



By: **Daniel Lacalle**

# The impoverishment of Spaniards is the result of years of interventionist policies



Inflation, bloating GDP with public spending and immigration and hidden unemployment are the ingredients of the so-called “economic miracle” of the Sánchez administration.

Spain closes 2025 with the consumer price index (CPI) rate above the euro area average and higher than all the large economies in Europe.

Cumulative inflation, measured by CPI, during Sánchez’s term reached 24.8%. Housing and food have risen by almost twice as much as the headline CPI.

The reality of Spain is that the loss of purchasing power and the impoverishment of Spaniards are the result of years of interventionist policies.

Home purchase prices have soared by more than 38%, housing-related expenses (rent, utilities, maintenance) have risen by more than 30%, and food prices are up around 38%.

The “real shopping basket” studies find increases of between 40% and 60% in basic products between 2019 and 2025, showing that inflation in essential goods has been far higher than the official average.

Between 2019 and 2025, real wages in Spain have fallen by 0.3%, according to CaixaBank, but the picture is much worse if we look at net real wages, which have fallen by more than double because the government refused to index taxes to inflation and has sharply increased the fiscal burden of families and businesses.

## GDP growth, productivity, and the statistical mirage

Government propaganda claims that productivity and GDP per capita “grow” by using the pandemic collapse as the starting point of the series. In other words, because Spain fell more than anyone else, now it “grows.” The reality is very different.

Labour productivity per occupied person, compared with the EU average, has fallen from 99.8% in 2018 to 97%. Bouncing back is not growing, and even less so when the government is bloating GDP with government spending and immigration.

A quarter of Spain’s net real GDP gain over 2019–2025 is directly explained by higher public consumption, and more if you include EU-funded public investment and subsidies classified under other items, according to CaixaBank Research.

Furthermore, real GDP per capita is expected to grow by a mere 1.1% between 2017 and 2026, according to the IMF. The large increase in immigration disguises a weak productivity model inflated by debt and public spending.

**Spain’s socialist “growth” model, doped by immigration and public spending, leaves weaker productivity growth and stagnant GDP per capita**

This is where the statistical mirage of Spain’s alleged “superior” growth becomes evident: headline GDP is inflated by a strong increase in immigrant population, a ballooning public sector, and the injection of one-off EU funds, while GDP per capita and productivity stagnate or worsen.

Spain’s socialist “growth” model, doped by immigration and public spending, leaves weaker productivity growth and stagnant GDP per capita, dependent on an annual net debt issuance of more than 50 billion euros. It is a recipe for ruin.

In purchasing power standards, Spain’s GDP per capita was 91% of the EU-27 average in 2019 and is now around 90%, thus still below its pre-Covid relative position despite the “strong growth” propaganda.

That implies an average annual real GDP per capita growth of only about 1.1–1.4% over 2019–2025. In other words, by 2025 Spain had finally surpassed its 2019 real GDP per capita,

but the net gain per person after six years is modest, disguised by a large increase in government spending and one-off EU funds, and much smaller than the headline cumulative GDP growth figures suggest.

## Hidden unemployment - another hallmark of the Sanchez government

In 2021, with the labour market “reform,” it became mandatory to convert short-term and seasonal contracts into “discontinuous permanent” contracts.

With this statistical regulatory change, people on this type of contract are not counted as unemployed even when they are not working, and also if they are receiving unemployment benefits.

Thus, it is no surprise that in nine provinces there are more people receiving unemployment benefits than officially registered unemployed.

Official labour office (SEPE) statistics show that in Almería, Huelva, Jaén, the Balearic Islands, Huesca, Teruel, Soria, Castellón, and Cáceres, the **unemployment** coverage rate exceeds 100%, meaning there are more unemployment benefit recipients than officially unemployed.

### Effective unemployment has hardly improved at all since 2019

In January 2019, the number of jobseekers “with an employment relationship” was 280,389. In December 2025, the figure was 892,933, more than three times higher.

This means that effective unemployment has hardly improved at all since 2019, and the real effective unemployment rate is around 13.6% compared with the 9.9% official figure.

The activity rate has been stagnant at 59% since 2019, which is another example of a weak

### labour market.

At the end of December 2025, the total number of people registered with SEPE seeking work stood at 3,854,911, which means there are 1,446,241 more people not working than the official “registered unemployment” figure.

Thus, registered unemployment has fallen by 152,048, while real unemployment (the number of people registered with SEPE who are not working) would have increased by 50,609.

The number of people not counted as unemployed in SEPE data in December reached 1,893,134 and represents 44% of the total number of registered job seekers. The number of inactive people receiving unemployment benefits increased in 2025 compared with 2024 by 64,175.

## A model based on propaganda, not reality

Spain's economic miracle is just a statistical mirage. Spain's "superior" GDP growth is not due to each person producing more (down, -1.7% 4Q2019-4Q2025, as the working population grew by 12.5%, but GDP by only 10.6%), and the unemployment reduction is distorted by the record number of inactive workers not considered unemployed even if they get an unemployment subsidy. The number has tripled since 2019.



*Sánchez has implemented a model based on propaganda, not reality - Daniel Lacalle*

Sánchez has implemented a model based on propaganda, not reality, sweeping real unemployment under the rug, doping GDP with debt, immigration, and European funds, and leaving a reality of worse net real wages and atrocious productivity.

Spain may seem like an economic growth miracle in headlines, but details show a time bomb that will explode once the placebo effect of debt fades and immigration's net negative impact on public accounts soars.