

Daring to deliver: Pedro Sánchez and the revival of Spanish social democracy

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Since 2018, Spanish prime minister Pedro Sánchez has led one of the most successful social democratic governments in the world today. His record of policy accomplishments and electoral victories points to the importance of social democrats showing audacity and being willing to take major political risks in order to deliver for their electorates.

Across Europe, social democracy is at a historic low ebb. Thirty years ago, social democrats held 35 per cent of the seats in the European Parliament; today, they hold roughly half that number. The decline of traditional mediating institutions, the breakdown of old partisan loyalties, and the corresponding rise of populism has proven to be a corrosive mix, one that has left social democratic parties brittle in their support, often incapable of recovering from political and electoral setbacks. Once in opposition, social democratic parties have largely failed to either re-establish political credibility, or to reclaim ground lost to more radical political rivals. When and where social democrats have been able to regain power, lacklustre leaders like François Hollande in France or Olaf Scholz in Germany have failed to hold onto it, instead going down to crushing one-term defeats.

Yet within this bleak picture, Spain's historic social democratic party, the Spanish Socialist Workers' Party (PSOE), stands out as a striking exception. Since 2014, under the astute leadership of Pedro Sánchez, a party discredited by being in office during the 2008 crash and menaced by the rise of radical-left challenger Podemos, has managed to both win power and return to a hegemonic position within the Spanish left. Perhaps most impressively, since taking power in 2018 Sánchez has succeeded in holding onto it, using a strong record of policy delivery to consolidate his political support. Seven years (and three general elections) after assuming office as prime minister, the PSOE remains in a position of strength – far above where it was when Sánchez first assumed its leadership.

This article will retrace and assess the past decade of Sánchez's leadership of the PSOE and highlight the factors behind his remarkable success. In particular, it will argue that maintaining a clear political cleavage with the right, delivering in material terms for the PSOE's base, and consistently projecting an image of audacity, have together allowed Sánchez to preserve his party's support in a hostile media environment, and in a country where the stability of a two-party system has long since disappeared. Given the similarities between the contexts in which the PSOE and the UK Labour Party now operate, Sánchez's achievements could and should offer a useful model for Labour as it attempts to find its footing in government.

The rise of Pedro Sánchez

An economics lecturer who first joined the PSOE in the 1990s, Pedro Sánchez began his political career on the Madrid city council in the early 2000s but narrowly missed out on a parliamentary seat in both the 2008 and 2011 elections. Only in 2013 did Sánchez break into national politics, when the resignation of an incumbent PSOE deputy finally brought him into parliament. When he won the PSOE leadership in 2014, it was as a largely unknown and untested figure, emerging from the backbenches to take the helm of a party in crisis.

Having been in office at the time of the 2008 financial crash, the PSOE had suffered a painful defeat in the 2011 general election, losing power to the conservative Popular Party (PP) and its leader Mariano Rajoy. The 2014 European Elections (after which the previous PSOE leader resigned) had seen the party system begin to fragment, with the PSOE now threatened on its left by the radical new populist party Podemos, led by charismatic political science professor and television presenter Pablo Iglesias. Sánchez thus assumed the leadership of the PSOE in highly challenging circumstances: the party urgently

needed to be detoxified from its association with the financial crash, and to combat the rise of Podemos. Indeed, in the 2015 and 2016 elections, beyond whether Mariano Rajoy's right-wing government would remain in office, a key question was who was to lead the left – the PSOE or Podemos.

The early record of Sánchez's leadership was undistinguished: in 2015 and 2016, he lead the PSOE to its worst electoral results in history, only narrowly preserving its lead over Podemos by holding onto a dwindling base of elderly and rural voters. However, the aftermath of the 2016 election would transform his standing: with the left electorally defeated, but the PP having lost its overall majority, the PSOE split on the question of collaboration with Rajoy. The party's 'old guard', including former PM Felipe Gonzalez, and Andalucía regional president Susana Díaz, supported facilitating Rajoy's re-investiture as prime minister. When Sánchez came down against cooperating with the right, he was forced to resign as party leader. At that moment, Sánchez also resigned as an MP to avoid having to vote to in favour of Rajoy – a move widely seen within the party as demonstrating courage and integrity.

This clash with party élites allowed Sánchez to disassociate himself from the discredited 'old' PSOE, and to present himself as a courageous outsider. In 2017, he stood in a primary for the now-vacant PSOE leadership on a platform appealing to the left of the party, promising steadfast opposition to the PP, and drawing a sharp contrast with those PSOE elites favouring cooperation with the right. Over the course of the leadership campaign, Sánchez famously toured Spain in his eleven-year-old Peugeot 407, connecting with the party grassroots to defeat 'establishment' candidate Susana Díaz while burnishing his new 'outsider' image. Following Sánchez's return to the leadership, the PSOE finally began to improve its polling numbers, pulling decisively ahead of Podemos to cement its position as the leading opposition party.

Sánchez's first term (2018-19): shock and awe

Leadership of the opposition, however, was far from the summit of Sánchez's ambitions, and on 1 June 2018 he snatched power from the PP in a remarkable parliamentary coup. On 24 May, the increasingly unpopular Rajoy had faced a major judicial setback when a high court convicted his party of a vast illicit financing scheme, involving an entire apparatus of parallel accounting. Sánchez, now firmly established at the head of the PSOE, seized on the conviction as the opportune moment to present a motion of confidence against Rajoy; skilfully taking advantage of widespread backlash against the PP's corruption, Sánchez managed to assemble a strikingly broad parliamentary coalition to oust Rajoy and take his place.

On taking office, Sánchez's position was precarious: he had come to power without an election, and at the head of a weak minority government (the PSOE held only eighty-five of the 350 seats in parliament); the political situation was volatile, and significant public doubts remained about the PSOE's economic competence. Although to quell concerns about economic competence Sánchez appointed a reassuringly technocratic cabinet (including senior Eurocrat Nadia Calviño as his finance minister), his approach to government was far from technocratic. Rather, he pursued an aggressive suite of high-salience measures to mobilize support on the left.

Sánchez's first policy initiatives were designed to mark a clear break with the previous government, and he moved swiftly to deliver tangible gains for the PSOE's working-class base. After seven years of the PP effectively freezing the minimum wage, Sánchez enacted a 22 per cent increase, massively boosting real incomes for low earners. At the same time, he broke with the PP's tepid approach to climate action by reforming the tax code to incentivise renewable energy – a popular, progressive policy that stimulated green investment and bolstered industrial competitiveness, while also helping to reduce household energy bills.

These practical measures were combined with powerful political symbolism: one of the most salient of Sánchez's early actions was the exhumation of Spain's former fascist dictator Francisco Franco's corpse from the Valley of the Fallen—a mausoleum his regime had built using the forced labour of political prisoners. Winning widespread praise from progressive Spaniards, this move not only rectified a lingering historical injustice but also established a powerful dividing line with the PP (who opposed the move) by underscoring the right-wing party's ongoing reluctance to repudiate the Francoist regime – a stance that alienated it from centrist voters.

Nonetheless, by the end of 2018, Sánchez found himself facing the daunting prospect of attempting to pass a budget while controlling less than quarter of parliamentary seats. With the government's authority and economic reputation on the line, he faced two options: appease small centre-right regionalist parties by sacrificing progressive goals – which would likely allow him to see out the legislative term – or pursue a bold, social democratic agenda at the risk of triggering an election. Facing down more cautious voices within his party, Sánchez chose the latter, unveiling an unapologetically progressive budget that proposed to shrink the deficit through tax hikes on big business and high earners. The budget was voted down, setting the stage for an early election in April 2019.

In this election, Sánchez was able to present the public with a stark choice: his own ambitious agenda, encapsulated by the proposed budget, or a fractious PP

beset by corruption, and now also facing its own extremist challenger in the form of the neo-Francoist party Vox. The result was a stunning victory: siphoning votes from all sides, Sánchez increased the PSOE's vote share substantially, reclaimed ground previously lost to Podemos, and finished twelve points ahead of the PP, which shed votes both to Vox and to the centre-right liberal Ciudadanos. However, the fragmentation of Spain's party system meant the PSOE still won only 123 seats, far short of the 176 needed for a majority, meaning the party would need to form a coalition to govern.

At the party's election night rally, the assembled crowd, although euphoric, refused to let Sánchez speak until he committed to not negotiating with Ciudadanos, implicitly committing him to seek a coalition with Podemos. However, the subsequent coalition talks were undermined by mistrust between Sánchez and the Podemos leader Pablo Iglesias, with whom Sánchez had spent the previous five years wrestling for leadership of the left. When negotiations foundered over the relatively minor issue of whether Podemos would hold the labour ministry, Sánchez took the risk of calling a second snap election for November to try to weaken Podemos's hand. This proved a miscalculation – the election was seen as opportunistic, and both Podemos and the PSOE each lost a handful of seats; at the same time, shifts within the right saw Ciudadanos decimated and the far-right Vox strengthened, hardening the opposition, and limiting Sánchez's options.

Immediately after the election, Sánchez rectified his error: a PSOE-Podemos coalition was announced in which Podemos would hold the labour ministry.

Sánchez's second term (2019-2023): a reforming coalition

Despite the PSOE-Podemos coalition government emerging weaker from the November election that it would originally have been in April (holding only 155 seats rather than 165), the new government was able to pursue an ambitiously reformist agenda. In contrast to the measures of Sánchez's first term, which had largely relied on executive action, this reformist agenda was one that involved major legislative changes – controversially pushed through parliament with the help of the more left-leaning regionalist and separatist parties.

The centrepiece of the coalition's agenda was a major labour market reform, narrowly passed through parliament in February 2022. Pushed in particular by Podemos-aligned labour minister Yolanda Díaz, this reform was designed to reduce both unemployment and the high prevalence of temporary contracts. At the time, about 30 per cent of Spanish workers were on such short-term contracts: these offered no protection from lay-offs and made it hard for workers to access credit; furthermore, they incentivised firms to sack employees whenever

profits dipped, creating a pro-cyclical labour market that exacerbated economic downturns.

The government's reform strictly limited the circumstances in which employers could use temporary contracts and ingeniously created a new 'fixed but discontinuous' contract, giving seasonal workers an indefinite contract to work for a limited annual period. Under such a contract, a tourism worker for instance might only be employed from May-September, but their employer would be committed to hiring them for this period every year, or alternatively to paying them severance. Moreover, to further combat the procyclicality of the labour market, the government also introduced the 'ERTE' – a procedure inspired by the German labour market in which a firm in difficulty can furlough workers during downturns. During this downturn, the worker is mainly paid by the government but does not lose their job. This increased job security effectively also acts as a macro-economic stabiliser, since fewer job losses leads to lower falls in consumption when the economy suffers negative shocks. Together, these labour market reforms were an enormous success, cutting the prevalence of private-sector temporary contracts by nearly two-thirds, and providing increased security for millions of Spanish workers.¹

In addition to reforming the labour market, Sánchez's second government pursued a wide range of other progressive policies designed to reward his electoral base: fiscal consolidation continued to be pursued primarily through higher taxes on the rich and windfall levies on banks and energy companies, green investment was further ramped up, and the minimum wage was increased by another 20 per cent between 2019 and 2023. Additionally, the government introduced new anti-sexual harassment legislation and pushed high-salience policies aimed at young people, including cheaper public transport for the under-30s, subsidies for cultural activities, and a new retirement benefits formula that would take internships into account.

Perhaps most impressive was the difficult context in which this agenda was both pursued and accomplished: the Covid-19 pandemic, and the subsequent global economic shock, to which Spain's economy was highly exposed. In the face of these difficult headwinds, Sánchez leaned heavily on the technocratic elements of his cabinet, above all finance minister Nadia Calviño. Despite introducing generous Covid-era support and then redistributive measures to dampen the impact of inflation on the PSOE's electoral base, Calviño insisted on running a tighter fiscal policy than either France or Italy, ensuring Spain did not fall afoul of the bond markets; at the EU level, she successfully pushed for European bonds, and played a key role in negotiating the Next Generation EU programme, which helped to boost confidence and investment in the Spanish economy. The result of this combination of prudence and ambition was that the party delivered directly for its electorate, while being able to boast of a robust recovery from the

pandemic, with growth rates outpacing many of its European peers (including the UK, France, and Germany).²

Sánchez's third term: combat social democracy (2023-)

Despite its undoubted economic successes, the PSOE under Sanchez has consistently had to contend with an unprecedented barrage of political attacks whose tone has been extreme and conspiratorial. Most strikingly, in addition to lambasting his supposedly Venezuelan-inspired 'Bolivarian' economic policies, the PP and Vox have relentlessly denounced Sanchez's parliamentary cooperation with Catalan and Basque regionalist and separatist parties, even going so far as to argue that it renders his governments illegitimate and makes him a supporter of terrorism.³ Notably, these attacks were largely echoed by the media. In Spain, both TV and print newspapers are overwhelmingly right-wing: private television is dominated by two family-owned media groups, and three of the four largest national newspapers are actively anti-PSOE. These right-wing outlets have all pursued relentlessly negative coverage of Sanchez – downplaying the substance of policy issues in favour of focusing on Sanchez's cooperation with regional nationalists, and parroting the PP and Vox's on their constitutional illegitimacy.⁴

Crucially, it was in the context of these attacks that in June 2023, six months out from the end of the parliament, the PSOE suffered a serious setback in regional elections, losing control of a majority of Spanish regions to right-wing coalitions of the PP and Vox. Refusing to govern as a de facto lame duck prime minister, Sánchez responded by unexpectedly calling a snap election for July. Seen by the public as a daring, high-risk move, the snap election caught the right-wing parties off their guard and allowed Sánchez to regain the political initiative. Waging a forceful and energetic campaign, Sánchez invoked anti-fascist traditions to present himself as the defender of social progress – above all against the spectre of PP-led coalition that would include the neo-Francoists of Vox.

Buoyed by the government's achievements, Sanchez's campaign succeeded in remobilising the PSOE's electoral base. The end result was that – contrary to most initial predictions – Sánchez was able not only to prevent the PP and Vox from winning a majority of seats, but also to increase the PSOE's score by nearly 4 points from 2019. Although Sumar (the new umbrella alliance of Podemos and other left-wing parties) did lose both votes and seats, the government coalition was able to cling on. This is a striking result: not only did Sánchez defy expectations, but he had succeeded in securing re-election amidst an inflationary shock that was weakening incumbents globally. It was a testament to his political judgement and campaigning prowess, but also to his govern-

ment's success in both delivering growth and ensuring that its base was benefitting from it.

However, while Sánchez defied the odds by holding onto power, his parliamentary position was weakened, leaving his current government less able to undertake legislative initiatives, and dependent not only on the centre-left regionalist and independentist parties, but also the centre-right ones. As in his first term, he has relied on executive authority to pursue his agenda, once again raising the minimum wage and pensions for low-income households. At the same time, Sánchez has responded to the punishing media attacks of the previous term by adopting a more aggressive political style, shifting from a focus on policy to an emphasis on political combat. In contrast to the technocratic flavour of his first administrations, he has appointed a more markedly political set of ministers, chosen primarily for their willingness and ability to aggressively attack the opposition. This personnel shift is perhaps best embodied by transport minister Oscar Puente, a former mayor who attained national prominence through his pugnacious approach to social media and energetic online defences of the government.

Sanchez has also adjusted his own rhetoric and style, notably leaning into an antagonistic personal rivalry between himself and the PP's lacklustre leader Alberto Núñez Feijóo. He has also been willing to resort to political theatrics: when a right-wing judge opened a spurious anti-corruption investigation into Sanchez's wife, Sanchez announced he was taking a long weekend off to consider his political future, including whether or not to remain as prime minister. The result was an outpouring of support across the left, highlighting the political dynamic of the investigation and defusing it as a reputational issue by shifting the focus of debate on the judiciary itself.

Notably, Sánchez has brought this more combative style to the arena of international politics, framing his political conflict with the right (and above all Vox) as a wider fight between social democracy and a 'reactionary International'.⁵ In Sanchez's telling, this 'reactionary international' not only includes the foreign far-right leaders who have lent their support to Vox (such as Trump, Milei, and Orban), also Elon Musk and other oligarchs. Indeed, Sanchez has recently been outspoken amongst EU leaders in highlighting the threat posed by 'technomillionaires' to democracy and has argued for making social media platforms legally responsible for the content they publish.⁶

However, for all his continued ambition, Sánchez's parliamentary weakness has unambiguously left him less able to deliver for his base. Of particular note is a mounting issue with housing: since the 2008 financial crash (in which a booming construction sector succumbed to a devastating bust), house building in Spain has stagnated; now, the robust economic growth of recent years, combined with

high levels of immigration, has begun to put the housing market under increasingly severe pressure.⁷ Although through executive action and measures at the regional level, Sánchez and the PSOE have lately been able to generate a slight uptick in housing starts, this is ultimately insufficient: both planning reform and a national push for social housing will be needed to keep a lid on housing costs. For Sánchez and the PSOE this is a particularly pressing issue, as it is their base – the young and those on lower incomes – who are most affected by this crisis.

Sanchez has now twice tried to pass planning reform in parliament designed to weaken the ability of councils and third parties to block new housing developments. However, he is stuck between left-wing allies that decry deregulation and the PP, which refuses to support such measures unless the PSOE backtracks on rent control and tenant protections. The PP thus seeks to embarrass Sanchez by forcing him to abandon policy priorities, and to drive a wedge between him and his left-wing allies. Although this strategy is not without risk for the PP (which now risks the ire of the construction sector), Sánchez's prospects for re-election are nonetheless likely to hinge on his ability to somehow break through this impasse, and to do so in a way that can satisfy his base. To fail to deliver on housing risks squandering the tailwind from the robust economic growth, and its material impacts could end up outweighing Sánchez's rhetorical superiority over Feijoo.

Sánchez's lessons for Labour

There are substantial parallels between the challenges the PSOE has confronted under Sánchez and those now facing Labour: like Labour, the PSOE has been a party dogged by persistent perceptions of economic incompetence, operating in a hostile media environment, and trying to hold together a fraying electoral base within an increasingly fragmented party system; like Labour, it came to power on the back of disillusionment with tainted right-wing government, but soon faced both major economic difficulties and attacks on its own basic legitimacy. What lessons then can Labour draw from Sánchez's track record of social democratic success?

Firstly, although Sánchez's administrations highlight the value of technocratic competence in ensuring economic stability and growth, they also demonstrate that this in itself is insufficient for political success. Rather, what matters electorally is that the government delivers, and is seen to deliver, for its social and political base. Sánchez has shown fiscal prudence, but he has not let this stop him from delivering: it is precisely Sánchez's record of delivering for the PSOE's electorate in concrete material terms that has helped the party gain and preserve strength since 2018 – despite, at times, highly adverse political and economic circumstances.

Secondly, Sánchez's tenure shows that voters reward audacity and boldness. Whether it be resigning the party leadership in 2016, or calling a snap election in 2023, a defining feature of Sánchez's leadership style has been a willingness to respond to setbacks by taking substantial political risks. Crucially, at almost every stage, voters have treated Sánchez's audacity as a marker of political authenticity and rewarded his gambles at the ballot box. Starmer's Labour needs to understand not only the dangers of dithering and indecision, but also the potential rewards to be reaped through risk. Projecting an air of confidence is key – above all in a hostile media environment.

Relatedly, Sánchez has at various points made conscious decisions to renege on political promises. In some cases, these have even been on major and highly salient issues – such as amnesties for Catalan separatists, or parliamentary cooperation with a Basque nationalist party associated with terrorism. Crucially, Sánchez has always justified such U-turns on pragmatic grounds – declaring a willingness 'to look for votes for social progress even under the stones' – and progressive Spaniards and the PSOE electorate have largely accepted these explanations.⁸ The third lesson is thus that hewing to campaign pledges at the cost of delivery is unwise: Sánchez's experience shows that voters can overlook the breaking of promises in pursuit of a broader agenda; what they cannot overlook, and will not forgive, is the failure of a government to deliver.

In the 1960s and 1970s, West German Chancellor Willy Brandt inspired social democrats across Europe with his call to "dare more democracy". Today, Pedro Sánchez offers a new model for social democracy: daring more delivery.

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Notes

1. 'Where has the fall in the temporary employment rate been concentrated', <https://www.caixabankresearch.com>, June 2024.
2. Bank of Spain, 'An overview of the Spanish economy's performance since the pandemic following the revision of national accounts: a European comparison', <https://www.bde.es>, 2 December 2024.
3. John Henley, 'Surreal claims, lawfare and abuse: toxic politics in Spain reflect the new Europe', <https://www.theguardian.com>, 29 April 2024.
4. See for instance Federico Jimenez Losantos, 'Sanchez ilegaliza a España... y a Sanchez', <https://www.elmundo.es>, 6 September 2023, or Francisco Marhuenda 'Quinto día: Sanchez, la democracia soy yo', <https://www.larazon.es>, 29 April 2024.
5. 'Pedro Sánchez warns of fascist advance and defends democracy in the face of Musk's meddling', <https://www.euronews.com>, 8 January 2025.

6. 'Davos 2025: Special address by Pedro Sánchez, Prime Minister of Spain', <https://www.weforum.org>, 22 January 2025.
7. Paloma Martínez-Almeida, 'Spain's housing in 2025: rising prices from rate cuts and population growth', <https://www.idealista.com>, 14 January 2025.
8. 'Pedro Sánchez: "Buscaré votos hasta debajo de las piedras, por responsabilidad y convicción, para que la gente tenga los derechos cercenados por PP y Vox"', <https://www.psoe.es>, 26 January 2025.