

Spain turns right to find way out of debt; Popular Party elected with mandate for reform

Graham Keeley Madrid
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Spain's centre-right Popular Party stormed to power last night as voters turned their backs on a socialist Government blamed for plunging the country into Europe's debt crisis.

In the third change of leadership in a southern European nation this month, after Greece and Italy, Mariano Rajoy, the party's leader, seemed to have secured an outright majority and, with it, a strong mandate for reform.

The party won 186 seats in the 350-seat parliament, against 111 for the socialists. With the exception of Italy and its technocratic administration, Europe's largest economic powers have all elected centre-right governments.

The party's campaign has capitalised on widespread discontent with the way that José Luis Rodríguez Zapatero, the outgoing Prime Minister, handled Spain's deepening economic malaise.

Faced with mounting market pressures, the Government brought in austerity measures and labour reforms.

But with five million out of work and Spain heading for a second recession, most Spaniards believed that Mr Zapatero did too little, too late.

Spain became of the eurozone debt crisis when its borrowing costs soared towards the critical 7 per cent, and Mr Rajoy promised to bring it back from the brink of having to be bailed out. "Spain will no longer be the problem [in the EU], but part of the solution," he told cheering crowds outside party headquarters in Madrid last night.

But earlier, Mr Rajoy, 56, warned Spaniards to moderate expectations of a quick solution. "I do not want to kid people — there is no miracle recipe or magic potion," he said. "I hope in our first year we can do things and that we can create jobs."

Desperate for a way out of Spain's deep economic turmoil, many voters switched political colours. "We have to show the outside world we are a serious country. Zapatero is a traitor," said Begoña Zaragoza, 37, a marketing executive from Madrid.

Alfredo Pérez Rubalcaba, the Socialist candidate, conceded the worst defeat in the party's history. "The Socialist Party did not have a good result. We clearly lost the elections."

David Cameron telephoned Mr Rajoy to congratulate him on "on winning a crucial argument at a vital time for Spain and Europe".

Investors will look today for signs that Mr Rajoy is serious about reducing Spain's deficit, bolstering its banks and boosting business. Xavier Vives, Professor of Economics at IESE

Business School in Madrid, said: "Within the first 100 days they must reform the labour market, the financial sector, bring in austerity measures and offer fiscal reform to stimulate business and cut the dole queues."

Mr Rajoy, who has won power at his third attempt, promised cuts of €30 billion (£26 billion), "except to pensions".

Banks and savings institutions may have to be merged or rescued. He must bring profligate regional governments under control and analysts say that he must also cut red tape.

It is a daunting in-tray, but Mr Rajoy is an experienced politician. He served in various ministries in José María Aznar's Government between 1996 and 2000, before taking over as party leader in 2003.

Result to woo Britons Behind the story The expatriate Chris Chaplow believes that a Popular Party government may be good for business and could bring back Britons to Spain (Graham Keeley writes).

"If this government stimulates business it may bring jobs and the Brits may come back," said Mr Chaplow, 51, right, who lives in Estepona, on the Costa del Sol, where many Britons worked in the property industry.

However, as estate agents and developments closed, many lost their jobs.

Mr Chaplow, from Stockport, believes that a Popular Party government will usher in an era of austerity that may mean cuts in education and health.

"What may affect us more is the regional elections in Andalusia next March," he said.

"These regional governments have a lot of power and if they change from socialist to Popular Party it may influence us more." "I do not want to kid people, there is no miracle recipe"