beyond that. Some of the region's diversity is accessible on foot or by metro in Bilbao and its environs, but heading further afield into the rural interior of the Basque Country also

leads to the discovery of very different realities, which in turn shape politics in the region.

In interviews I conducted in 2014 with senior members of the Basque Nationalist Party (PNV), the centre-right mainstream nationalist party which has dominated in the region since the transition to democracy, I was struck by

the recurring mention of the fact that what it means to be a 'Basque nationalist' depends very much on which part of the Basque Country you come from. PNV members from the traditional heartlands of the Basque Socialist Party (the PSE, i.e. the Basque branch of the Spanish PSOE) cannot imagine a Basque future without nationalist-socialist collaboration.



**Basque Diputaciones  
(provincial governments)**

Vizcaya      Guipúzcoa

Álava

Basque Country      Navarre




**GUERNICA (in Vizcaya)**




The old tree... and the new...  
A symbol of Basque freedoms



# NATIONALIST POLITICS AND REGIONAL FINANCING SYSTEMS IN THE BASQUE COUNTRY AND CATALONIA

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And yet in other areas, PNV politicians are more inclined to seek to prioritise alliances with the *izquierda abertzale* (literally, the 'patriotic left') – the name given to radical left-wing Basque secessionists under an array of historically changing political parties, now grouped together under the coalition EH Bildu, led by main party Sortu. In the Basque region, where absolute majorities are essentially unheard of and both regional and provincial elections always give rise to fragmented parliaments where the winning party has a minority of seats and has to form coalition or alliance arrangements to be able to govern, the need to work with your political competitors is constant.

While contrasting geographies and political sensibilities are of course to be found within each of the three provinces that make up the Basque region, each has its overriding characteristics. Vizcaya, by far the largest province in terms of population and the economic powerhouse of the region, has consistently been the PNV's stronghold and it has won every provincial election there. In Álava, a historical stronghold of the Spanish right, the dominant political forces have tended to be the conservative PP as well as the PNV. Meanwhile, in Guipúzcoa, the PNV has faced greater competition (relative to in Vizcaya and Álava) from left-wing forces including the Basque Socialists (PSE) and, notably, the more radical left-wing secessionist parties of the *izquierda abertzale*. Jesús Eguiguren, a socialist from Guipúzcoa who was president of the Basque Socialist Party for over a decade until 2014, even envisioned a new left-wing form of nationalist alliance which would see the PSE working together with the *izquierda abertzale* and other left-wing forces in both the Basque and Navarran regions as the way forward—a strikingly unusual vision for a member of a federation of a Spanish statewide party (the PSOE) and one not generally shared by Socialists elsewhere in the Basque region, which is illustrative of the rather unique dynamics at work in Guipúzcoa.

It was while I was living in the Basque Country for several months in 2014 doing my PhD fieldwork that the *izquierda abertzale* was in power for the first (and so far only) time in Guipúzcoa, after the newly formed coalition Bildu (later renamed EH Bildu) had won the provincial elections there in 2011. ETA's permanent ceasefire starting earlier that year had finally enabled the *izquierda abertzale* to genuinely enter the political fray from then onwards, after previous political formations had been outlawed for links to the Basque terrorist group. One of the many questions that emerged when Bildu entered politics was whether or not it would end up working with the PNV to advance a territorial agenda concerning the relationship of the Basque Country to Spain. There was (and still is) a long list of obstacles to collaboration between the two political forces, including most notably the still recent history of terrorist violence in the region, the lack of experience of the *izquierda abertzale* in government, and competition between both the PNV and the *izquierda abertzale* to lead a pro-sovereignty process, as well as differences between them in the degree of sovereignty sought and which parts of the Basque homeland this would embrace. In addition, the experience of the *izquierda abertzale* entering seriously into formal politics also ended up drawing attention to the gulf between it and the PNV on how to use the fiscal powers afforded to the provinces by the *concierto económico*, which therefore reduced the potential for nationalist alignment too. Aside from their vision of an independent Euskal Herria, most of the parties of the *izquierda abertzale* are also known for their anti-capitalist ideology, in stark contrast to the PNV's traditionally centre-right ethos.

In late 2011 Bildu did successfully secure an ally in the PSE to push through its fiscal reform in Guipúzcoa, which involved setting some higher taxes in Guipúzcoa than in neighbouring Vizcaya and Álava and was mostly opposed by the PP and PNV. A left-wing alliance between both secessionist (*izquierda abertzale*) and anti-secessionist (PSE) forces thus seemed underway in Guipúzcoa, until the 2012 Basque regional elections returned the PNV to office at regional government level. To give it a working majority of seats in the Basque parliament, the PNV eventually ended up striking a deal in 2013 with the PSE, agreeing a full fiscal reform package with it (which would also ultimately receive the support of the PP too), in return for which the two parties formed alliances in both the regional parliament and three provincial governments thereafter. At both regional and provincial levels throughout the Basque Country, the PSE was thereafter bound by the fiscal pact agreed with the PNV for the following three years. In other words, the PSE in Guipúzcoa, now had to change tack and ally with the PNV (and also the PP) against the minority Bildu government.

Despite the return to more traditional PNV-PSE relations, which was then cemented after the 2015 provincial elections saw the PNV win in all three provinces, Bildu's time in government in Guipúzcoa remains of relevance. Notably, it set a precedent of Bildu-PSE collaboration, however brief. Experts in Basque politics and sociology have been suggesting for a while that the Basque Country might eventually shift more towards party alliances based on a clearer left-right divide, in which the PNV could end up rather in isolation if left-wing forces end up allying together again. This nevertheless currently still looks a distant possibility, given the extreme unlikelihood that the PSE overall would choose to undertake a broad alliance with EH Bildu, especially not when it would be the minority partner.

For now, the alliance between the PNV and the Basque Socialists in the Basque region looks fairly solid. Spain is however living in times of fundamental political transformation characterised by widespread disillusionment with existing political institutions and actors and the emergence of new parties and players, including left-wing Podemos. The Basque region, despite the apparent invincibility of the PNV, is not immune to these changes. At the latest Basque regional elections in September 2016, for example, the PNV won with a minority of seats in the parliament as usual, but the shift in the political landscape meant that parliamentary support from its traditional partner, the Basque Socialist Party, was not quite enough to give it an absolute majority (together they fall one seat short). This was because the Socialists declined at the hands of Podemos – the rise of which since 2014, incidentally, provides another potential left-wing ally for EH Bildu going forward, though also a competitor to it, since Podemos is not an advocate of Basque independence. The PNV and the Basque Socialists thus do now need to seek occasional collaboration from EH Bildu as well to ensure a working majority. While competing agendas between the PNV and EH Bildu have to date reduced the possibilities for more extensive collaboration between them, it will be interesting to see whether this continues to be the case going forward in a constantly evolving political landscape.

## Interested in reading more?

Nationalist Politics and Regional Financing Systems in the Basque Country and Catalonia, by Caroline Gray, was published in 2016 and made freely available by Bilbao-based Ad Concordiam, a non-for-profit organisation dedicated to promoting the study and understanding of the Basque economic agreement. It can be downloaded at the following link: <http://www.conciertoeconomico.org/phocadownload/TESIS-Gray-Nationalists-politics.pdf>

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