ANALYSIS OF THE ECONOMIC CONSEQUENCES OF THE INDEPENDENCE FOR CATALONIA

WHAT WOULD BE THE ECONOMIC CONSEQUENCES OF A HYPOTHETICAL INDEPENDENCE FOR CATALONIA IN THE CONTEXT OF THE SPANISH ECONOMIC CRISIS?

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June 2015
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Word Count:
Around 9,700 words from Introduction to Recommendations. Including direct quotes and citations.

Author’s declaration:
I confirm that this is my own work and that all sources have been fully acknowledge and referenced in the prescribed manner.

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ABSTRACT

The purpose of this dissertation is to determine and evaluate the economic consequences of a hypothetical independence for Catalonia. The desk research was conducted among all the chapters of the dissertation in order to give background of the topic, as well as, to determine these economic consequences. Afterwards, interviews were conducted to three specialists on the topic.

During the interviews, the participants were asked various questions regarding the economic consequences of the hypothetical independence for Catalonia. The responses of the interviews prove that the independence of Catalonia would have severe consequences that would seriously damage the economy of Catalonia.

The answers obtained from the desk research, from previous studies and cases, support the ones from the interviews. Wide majority of the studies prove that the economy of Catalonia would be damaged in case of independence. The use of interviews was useful for reaching personal and relevant opinions from professionals of different areas involved in the independence. On the whole, after analysing and discussing the results it is possible to conclude that the independence of Catalonia would not benefit but damage the Catalan economy in various aspects. Additionally, it is not seen as a possible solution to overcome the Spanish crisis. Nevertheless, recommendations are mostly subjected to the transparency and objectivity of the process of independence, believing that the Catalan government does not show the complete consequences of this project.

The continuous disagreements between the legality and the economic consequences of the Catalan independence lead this research to suggest more dialogue and cooperation. Further conversations and agreements between the Spanish and the Catalan government should be conducted before an unilateral independence is declared. This would affect not only the Catalan economy but also the Spanish and the European.
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1. INTRODUCTION

“A nation is a community of people linked by land, history, traditions, culture, language, and economy ... with awareness of these links and with the will to assert and respect them. The Catalan identity, based on these parameters, meets this definition of nationhood. The Catalan countries today are one of many stateless nations in Europe where borders do not correspond to the national reality that integrates it.”

Oriol Junqueras, President of the Republican Left of Catalonia (ERC).

The dissertation deals with the national transition of Catalonia towards an independent state and its possible economic consequences. The goal is to evaluate the impact of the Catalan independence on its economy, and whether or not the independence might mean a way out of the economic crisis affecting the country since 2008. Furthermore, the side in favour of the independence believes that it will not only mean a way of escaping the Spanish economic crisis, but a way towards the fullness of the Catalan economics, politics, and culture (Esquerra Republicana, n.d). This led to the research question “What would be the economic consequences of a hypothetical independence for Catalonia in the context of the Spanish economic crisis?”

The independence of Catalonia has always been a topic of discussion. Back to the early middle ages, the Catalans already thought themselves as a distinct nation from the rest of Spain. This feeling was increased by the dictatorship of Franco in the country, when he attempted to destroy the Catalan identity (BBC News, 2015). The Catalan strive for independence is based on the principle that Catalonia is a sovereign nation, basically referring to the interpretation of history, culture, the language and Catalan civil law, and the claim that Catalonia will not reach its maximum cultural, social or economic fullness as part of Spain (Esquerra Republicana, n.d). Furthermore, it defends the theory that Catalonia is constantly oppressed by Spain (Esquerra Republicana, n.d).

On 9th November 2014, The Catalan Government went ahead with the referendum after Spain's constitutional court ruled out holding a formal referendum in the region, and called the citizens to the polls for a consultation regarding the political and economic situation of Catalonia in the future. Two questions were asked to those willing to participate. First, do you want Catalonia to
become a State? Second, in case of positive answer, do you want it to become an Independent State? (El País, 2014).

**DEFINITION OF KEY TERMS**

There is much political debate in what constitutes independence. In this report the definition of independence is understood as the fact of a state being independent, in other words a state free from outside control, and not subject to another’s authority, self-governing (Collins English Dictionary, 2006). There are different types of independence. The ones used in this research are the political and economic independence.

The political independence formally merges with the concept of state sovereignty: there is no formal authority over state power (Enciclopedia Virtual, n. d). From a realistic political view, political independence itself does not exist, however, there are asymmetric ways. When you have achieved a favourable asymmetric interdependence. Then there is at least the ability to manage autonomously own domestic policies (Enciclopedia Virtual, n. d). This could be defined as the case of Catalonia; however, certain policies still remain part of the Spanish State.

Regarding the economic independence there are two ways to visualize the political significance of economic independence: in a context of isolation or minimum external contact means auto-serving regarding the production of goods and services necessary for social life (Enciclopedia Virtual, n. d). It is an approach that is now seriously questioned; an example could be North Korea. In a context of intense international interaction, however, it is considered economic independence the capacity to produce efficient and competitive products whose international demand ensures an advantageous or at least equal to those other products that do not produce exchange but need (Enciclopedia Virtual, n. d). This would be the scenario liked for Catalonia.

**STRUCTURE**

The main research question mentioned previously determines the structure of this report, which is shown in the model below (see figure 1). Since this research aims to determine the economic consequences of the independence for Catalonia, and whether or not this would mean an option to overcome the Spanish economic crisis, it first needs to be ascertained which type of independence for Catalonia is more likely. The next chapter will also set the context of the process of the Catalan independence and how the Spanish economic crisis affected Catalonia.
Consequently, it is of interest to analyse which would be the general advantages and disadvantages of the project of the Catalan independence and how it would affect the economy and especially several aspects such as, trade flows, public finance, financial system, and its impact on the labour. Subsequently, once these advantages, disadvantages and effects are analysed it is important to examine whether or not the independence might alleviate the crisis in the Catalan and Spanish territory. Lastly, it is significant to study if there would be a relationship between the European Union (EU) and Catalonia, and the type of relationship.

**What would be the economic consequences of a hypothetical independence for Catalonia in the context of the Spanish economic crisis?**

1. What type of independence for Catalonia is more likely?

   1.1 Spanish Economic Crisis

   1.2 History of the process of the Catalan Independence

2. Which would be the general economic advantages and disadvantages of the project of the Catalan independence?

   2.1 - Trade flows
   - Public finance
   - Financial system

3. Would the independence alleviate the economic crisis in Catalonia?

4. Would there be a relation between the European Union and Catalonia in case of independence of the later?

*Figure 1: Main question, sub-questions, and structure.*
2. LITERATURE REVIEW

This part offers an overview of the dominant themes in the literature on the Catalan independence process and its ways to obtain it. Firstly, the history of the Catalan independence will be introduced. In the second chapter, the process and current status of the Catalan independence will be discussed. In the third chapter, the Spanish Economic Crisis will be analysed with mention of how this affected the Catalan economy. Finally, a conclusion will critically evaluate the main findings of the Literature Review.

HISTORY OF CATALONIA

CATALONIA DURING THE SECOND REPUBLIC

“Catalan! Monarchist and Fascist forces of a time now intend to betray the Republic; they have achieved their goal and have assaulted power. Parties and men who have made public statements against diminished freedoms of our land, and political nuclei that constantly preach hatred and war in Catalonia today constitute the support of existing institutions. [...] Catalonia flying its flag, calls all to duty and absolute obedience to the Government of Catalonia, which from now broken all ties with the distorted institutions. In this solemn hour, for the people and Parliament, the Government I assume all powers of power in Catalonia, proclaims the Catalan State […]”.

Lluís Companys, President of the Generalitat of Catalonia (October 6th, 1934).

The Second Republic was established in Spain in April 14th, 1931. During this period of time, in October 6th, 1934 in Barcelona the proclamation of the Catalan State took place by the President of Catalonia, Lluís Companys, in the balcony of the Generalitat, stating the quote previously shown. Statement that was immediately devoid of any legal consequence from the State (Interview 1, 21st May, 2015).

CATALONIA DURING THE DICTATOSHIP

Catalonia suffered extremely during the dictatorship of the General Francisco Franco (4th November 1892 – 20th November 1975). Franco’s regime was implemented from 1939 until 1975. This dictatorship was the consequence of the Spanish Civil War (Casanova, Espinosa, Mir, & Moreno Gómez, 2002). The dictatorship complemented the suppression of democratic freedoms repression in some cases of the Catalan culture. Its totalitarian character at first, and later
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authoritarian, and the unifying objectives meant an attempt to give preference to one culture and a single language, creating an anti-Catalan movement (Casanova, Espinosa, Mir, & Moreno, 2002).

Catalonia was a region that suffered hatred engendered during the Civil War by the insurgents, as it was considered a region full of traitors. In some cases, this hatred towards the region, by some of the insurgents led to speeches such as: Catalan dogs! You are not worthy of the sun that shines upon you (Gran Enciclopèdia Catalana).

The Franco’s regime meant in Catalonia, the annulment of democratic freedoms, the prohibition, and persecution of political parties. The Catalan language was abolished, reducing its use especially in the administration, in the media, in school, in college, in the public signage and generally in any public demonstrations. Concluding, the most diverse forms of repression: political, social, labour, ideological and, in the case of Catalonia, an attempt at cultural minimization that intended to do less noticeable the specific regional personality (Generalitat de Catalunya, n.d).

In 1940 the total number of men and women of political prisoners was of 27,779 people. This meant 0.95% of the total the population of Catalonia. An evidence of the massive scope of the crackdown on the whole Catalan population remained important even months after of the end of the Spanish Civil War (Gran Enciclopèdia Catalana).

Notwithstanding of the constant obstacles by the regime, the Catalan culture could survive thanks to the patronage of some of the gentry Catalan and important commitment of Catalan society. The creation of entities, and magazines revived efforts and cultural interests and Catalan politicians (Generalitat de Catalunya, n.d).

Although the regime found showed signs of weakness, Franco's state showed willingness to control the situation. However, it was not until the death of the dictator, November 20, 1975, when a crack to carry out a real political transformation through the transition opened (Generalitat de Catalunya, n.d).
CATALONIA IN THE LAST YEARS

The time of Pujol (1980 – 2003)

Jordi Pujol is a Spanish politician in favour of the Catalan independence, although historically he was a Catalan nationalist. For 23 years he served as President of the Generalitat of Catalonia. During these 23 years when he was the President of the Generalitat, it is possible that the basics of the current Catalonia were established. The time of Pujol arose initially as a pragmatic nationalism that, over the years, evolved into what it really was from the beginning: a fundamentalist ideology willing to reshape society (De Carreras, 2014 p. 9).

The key elements of national construction carried out were the partisan use of the institutions, cultural, and linguistic policy. As well as, use of public and private media spotlight as a powerful ideological and political manipulation of language and history (De Carreras, 2014 p. 9).

Only at the end of the period, and in the second half of the nineties, some response begins within the ambit of a given society and cultural world. In 2003 Catalonia had little or nothing to do with the one in 1980: nation building largely had been achieved.

The Right to Decide (2011 – 2014)

In 2011 the political party Convergència i Unió (CiU) obtained the presidency of the Generalitat de Catalunya with Artur Mas as president. However, this presidency was not absolute, which meant to pact either with the conservative party Partido Popular (PP) or with the nationalist political party Esquerra Republicana (ERC). Any of the coalitions would have consequences on the voters of CiU.

Therefore, Mas decided to establish a mandate divided in two parts. Firstly, he would negotiate a fiscal pact similar to the one of the Basque Country and Navarra. Secondly, in case that the first option did not work, they would celebrate a consultation in order to exercise the so-called “Right to Decide”, which became a claim for the independence of Catalonia (De Carreras, 2014 p. 227).

THE SPANISH ECONOMIC CRISIS

The world’s economy has lived since 2007 a period of instability, and the Spanish economy has been hit hard. The crisis made it particularly vulnerable to changes in macroeconomic and financial
conditions or their own expectations about the continuity of the growth cycle (Ortega, and Peñalosa, 2012 p. 7). Furthermore, the international financial crisis precipitated the correction of the real State excesses and the private sector debt that characterized the stage of high growth that preceded the recession (Ortega, and Peñalosa, 2012 p. 7). Spain entered the recession in the second quarter of 2008 and remained in that position until the first of 2010, when the country began a modest recovery which was broken in the second half of 2011, due to the intensification of the sovereign debt crisis and its generalization to a growing number of countries (Ortega, and Peñalosa, 2012 p. 7).

Spain is taking almost ten years to regain the volume of the Gross Domestic Product (GDP) it had before the crisis. Making it one of the countries in the Euro Zone, which has more trouble going back to where it was. Only Portugal, Finland, Italy, and Greece, will take longer to return to where they were before starting the Great Recession, which for some countries began in 2007 and others in 2008 (Mars, 2015).

The Spanish economy was the latter, first the construction sector was affected in the stock market and soon it was spread to the real economy, which allowed a cling to the idea that what the country had in 2008 was an economic slowdown and not a full-blown crisis. More than seven points of GDP evaporated in a double-dip recession. Nevertheless, the recovery of the economy has accelerated in recent months and, if last year the economy grew 1.4%, this year it will a 2.5% according to the International Monetary Fund (IMF). Other research services as the Bank of Spain rise to 2.8% (Mars, 2015).

It is therefore easy to understand that a strong economic crisis could affect the morale of the citizens of the different regions, especially if the situation has barely improved in almost ten years. If moreover, the feeling of independence that Catalonia had previously is added, it can be argued that a bad economic situation for almost a decade only feeds this feeling.

**CONCLUSION**

Concluding, Spain is formed by a group of regions, some of them with a personality differentiated throughout history, and some of them with a different language. This is the case of Catalonia. As seen, the Catalan region has suffered tremendously during the all the tough periods of Spain. Consequently, Catalonia developed long ago a sense of independence by not feeling part of the rest
of Spain. Some argue that the feeling of independence increased as consequence of the economic situations. In any case, it is obvious that the initial independence feeling was increased specially during the historical times when Catalonia suffered the most such as the Dictatorship and the Spanish Economic Crisis.
3. METHODOLOGY

This section will outline the methodology used to establish the findings. Firstly, the theoretical framework that shapes this dissertation is described. Subsequently, the specific research methods chosen will be reviewed in the second section. This dissertation is based on a mixed methods approach including a policy analysis, previous case studies analysis and, semi-structured interviews. Consequently, other approaches and ethical considerations are discussed preceding the conclusion that ends the Chapter.

THEORETICAL FRAMEWORK

The following section gives an overview to the theoretical framework this research employs. Some of the theories related to the topic of the Catalan independence are liberalism, democracy, and the principle of national self-determination.

LIBERALISM

Liberalism is a theory of both, the good governance within and between the states, and peoples worldwide (Dunne, T. 2011, Chapter 6 p.103). The liberal theory stands for the principles of liberty and equality among the citizens and the states. In international relations idealism promotes an open and multilateral diplomacy, regulated by international law and international agencies (Cristol, 2011). One component of liberal though maintained that economic interdependence would discourage states from using force against each other because warfare would intimidate each side’s prosperity (Walt, S. 1998 p.32).

This theory positions that both domestic and international institutions are required to protect the nature of the values such as liberty, justice, and equality. A good example of this fundamental aspect of liberalism are the International Monetary Fund and the International Energy Agency. In the view of liberals would help to overcome selfish state behaviour mainly by cheering states to sacrifice immediate profits for the greater benefit of persistent cooperation. According to liberalism, individuals are fundamentally good and capable of important cooperation to promote optimistic changes (Walt, S. 1998 p.32).
DEMOCRACY

Democracy is a form of social organization attributed to the ownership of the whole society. It is a structure of government in which the citizens in free, fair, and regular elections choose a country’s political leaders. In a democracy, people have a choice between different candidates and parties who want the power to govern (Collins English Dictionary, 2006).

The people can criticize and replace their elected leaders and representatives if they do not perform well. The people are sovereign, they are the highest authority, and government is based on the will of the people. Elected representatives at the national and local levels must listen to the people and be responsive to their needs.

THE PRINCIPLE OF NATIONAL SELF – DETERMINATION

Self – determination signifies the legal right of individuals to choose their own destiny in the international order (Cornell University Law School, n.d.). In other words, the right of a people to decide their own forms of government, pursue their economic, social and cultural development, and structured freely, without external interference and in accordance with the principle of equality. The principle of self – determination is enshrined in the International Covenants on Human Rights, although not in the Universal Declaration of Human Rights, being a core principle of international law (Cornell University Law School, n.d.).

The scope and purpose of the principle of self-determination has evolved significantly in the 20th century. Contemporary notions of self-determination usually distinguish between “internal” and “external” self-determination, suggesting that "self-determination” exists on a spectrum. (Cornell University Law School, n.d.). Internal self-determination may refer to various political and social rights; by contrast, external self-determination refers to full legal independence/secession for the given 'people' from the larger politico-legal state (Cornell University Law School, n.d.).

Once discussed these theories it is possible to determine that the liberal conception of democracy can be used to promote the right of the independence for Catalonia. Following the liberal logic of individuals’ right to exercise their political relationships, territorially concentrated groups would thereby have the right to separate.
SECONDARY RESEARCH

To obtain all the information required on the dissertation, several methods were used to study the economic consequences of a hypothetical independence of Catalonia. The first step is working with desk research, to become familiar with the process of independence and its key aspects. To provide a definition of what the independence is, and outline the key aspects of it. Desk research will be used throughout the research in order to analyse and verify the findings.

The desk research that is going to be used and analysed contains a mix of several books, articles, studies, court judgements, and state proposals. Moreover, the constitution of Spain and the Autonomous Statute of Catalonia will also be mentioned in order to determine the legal framework. In addition to the individual interviews, the analyses of previous case studies regarding the independence of other states are pursued. This provides with further information on previous independence process and means a way of obtaining knowledge on an issue on development.

PRIMARY RESEARCH

Furthermore, extensive primary research will be done: a number of three interviews will be conducted with different political parties involved in the independence. Contacting a representative of the principal political association against the independence, being in this case Societat Civil Catalana, and the political party Partit Socialista de Catalunya and one with a neutral party, in this case a Spanish diplomat. It was decided to not interview a political party in favour of the independence due to the non-existent answers of these parties. Moreover, a document known as “White Paper” was published recently. This documents states the process of national transition of Catalonia, and it was created by the Wilson Initiative for the Catalan government to promote the independence. Therefore, it was found unnecessary to interview an independent political party because this document already states all their opinions and arguments used.

This enabled the collection of qualitative information from directly concerned individuals. A list of nine questions will be formulated in order to assess their opinions regarding the Catalan independence and its economic consequences. The interviews will be conducted in person when possible, or over the Internet by using video chat or email when the interviewee is not physically accessible. This has some advantages and disadvantages. Conducting an interview face to face helps the interviewer and the interviewee to get further information regarding the answer, due to the physical language. It is also possible for the interviewer to have direct control on the information (Rubio, and Varas, 1997). However, it does also have disadvantages, as the
The interviewer has to empathize with the interviewee, must ask the questions as precisely as possible and with clarity (Rubio, and Varas, 1997). Moreover, the interviewer has to detect the accurate answers, and solve those doubts that the interviewee might have as well as explain those complicated questions (Rubio, and Varas, 1997). An interview conducted through email is an interview on which the information is obtained through a number of questions sent and returned by email, this being read and completed by the person to whom the information is requested (Rubio, and Varas, 1997). The main advantage of this type of interview is that possible biases that may introduce interviewers both in influencing responses, as in the annotation of these are avoided. Lastly, it allows the respondent to answer more openly to private questions (Rubio, and Varas, 1997). A major disadvantage is that often there is no certainty of who is actually the person who has completed the interview, or if the interviewee respected the reading order of the questions (Rubio, and Varas, 1997).

Contrary, a questionnaire was decided not to be conducted. The questionnaire is a tool for collecting data in order to use in a research (Martínez 2002). A questionnaire can help to obtain the necessary information on a research the aim of which is to determine the magnitude of a social phenomenon, its relationship to other phenomenon or how or why it happens, especially if it is necessary to know the opinion of a large number of people (Martínez, 2002). An effective questionnaire needs to consist of a large number of questions designed to answer as much information as possible in simple answers and questions. Furthermore, the sample group in other to make it relevant to this topic had to be big enough to cover all social classes and opinions, which due to the lack of resources and time, was not feasible.

However, previous questionnaires and referendums will be used as an additional resource to the data obtained from the interviews and the desk research. The interviews transcripts and their outcomes can be found in the appendices II and IV.

**ETHICAL CONSIDERATIONS**

Ethics are an important part of research. Research is a systematic investigation to establish facts, the collection of information about a particular subject. They are important and in some countries, with research involving human participants is now reviewed by a research ethics committee (European Commission, n.d).
To protect the information provided by the interviewees and their vulnerability, information consent was provided by the interviewees, before the writing of this dissertation, in form of a consent form designed (see appendix III). Because the interview and this dissertation do not discuss personal issues, the interviews did not pressure to harm the participants emotionally. The interviews were conducted either in person, via Skype or by email, depending on the preference of the participants.

By informing the respondents about the research and their rights, the letter of consent, along with a personal consultation before the interview. A copy of the letter was provided to each participant, alongside with a copy of transcripts and the dissertation if requested.

As one participant expressed its concern for confidentiality, his/her name, title, and name of his/her organization will not be mentioned in the dissertation. The record of the interviews will be destroyed once the dissertation is graded. Moreover, by using secondary sources, particularly attention will be put in order to avoid plagiarism.

CONCLUSION
As previously mentioned, desk research and interviews will be used parallel for writing this dissertation in order to obtain a further understanding due to the complexity of topic of the research. Following, the theoretical framework stated in the literature review and the methodology, in the next chapter the results and the analysis can be found.
4. RESULTS

In the following, the findings of the research and the interviews are analysed that were gathered to answer the research question:

What would be the economic consequences of a hypothetical independence for Catalonia in the context of the Spanish economic crisis?

LEGAL FRAMEWORK

Catalonia is living a crucial moment in history. After three decades of the restoring of la Generalitat, the claim for the self-government, and the national rights is expressed with more force and mainstreaming than ever (Generalitat de Catalunya, 2014, p.11).

The principle of self – determination in application of a democratic principle allows the legitimacy of political authority based on the consensus of the governed. This is seen as a unit of collective decision-making, and even a people’s ability to decide to become this unit. Furthermore, the moral self – determination of the citizens is another theory to take into consideration. According to this principle, the right to establish a new State is considered a basic right (Generalitat de Catalunya, 2014, p.19).

Likewise, the principle of self-determination can be seen as an inalienable right of a national community. (Generalitat de Catalunya, 2014, p.19). Meaning the right to sovereignty derived directly from the national community character a particular group. The process towards the self – determination combine the previous principles together in a two steps method. Firstly, a national community is repository of its self – sovereignty (Generalitat de Catalunya, 2014, p.19). Secondly, this community has the democratic right to exercise sovereignty (Generalitat de Catalunya, 2014, p.19).

The principle of self – determination has some advantages, according to the Generalitat de Catalunya. The first advantage is its acceptance in Catalonia among the citizens. Secondly, it has been successfully used for the Catalan Government in order to hold the consultation. (Generalitat de Catalunya, 2014, p.19). However, this principle has some limitations. First of all, it requires, in order to be implemented, a sovereign subject. Some scholars argue that Spain is the only nation,
nevertheless, others argue that this does not affect directly to Catalonia. The Catalan Parliament has repeatedly carried out declarations of sovereignty or retention of the right of self-determination (Generalitat de Catalunya, 2014 p. 20). Meaning that at the beginning of this process, which is the ability to define a certain region as sovereign or not, both involved parties, Catalonia and Spain, define the first one in different terms. The self-determination is also seen as the last resource to put to an end an unfair situation, according to the Generalitat de Catalunya. The self-determination is seen as the last option to remedy some problems and injustice that could not be solved in the Spanish political framework (Generalitat de Catalunya, 2014 p. 20).

The speech of internationalization of the process of self-determination of Catalonia should be structured as followed: After trying unsuccessfully systematically to reconcile its own national identity and belonging to the Spanish State, Catalonia exercised its right to self-determination (Generalitat de Catalunya, 2014 p. 21). The self-determination principle should allow a political and legal guarantee that, according to the Generalitat de Catalunya, the Spanish political system does not guarantee. Furthermore, Catalonia has always shown its desire to be organized as a differentiated political community (Generalitat de Catalunya, 2014 p. 21).

In Article 1 of the Statute of Autonomy of Catalonia, Catalonia is defined as “A nationality that exercises its self-government constituted as an autonomous community in accordance with the Constitution and this Statute, which is its basic institutional law” (Parlament de Catalunya, 2012 p. 21). Additionally, the Spanish Constitution states in Article 143-1, “In the exercise of the right to autonomy recognized in Article 2 of the Constitution, bordering provinces with historical, cultural and common economic characteristics, island territories and provinces with historic regional status may accede to self-government and form Autonomous Communities as provided in this Title and in the respective Statutes” (España, 1978, p. 41).

In November 2014, the Catalan Government held a Consultation regarding the political future of Catalonia. According to this government, the Consultation corresponds to democratic, representative, civic and participatory principles. Additionally, it also responds to the liberal principals of individual and collective rights of the individuals (Generalitat de Catalunya, 2014, p. 24). Arguing, moreover, that this Consultation is possible inside of the legal framework (Generalitat de Catalunya, 2014, p. 24).

However, the Constitutional Court declared in March 2013, that Catalonia cannot unilaterally call a referendum to decide on its continuity in Spain since although supports its right to decide as a
policy vacuum, and warns that this would require a reform of the Constitution to be effective (Pleno del Tribunal Constitucional, 2013). Additionally, The Constitutional Court declined the right of Catalonia to be defined as political and legal sovereign subject. In this case, and after the judgement of the Constitutional Court, the argument of the principle of self-determination used by the Generalitat de Catalunya, which needs to be subjected to a sovereign subject, cannot be applied to Catalonia.

The Generalitat of Catalonia argues that there are other ways in case it is not possible to do a legal Consultation. One argument is the organized consultations by voting outside the laws by the Government with the support of municipalities or private organizations with the indirect support of the Government and the municipalities (Generalitat de Catalunya, 2014, p. 29). This, however, has a clear disadvantage, which is the confrontation with the State. The plebiscitary elections are characterized by the fact that, once some elections are called by the president of the Generalitat, some political parties offer voters decide in their programs and election campaigns the sole or primary purpose, achieving Catalan independence (Generalitat de Catalunya, 2014, p. 29).

However, in November 9th 2014, an illegal Consultation known as the 9-N was conducted in the Catalan territory. The questions were (see figure 2) “Do you want Catalonia to become a State?” and in case of affirmative answer “Do you want Catalonia to become an Independent State?” The results of which were the following (see figure 3):

![Figure 2: Ballot of the Consultation 9-N (El Periódico, 2014).](image-url)
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As seen in the results, the 80,76% voted “Yes” to both of the questions stated in the ballot of the Generalitat de Catalunya. A 2.3 million people voted in the Consultation out of the 3.8 million of population on the age of voting in Catalonia in 2014 (Instituto de Estadística de Cataluña, 2015). The percentage of the people that participated is of the 60,5%. A total of 80,76% of this 60,5% voted “Yes” to both of the questions.

**TYPE OF INDEPENDENCE**

From the moment of the proclamation of independence, hypothetically, a formal distancing from the Spanish legal system would occur. It would open a constituent process itself with the essential aim of providing a new State Constitution. From this proclamation a constitutional process in order to institutionalize the new state will be opened (Generalitat de Catalunya, 2014 p.36). It should regulate the process for developing and adopting the Constitution and the legal framework, which will apply until the entry into force of the Constitution. This legal framework should regulate:

a) The institutional system of Catalonia
b) The interim regime of rights and freedoms of individuals
c) The provisional rules of nationality
d) The provisional regime of use of languages
e) The regime of Succession of the current Spanish system to the Catalan
f) The temporary connection with the Spanish State

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*Figure 3: Results of the Consultation 9-N (El País, 2014).*

- 80,76% voted “Yes” to both questions.
- 3,09% voted “Yes”.
- 0,97% voted “No”.
- 10,07% voted “Yes” - Blank.
- 4,54% voted Blank.
- 0,56% voted No.
- Others: 0,97%
g) The relationship of Catalonia with other states and the supranational and international organizations (in particular, to continue to participate in the process of European integration and joining the European Union) (Generalitat de Catalunya, 2014 p.36).

According to the Generalitat of Catalonia, Catalonia will have a complete, current and applicable law throughout its territory. On one hand, it will be the law approved, under the powers established in the Spanish Constitution and the Statute of Autonomy law (Generalitat de Catalunya, 2014 p.41). On the other, it will be the emanated law, also on the basis of the Constitution, from the central institutions of the Spanish State that apply in Catalonia directly or supplementary. Moreover, the new State shall take a policy decision on the law that should be considered to be in force in Catalonia (Generalitat de Catalunya, 2014 p.41). The existence of a new State requires the consideration of the law of other State, which has been separated from, no longer applicable without a legislative measure declaring the continuity of application and validity (Generalitat de Catalunya, 2014 p.41).

ECONOMIC CONSEQUENCES OF THE INDEPENDENCE

FISCAL AND FINANCIAL VIABILITY

By the Generalitat of Catalonia, an independent State would have fiscal and financial viability. Analysing the studies done by the Catalan Government, the independence of Catalonia would mean the disappearance of the fiscal deficit, which is around the 8% of the Catalan Gross Domestic Product (GDP), which would create a benefit for the Generalitat because it would have additional sources every year (Generalitat de Catalunya, 2014 p. 65).

It is understandable that an increase of the consumption of the investment or the public spending would increase the GDP, which would mean a multiplier effect. In this case, the tax gain of the independence would have an important multiplier effect on the Catalan economy, which could be used to increase the public spending and / or reduce the taxes (Generalitat de Catalunya, 2014 p. 65). Furthermore, the increment of the public spending could mean an increase of the public workers, which would have positive effects on the labour rate (Generalitat de Catalunya, 2014 p. 65).
However, according to a study of Sociedad Civil Catalana, the deficit of the Generalitat would increase up to 20 thousand millions of Euros, equivalent to the 10.3% of the GDP, after the independence. The current Catalonia Autonomous Government Deficit is of 4 thousand millions of Euros (-2.0% of GDP). This would mean that the deficit of Catalonia would be multiplied by five with the independence (Societat Civil Catalana, 2014, p. 17). This would require spending cuts of the Generalitat de Catalunya because of its financial inability. The Societat Civil Catalana believes that these cuts would be as follows:

<table>
<thead>
<tr>
<th>Education</th>
<th>Health</th>
<th>Welfare</th>
<th>Economy</th>
<th>Culture</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.000 M €</td>
<td>8.000 M €</td>
<td>2.000 M €</td>
<td>1.000 M €</td>
<td>1.000 M €</td>
<td>16.000 M €</td>
</tr>
</tbody>
</table>

Figure 4: Items of public spending cuts of a hypothetical independent Catalonia (Societat Civil Catalana, 2014, p. 18).

Furthermore, the Catalan public debt would be multiplied by four being of the 118% of the GDP. The current public debt of Catalonia is 57 thousand millions of Euros, however, the public debt would increase to 228 thousand millions if Catalonia was independent (Societat Civil Catalana, 2014, p. 19). This would be higher than the current debt of Spain (100% GDP) and would be 29% higher than the average of the European Union (89.4% of the GDP) (Societat Civil Catalana, 2014, p. 19).

Additionally, the financial burden of the debt would be ten times higher. It would overcome the European highs going from 2.3% of the GDP to the 25% of the GDP. This percentage means that in 2014, Catalonia had 4.4 thousand millions of Euros in debt, these would turn into 37 thousand millions of Euros if Catalonia was independent.

After seeing the results and the arguments of both sides it is possible to argue that if Catalonia were declared independent it would have more resources and more income. On the other hand, a hypothetical independent Catalonia would face together to its own debt, which is already very significant, the proportion of the debt of the Spanish State that would correspond, which would be around the 20-25% of the total debt of Spain (Interview 1, 2015).
TRADE FLOWS

According to certain studies, the trade flow of Catalonia with the rest of Spain would decrease 45%. This would be due to borders and customs (Societat Civil Catalana, p. 9). Moreover, inside its top ten of destinations, Catalonia sells goods for the price of 43 thousand millions of Euros to the other Spanish autonomous communities (see figure 5).

As seen in the previous graph, Catalonia sells to the rest of Spain more than it sells to other European countries. A study of C – Intereg, an analyst group inside the Spanish territory, between 1995 and 2012 stated that Catalonia exported to the other Autonomous Communities the following (see figure 6):
The political parties in favour of the independence argue that Catalonia is one of the major exporters of Spain to the rest of the world. Oriol Junqueres, president of the ERC, even argued in an interview that Catalonia exported the 70%. This percentage has been denied repeatedly in the interviews conducted. In the following table (see figure 7) it is possible to see the Catalan exports by geographic areas and countries in March 2015:

![Average of interregional trade of Catalonia of 1995 – 2012 (%)](image)

*Figure 6: Average of interregional trade of Catalonia of 1995 – 2012 in %. (C – Intereg, 2013).*
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The Hague School of European Studies

EXPORTS OF SPAIN IN MARCH 2015

<table>
<thead>
<tr>
<th>Total of Exportations</th>
<th>MILLIONS OF €</th>
<th>% OF THE TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of Exportations</td>
<td>5,910,3</td>
<td>100</td>
</tr>
<tr>
<td>European Union (EU – 28)</td>
<td>3,859,2</td>
<td>65,3</td>
</tr>
<tr>
<td>Germany</td>
<td>688,1</td>
<td>11,6</td>
</tr>
<tr>
<td>France</td>
<td>867,0</td>
<td>14,7</td>
</tr>
<tr>
<td>Italy</td>
<td>527,9</td>
<td>8,9</td>
</tr>
<tr>
<td>Portugal</td>
<td>406,8</td>
<td>6,9</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>396,9</td>
<td>6,7</td>
</tr>
<tr>
<td>Other countries and European territories</td>
<td>398,0</td>
<td>6,7</td>
</tr>
<tr>
<td>Switzerland</td>
<td>169,5</td>
<td>2,9</td>
</tr>
<tr>
<td>North America</td>
<td>214,7</td>
<td>3,6</td>
</tr>
<tr>
<td>United States of America</td>
<td>190,5</td>
<td>3,2</td>
</tr>
<tr>
<td>Central and South America</td>
<td>413,3</td>
<td>7,0</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>1,025,0</td>
<td>17,3</td>
</tr>
<tr>
<td>Japan</td>
<td>74,9</td>
<td>1,3</td>
</tr>
<tr>
<td>China</td>
<td>120,8</td>
<td>2,0</td>
</tr>
</tbody>
</table>

Figure 7: Catalan exports by geographic areas and countries in March 2015 (Indescat, 2015).

As seen on the upper part of the table, Spain exported a total of 23,218,3 millions of Euros in March 2015. In comparison, Catalonia exported 5,910,3 millions, which represents the 25% of the total exports of Spain. It is possible to see that the 70% stated by the President of ERC does not represent the reality of the Spanish territory. The independence of Catalonia would have severe consequences on both the Catalan and the Spanish trade flows. Catalonia is the region of Spain with more exports, meaning that, in case of independence, Spain would lose around the 25% of its exports, which would have consequences even for the European Union.

Additionally to the already extensive economic consequences that the independence of Catalonia would have in its trade flows; an independent Catalonia would be automatically out of the European Union (EU) and its economic area. According to the European Commission, Treaties
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cease to apply to territories that separate from a Member State (Colegi d’Economistes de Catalunya, n.d). However, the Generalitat de Catalunya believes that even though Catalonia would not be in the European Union still some agreements could be done. Firstly, they could agree unilaterally to not impose tariffs on the movement of goods. Secondly, they could sign a bilateral agreement, which guarantees the free commerce of goods (Generalitat de Catalunya, 2014, p. 123). Arguing that the European Union concludes a wide range of international agreements with non-Member States. These agreements are: economic agreements, association agreements, and cooperation agreements.

Moreover, Catalonia is considering the possibility of, in case of independence; apply for the membership of the European Free Trade Association (EFTA). This association covers the fields of free movement of persons, services, capital movements, and protection of intellectual property (Generalitat de Catalunya, 2014, p. 123). However, the participation of Catalonia in the EFTA would mean a lower economic contribution than the European Union (EU), which would decrease the possibility and freedom for economic and commercial agreements (Generalitat de Catalunya, 2014, p. 123).

EMPLOYMENT

According to the Generalitat de Catalunya, the independence would have positive impact on the labour. It argues that an increase on the public spending would mean an increase on public workers, which would have direct positive effects on the employment rate. However, the first interviewee argues that pretending to improve the employment situation of a country increasing public officials and employees is a mistake. Furthermore, he argues that the increase of public workers generally becomes inefficient for economic development (Interview 1, 2015). Likewise, the third interviewee argues that the independence would be a disaster and the unemployment would increase (Rafael Arenas, 2015).

The arguments given by the interviewees are supported by the study conducted by Societat Civil Catalana. This study argues that the independence of Catalonia would mean that the 16% of the Catalan workers would lose their job (see figure 8).
Figure 8: Unemployment percentage of Catalonia (Societat Civil Catalana, 2014, p. 14).
5. ANALYSIS

After the results of the desk research and the interviews have been presented, the following Chapter discusses the findings. By analysing how the hypothetic independence for Catalonia would damage or affect the economy. This Chapter provides a bridge between both sides of the independence, trying to create the most objective analysis possible.

The discussion seeks to determine whether this independence would benefit or damage the Catalan economy, or if it can be a solution for solving the current economic crisis. Thereby answering the main question:

What would be the economic consequences of a hypothetical independence for Catalonia in the context of the Spanish economic crisis?

The discussion is structured along five dominant themes that emerged in the Results chapter. These include the legal framework determining the legality of the process of independence, as well as the type of independence that it would be. The third theme is the economic consequences for Catalonia. This is the main theme of the research and the most emphasized one. The latter two, possible solution for the economic crisis, and the future relationship between EU – Catalonia, are absolutely hypothetic due there is no possible way to establish the future case of a hypothetic independence.

LEGAL FRAMEWORK

The main problem seen is the different understanding of the applicable law in the case. It is understandable that each side of the case seeks the legality in their favour; however, the applicable law cannot be changed or ignored. Once seen the results in the previous section it is possible to establish that according to the Spanish law, a referendum and independence is unconstitutional and therefore, it is not supported by the National Government (Pleno del Tribunal Constitucional, 2013).

The Government of Catalonia declares the Catalan right to decide, and the legal framework used by the Parliament of Catalonia is mainly theoretical. The principle of self – determination is the
main argument. It needs to be subjected to the sovereign subject, and in this case it cannot be applied, because as established in the Constitution and the Autonomous Statute, Catalonia is an autonomous community of the Spanish territory. Furthermore, the Constitution, which is the supreme law of a State of sovereign rights, does not in any case allow not only the referendum but also the self – proclamation of sovereign state. This argument is supported by the judgement of the Constitutional Court of 2013 (Pleno del Tribunal Constitucional, 2013).

Despite the illegality of it, in November 9th, an illegal voting conducted in Catalonia in order to determine the willing of the citizens for Catalonia to become independent. The results showed a clear winning of the “Yes –Yes” option, with the 80,76% of the votes. This option stated that the citizens want Catalonia to become an independent State. 60,5% of the voters voted in this referendum. This high percentage leads to think that due the illegality of the referendum, the voters not willing the independence did not attend to vote.

Therefore, the attempt of the Catalan government to spread among the Catalan citizens the legality of the process is absolutely false. In any case, the past referendum in November 9th 2014, or a unilateral declaration of independence, are safeguarded by the applicable law. It is important to understand that if a process of rupture, as is this one, is already complicated with full support of Spain, the same process done exclusively unilaterally have all the key components for failure.

**TYPE OF INDEPENDENCE**

It is easy understandable that an independent Catalonia would break with the Spanish legal system. As interviewee 3 stated: “with the independence there would not exist a transfer of resources abroad but, firstly, it would require the setting up of an army, a diplomatic body and other typical structures of a state that are now assumed by all the Spanish” (Interview 3, 2015). This would mean further expenses for an economy hard to sustain for any country. If Catalonia is declared independent unilaterally, without the support of Spain, the “new state” has highly probabilities for failure. The hypothetic case describer by the Generalitat, is the perfect situation, which is hard to believe due to the unrest of the situation.
ECONOMIC CONSEQUENCES

FISCAL AND FINANCIAL VIABILITY

The fiscal and the financial viability of Catalonia as an independent State is the main concern of the political groups in favour and against the independence. It must be understood that each part analyses and publishes documents and studies that would benefit its position. Therefore, it is complicated for the ordinary citizen to understand.

The current economic situation in the territory increased the deficit of Catalonia, which currently is of 4.000 millions of Euros. This would be multiplied per five with the independence, raising it up to 20.000 millions of Euros, a 10,3% of its GDP. It would increase due to the higher expenses that the territory would have to assume, ones now assumed by the Spanish government. These would be among others the payment of part of the debt of Spain, the costs of the new finance and tax collection inefficiency or the rise of unemployment (Societat Civil Catalana, 2014). It is true, however, that due its independence, Catalonia would save 11.000 millions of Euros, which would not have to transfer to the Spanish government (Societat Civil Catalana, 2014). Argument used by the Catalan Government to promote the independence under the headline “Spain robs us”.

Additionally, the public debt that currently is of 57.000 millions would increase to 228.000 millions with the independence. Interviewee 1 argued that the Catalan territory is one of the most corrupted, and despite the amount of taxes paid (higher than in the rest of Spain) the National government is still forced to assist them to prevent its bankruptcy (Interview 1, 2015). It is imaginable that this debt would just increase more once the independence is established; with the difference that Catalonia would not count with any type of assistance or help.

As interviewee 3 stated, Catalonia is not Kosovo. The Catalan GDP is about fifty times the one of Kosovo, or 50% more than in Scotland (Interview 3, 2015). Even though this that might seem good, it is actually a problem, since it is much more costly for the power that might safeguard the independence. Financially support Kosovo is likely to reach at least for a half of dozen countries in the world. However, guaranteeing the issuance of public debt required for Catalonia, it means a significant effort for any country (including the US) and it is probably unattainable by any European power (Interview 3, 2015).
Therefore, as interviewee 3 stated, Catalonia independent would not be viable unless the secession was made with the full support of Spain and the European Union. This would mean that the separation of Spain was followed by the immediate entry into the European Union. In that case the existence of a Catalan state would be possible because it would have sufficient size for both population and economic weight. However, this is not the scenario proposed by the Generalitat (Interview 3, 2015).

TRADE FLOWS

As seen in the previous chapter, the independence of Catalonia would have severe consequences on both the Catalan and the Spanish trade flows. Catalonia is the region of Spain with more exports, meaning that, in case of independence, Spain would lose around the 25% of its exports.

Additionally, Catalonia exports the majority of its products to the rest of the Spanish territory. The independence would mean a significant decrease of the trade flows of the new country, which obviously, would affect the economy. Even though Catalonia is one of the major exports of the Spanish territory, the exports of Catalonia on its own would be low, including the fact that Catalonia would not have access to a free market.

Moreover, a non-agreed independence with the rest of Spain and the European Union would mean a serious earthquake in the international financial markets that would put in a very bad position Spain and Catalonia. Thus, a unilateral declaration of independence, not agreed with Spain and other EU member countries (Interview 3, 2015). Even in the best of the scenarios of an agreed and non-traumatic separation, there would be a decrease of the trade flows between Catalonia and (the rest of) Spain. If the separation were traumatic the trade flows would be the least of the problems because there would be amore serious situation on the table.

Furthermore, Catalonia outside of the EU would be an absolute economic disaster. The Catalan economy is now fully integrated into the EU and a break of links would be very difficult to assume. Needless to say, that the relocation of businesses and economic activity would be also very important, as well as capital outflows and falling investments (Interview 3, 2015).

Therefore, it is clear that the independence of Catalonia would mean an incredible reduction of trade flows for the Catalan territory. As not being part of Spain, Catalonia would lose most of its
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exportations to the Spanish territory, since it would have no longer access to the free market of the EU.

EMPLOYMENT

In the labour section it is necessary to take into account the situation of certain businesses in the independent Catalan territory. Several businesses, which currently have headquarters in Catalonia, have shown their desire for Catalonia to stay as part of the Spanish territory. An example might be the famous German company Volkswagen. Volkswagen has invested 4.200 millions of Euros in the two factories that the brand has in Spain, one in Catalonia. In order to do so, the German company asked for certain guarantees that the Catalan territory will remain part of Spain. The president of Spain confirmed those guarantees (Interview 1, 2015).

It is, therefore, easily understandable that a complicated process of independence is not liked by the multinational companies. It is, consequently, necessary to think that an independent Catalonia would have an increase of unemployment due to the closure of certain companies in Catalonia in case of independence; idea supported by the interviewees.

The Generalitat believes that due to an increase of the public spending the government, which would mean an increase of public workers that means a reduction of the unemployment rate. However, this idea seems to be seen inefficient by interviewee 1. He argues that trying to solve the employment situation by an increase of public workers is a mistake (Interview 1, 2015).

Societat Civil Catalana conducted a study that arguments that the employment rate would increase if Catalonia were independent because the 16% of the workers would lose their job. Arguments supported by interviewee 3 who declared that the independence would be a disaster and the unemployment would increase (Interview 3, 2015).
POSSIBLE SOLUTION FOR THE SPANISH ECONOMIC CRISIS

Once seen some of the likely economic consequences that the independence of Catalonia would have, it is possible to determine that it will not be a solution to improve the Catalan economy. In any case, it would mean an increase of economic crisis. According to the results obtained from the interviews, all the interviewees agree it is not a solution. Interviewee 1 states: The independent Catalan citizens would live much worse (Interview 1, 2015). Moreover, interviewee 3 mentions that he does not see it as a possible solution. He stated that the GDP would be reduced and the balance would not be positive. Additionally, the reduction of the commerce with the rest of Spain would have important consequences. It would put in risk the Catalan economy even the Spanish one, especially if it is done unilaterally.

FUTURE RELATIONSHIP BETWEEN EU – CATALONIA

All the possible relationships between the European Union (EU) and Catalonia are hypothetic because these cannot be evaluated until once the independence is established. The European Union (EU) stated that Catalonia would not be a Member State. Meaning that in case that a region of a Member State separates from it, the Treaties would stop being applied. The new state would have to apply for the membership as established in the Treaties (European Commission Representation in Barcelona, 2015). According to the interviewee 1, the membership of Catalonia would never take place.

However, the current government of Catalonia is confident that it will be able to arrange certain agreements between the EU and Catalonia. These agreements could be commercial agreements, association agreements, and cooperation agreements (Generaitat de Catalunya, 2014, p. 123).

Concluding, the relationships between the European Union and Catalonia are hard to evaluate due to the hypothetic sense of the study. However, it is possible to determine some hypothesis. As seen before, the membership of Catalonia in the EU is not granted, especially if the process of independence is done unilaterally. This situation would only have bad consequences for the Catalan economy. However, the “new state” could try to establish certain agreements that would benefit the economy, with the final goal of obtaining the membership. Nevertheless, this process cannot be evaluated because for doing so, firstly, and independence should be declared.
6. CONCLUSION

The conclusion drawn from the desk research, supported by the results from the interviews, show clearly that the independence of Catalonia would have severe impacts on the Catalan economy. It would have consequences on its commerce within Spain and the European Union, as well as on the welfare of its citizens.

As seen in the previous chapters of results and analysis, the opinions about the independence of Catalonia vary among to whom you ask. According to the Catalan government, Generalitat, the consequences of the independence are all positive. This leads to think that in a process of secession, it is impossible that all the consequences would benefit the economy of Catalonia. It is also necessary to determine that not all the consequences might be negative. The interviews expressed that the independence of Catalonia would not have positive consequences for neither Catalonia nor for Spain. Some even stated that the Catalan politicians are willing to sacrifice the welfare of its citizens in order to reach their objective of independence.

Once seen the results and analysis of the hypothetic independence of Catalonia, it is possible to determine that the independence of Catalonia would mainly have negative consequences. It is impossible to ignore the data and the results conducted from this dissertation and from previous studies. Concluding that a hypothetical independent Catalonia would lead to a fall of Catalan GDP around 25%, which would increase its debt up to 37 million thousands.

Moreover, its trade flows would be also damaged. As mentioned in the previous chapter, Catalonia is one of the regions of Spain that exports the most, up to the 25% of the total exports of Spain. However, its not membership with the European Union would make these exports decrease significantly. It is necessary to mention, that not all the exports in the Catalan territory are produced in it. This would only mean a further decrease in the trade flows.

All these major economic consequences would obviously have direct effect on the citizens’ welfare. The decrease on exports as well as the increase of the public debt that Catalonia would have, would affect the employment rate. A low unemployment rate is a sign of economic wealth, however, studies prove that the independence of Catalonia would increase the unemployment rate. This leads to think that in overall, the hypothetic independence of Catalonia would lead to an unhealthy economy in the territory. This would have severe effects on its population.
Nevertheless, it is necessary to establish that once the transition is completed, in a long-term perspective, an independent Catalonia might be viable if it achieved agreements with the European Union and Spain that would start a long process of economic growth that would benefit its citizens and its economy.

If the hypothetic State of Catalonia manages to go through the high costs of transition, which would enormously affect the wealth of the citizens, and manages to establish certain economic agreements with Spain and the European Union, it is possible that the “new State” would grow economically.

However, it is necessary to understand that this process of transition and its costs would not take place in a short period of time. It would take years, specially if it would be done unilaterally. Consequently, once established the “new State”, the agreements with the European Union and Spain would not be done automatically either, which would increase the costs and the unhealthy economic situation in the territory.
7. RECOMMENDATIONS

One of the most recurrent issues that should be reviewed concerns to the legal framework that allows not only the possibility of a voting for the independence. Also whether or not that legal framework allows the independence itself. One of the goals of democracy is the right of the population to choose and decide. Being this one of the main arguments used for the political parties to promote the independence. This is the so-called “right to decide”. However, this right should be executed inside the legality allowed in the Spanish territory. Both sides of the independence seem to have a different motion in the legality of it and its consequences.

Moreover, a better process of communication between the different parts of the independence needs to be established. The complete ignorance of the national government towards the constant threats of the Catalan government does not help for the improvement of the situations of this complicated process. Additionally, there must be an agreement in the legal framework and the consequences that the independence would have.

It is very important to open a process of transparency regarding all the economic consequences that an independence would have for Catalonia. The relevance of this is that the citizens, if it comes the time for them to decide, know exactly what they are facing and how it would affect their lives.
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9. APPENDICES

APPENDIX I: GLOSSARY

- **Autonomous Community**: Territorial entity within the constitutional framework of the Spanish State. It has legislative autonomy and executive powers and the power to be delivered by its own representatives (Real Academia Española, 2015).

- **Autonomous Statute**: The Statute of Autonomy is the rule that institutes a particular Autonomous Community (Article 147 of the Constitution). It establishes the institutions and their competences. It is an organic law sui generis, subject to a specific procedure and constitutional development plans. It occupies a special position in the legal system (Derecho Constitucional, 2015).

- **C – Intereg**: It is a permanent vocation project focused on the analysis of Spanish interregional trade. It started in 2004 on the initiative of the Centre for Economic Forecasting and with the sponsorship of eight autonomous communities.

- **Constitution**: Fundamental law of a state that defines the basic system of rights and freedoms of citizens and the powers and institutions of the polity (Real Academia Española, 2015).

- **Constitutional Court**: It acts as a supreme interpreter of the Constitution. It is independent of the other constitutional organs of the State and it is subject only to the Constitution and its Charter. It is unique in its order and its jurisdiction extends throughout the national territory (Tribunal Constitucional, 2008).

- **Esquerra Republicana de Catalunya (ERC)**: It is a left Catalan political party. It is the principal precursor of the process towards the independence.

- **European Free Trade Association**: It is an intergovernmental organisation created to promote free trade and economic integration to the benefit of its four Member States: Norway, Iceland, Liechtenstein, and Switzerland (EFTA, 2015).
- Generalitat of Catalonia: The Generalitat is the institutional system around which Catalonia's self-government is politically organized (Generalitat de Catalunya, 2015).

- Gross Domestic Product (GDP): it is a value of a country’s overall output of goods and services at market prices, excluding net income from abroad (Business Dictionary, 2015).

- Socialist Party of Catalonia: It is a Spanish political party in the Catalan field of social democratic ideology and Catalan national identity (PSC, n.d).

- Societat Civil Catalana: It is an association that aims to promote, disseminate and promote cohesion and coexistence among citizens in Catalonia and between these and the rest of the Spain. To promote the Catalan culture as an inseparable part of the common Spanish culture.

- Wilson Initiative: It is a group of economists which mission is to contribute to the debate on self-determination in Catalonia (Wilson Initiative, 2012).
En primer lugar, me gustaría darle las gracias por tomarse el tiempo para responder a esta entrevista. Mi nombre es Paula Rodríguez Osorio, y actualmente estoy estudiando el último año de mis estudios en Estudios Europeos en la Universidad de Ciencias Aplicadas de La Haya. El tema de esta entrevista es “¿Cuáles serían las consecuencias económicas de una hipotética independencia de Cataluña en el contexto de la crisis económica española?” El propósito de esta entrevista es obtener opiniones personales y conocimientos con respecto a este tema. Los resultados van a ser utilizados en esta tesis, por lo tanto, por favor firme el "Formulario de Consentimiento" si está de acuerdo con todas las declaraciones (lo puede encontrar al final de esta entrevista).

1. El concepto de independencia ha sido un tema común en Cataluña durante muchos años. ¿Por qué cree que se ha vuelto más popular en el último año?
2. ¿Cree usted que la negativa del pacto fiscal por parte del Gobierno Nacional a la Generalitat catalana fue un catalizador para el proyecto de la independencia?
3. ¿Cree usted que el proyecto de la independencia, en relación con la actual economía catalana es factible?
4. ¿Lo ve como una posible solución para la mejora de la situación económica en Cataluña?
5. José Manuel Durão Barroso mencionó en uno de sus discursos que en el caso de la “creación” de un nuevo estado, este nuevo Estado tendría que aplicar la adhesión a la Unión Europea (UE). ¿Cómo cree usted que esto afectaría a la economía catalana?
6. Según Oriol Junqueras, presidente de Esquerra Republicana de Catalunya (ERC) el 70% de las exportaciones de España se lleva a cabo en el territorio catalán. ¿Cómo cree que la no pertenencia de Cataluña en la UE afectaría a la economía española?
7. En relación con la pregunta anterior, ¿cómo cree usted que esta independencia afectaría los flujos comerciales del país (España)?
8. En la propuesta de Estado por parte de la Generalitat de Cataluña, conocida como Libro Blanco. La transición nacional de Cataluña, se cita textualmente: “la ganancia fiscal de la independencia podría tener un efecto multiplicador importante sobre la economía catalana, ya que los recursos de la ganancia se podrían dedicar a incrementar el gasto público y/o a rebajar los impuestos.” ¿Cuál es su opinión sobre esto? ¿Cree usted que la independencia de Cataluña podría mejorar la economía pública?
9. En la propuesta de Estado anteriormente mencionada también se cita lo siguiente: “Esto tendría un efecto inmediato y positivo en el consumo y la inversión. Por su parte, el incremento del gasto público podría traducirse en un aumento de los trabajadores públicos, lo que produciría efectos positivos sobre la tasa de empleo.” ¿Cuál es su opinión sobre esto? ¿Cree usted que la independencia de Cataluña podría mejorar la situación laboral?

- Por favor, no dude en añadir más comentarios y opiniones sobre este tema más adelante.

GRACIAS POR SU PARTICIPACIÓN.

QUESTIONS IN ENGLISH

First, I would like to thank you for taking the time to answer this interview. My name is Paula Rodríguez Osorio, and I am currently studying the last year of my studies in European Studies at The Hague University of Applied Sciences. The theme of this interview is "What are the economic consequences of a hypothetical independence of Catalonia in the context of the Spanish economic crisis?" The purpose of this interview is to obtain personal opinions and knowledge regarding this topic. The results will be used in this thesis, therefore, please sign the “Consent Form” if you agree with all the statements (you can find it at the end of this interview).

1. The concept of independence has been a common theme in Catalonia for many years. Why do you think it has become more popular in the last year?
2. Do you think that the refusal of the fiscal pact by the National Government to the Catalan Generalitat was a catalyst for the project of independence?
3. Do you think that the project of independence in relation to the current Catalan economy is feasible?
4. Do you see it as a possible solution to improve the economic situation in Catalonia?
5. Jose Manuel Barroso said in a speech that in the case of the "creation" of a new state, the new state would have to apply for membership of the European Union (EU). How do you think this would affect the Catalan economy?
6. According to Oriol Junqueras, president of Esquerra Republicana de Catalunya (ERC) 70% of exports from Spain take place in Catalonia. How do you think non-membership in the EU Catalonia affect the Spanish economy?

7. In connection with the previous question, how do you think the independence would affect the trade flows of the country (Spain)?

8. In the State proposal by the Generalitat of Catalonia, known as the White Paper. The national transition of Catalonia, is quoted: “The tax gain of the independence could have a significant multiplier effect on the Catalan economy, as resources gain could be used to increase public spending and / or reduce taxes”. What is your opinion on this? Do you think that the independence of Catalonia could improve public economy?

9. In the State proposal aforementioned is also quoted the following: “This would have an immediate, positive effect on consumption and investment. For its part, the increase in public spending could lead to an increase of public employees, which would produce positive effects on the employment rate”. What is your opinion on this? Do you think that the independence of Catalonia could improve the employment situation?

- Please feel free to add more comments and opinions on this subject later.

THANK YOU FOR YOUR PARTICIPATION.
APPENDIX III: LETTER OF CONSENT

Research Project Title: What would be the economic consequences of a hypothetical independence for Catalonia in the context of the Spanish economic crisis?

Project Description: You have been asked to participate in a research study conducted by Paula Rodríguez Osorio, student of The Hague University of Applied Sciences. The purpose is to study and evaluate the economic consequences of the independence of Catalonia. The report deals with the national transition of Catalonia towards an independent state and its possible economic consequences.

The goal is to evaluate the impact of the Catalan independence on its economy, and whether or not the independence might mean a way out of the economic crisis affecting the country since 2008. Furthermore, the side on favour of the independence believes that it will not only mean a way of escaping the Spanish economic crisis, but a way towards the fullness of the Catalan economics, politics, and culture leading to the research questions “What would be the economic consequences of a hypothetical independence for Catalonia in the context of the Spanish economic crisis?”

The results of this study will be included in Paula Rodríguez’s dissertation. You were selected as a participant in this study because you are expected to give a valuable contribution to this dissertation. Please read the information below and ask questions about anything you do not understand, before deciding whether or not to participate.

This interview is voluntary. You have the right not to answer any question, and to stop the interview at any time or for any reason. The interview is expected to take about 20 – 30 min. You will not be compensated for this interview.

Unless you grant the student permission to use your name, title, and/ or to quote you in any publications that may result from this research, the information you tell to the student will be confidential.

The student would like to record this interview so that it can be used as a reference while writing the dissertation. The interview will not be recorded without your permission. If you do grant permission for this conversation to be recorded on cassette, you have the right to revoke recording permission and/ or end the interview at any time.

If you grant permission to have the interview recorded, the student will prepare a transcript of the recordings. You have the right to request a copy of the transcript.
You have the right to request a copy of the dissertation before the hand-in date to see whether you agree with how the student makes use of the information you gave her.

**If you agree to take part in this study please read the following statement and sign this form (Please check all that apply).**

[ ] I am 16 years of age or older

[ ] I understand the procedures described above. My questions have been answered to my satisfaction, and I agree to participate in this study. I have been given a copy of this form.

[ ] I give permission for this interview to be recorded.

I give permission for the following information to be included in publications resulting from this study:

[ ] my name

[ ] my title

[ ] the name of my organisation

[ ] direct quotes from this interview

I consent to take part in the research on the basis of the guarantees outlined above.

Name of Participant ______________________________________________________

Signature of Participant ___________________________ Date ____________

Signature of Student ___________________________________ Date ____________
En primer lugar, me gustaría darle las gracias por tomarse el tiempo para responder a esta entrevista. Mi nombre es Paula Rodríguez Osorio, y actualmente estoy estudiando el último año de mis estudios en Estudios Europeos en la Universidad de Ciencias Aplicadas de La Haya. El tema de esta entrevista es "¿Cuáles serían las consecuencias económicas de una hipotética independencia de Cataluña en el contexto de la crisis económica española?" El propósito de esta entrevista es obtener opiniones personales y conocimientos con respecto a este tema. Los resultados van a ser utilizados en esta tesis, por lo tanto, por favor firme el "Formulario de Consentimiento" si está de acuerdo con todas las declaraciones (lo puede encontrar al final de esta entrevista).

1. **El concepto de independencia ha sido un tema común en Cataluña durante muchos años.**
   ¿Por qué cree que se ha vuelto más popular en el último año?

   Quiero recordar que durante la República el presidente de la Generalitat declaró el “Estat Catalá” en el balcón de la Generalitat. Declaración que fue inmediatamente desprovista de cualquier consecuencia jurídica por parte del Estado. El Estado Español es una nación única e indivisible. Añado que es un conjunto de regiones históricas algunas de las cuales con una personalidad diferenciada a lo largo de la historia y alguna de las cuales con una lengua propia. El problema que plantean los independentistas en Cataluña está atizado por las instituciones que actualmente están gobernando la comunidad autónoma, las cuáles si que tienen intereses en llevar a cabo el proceso de separación de España, aunque no cuenten ni siquiera con el apoyo mayoritario de la población.

2. **¿Cree usted que la negativa del pacto fiscal por parte del Gobierno Nacional a la Generalitat catalana fue un catalizador para el proyecto de la independencia?**

   Yo pienso que al recuperar España la democracia a la muerte de Francisco Franco, los dirigentes catalanes después de los primeros años en que la Generalitat estuvo presidida por un gran estadista, Josep Tarradellas, iniciaron un proceso lento para crear las bases de una pretensión separatista de Cataluña en el futuro. Actuaron especialmente a través del sistema de la enseñanza, des de la infancia hasta la universidad. En la que muy rápidamente la voz dominante en las clases de los alumnos infantiles, adolescentes y universitarios fue una distorsión histórica y la imposición cada vez más intensa del catalán como lengua absolutamente predominante del sistema educativo, chocando con una sociedad que era muy bilingüista, castellano – catalán.
El pacto fiscal que la Generalitat planteó al gobierno central del Estado era absolutamente insolidario. Querían tener en Cataluña un sistema fiscal como en el País Vasco, por lo que las dos regiones más ricas de España estarían contribuyendo al presupuesto global del Estado con mucha menos cantidad de la que por su nivel económico les correspondería. Como yo creo que es un plan deliberado de ir en etapas hacia conseguir una separación de Cataluña de España, toda negativa se puede interpretar como una provocación.

3. **¿Cree usted que el proyecto de la independencia, en relación con la actual economía catalana, es factible?**

Factible sería, con un descenso del 25% del Producto Interior Bruto (PIB) de Cataluña. Los independentistas en el fondo estarían dispuestos a sacrificar el nivel de bienestar para conseguir sus objetivos de independencia. Debe quedar clarísimo que Cataluña independiente no sería miembro de la Unión Europea (UE), rompería el beneficio de mercado único en territorio español en el que el resto de España vende la mayor parte de su producción y la inversión internacional caería de forma absoluta.

4. **¿Lo ve como una posible solución para la mejora de la situación económica en Cataluña?**

Los catalanes independientes vivirían mucho peor.

5. **José Manuel Durão Barroso mencionó en uno de sus discursos que en el caso de la "creación" de un nuevo estado, este nuevo Estado tendría que solicitar la adhesión a la Unión Europea (UE). ¿Cómo cree usted que esto afectaría a la economía catalana?**

En la hipótesis, que creo que no se va a producir nunca, de Cataluña independiente, ésta dejaría de ser miembro de la Unión Europea (UE) dejaría el Euro como moneda nacional y para acceder a la Unión Europea requeriría la unanimidad de los Estados Miembros, la cual no se produciría en muchísimos años porque España la vetaría des del primer día.

6. **Según Oriol Junqueras, presidente de Esquerra Republicana de Catalunya (ERC) el 70% de las exportaciones de España se lleva a cabo en el territorio catalán. ¿Cómo cree que la no pertenencia de Cataluña en la UE afectaría a la economía española?**

Esta información de Oriol Junqueras es totalmente falsa. Cataluña representa el 20% de la riqueza nacional global de España y sus exportaciones no alcanzan el 25%. Si se refiere a que des del puerto de Barcelona salen mercancías de otras partes de España, el porcentaje sería mayor, pero nunca llegar a este 70% porque desconoce esa afirmación de Oriol Junqueras cual es la realidad de España, la modernidad de España y la cantidad de puertos y regiones riquísimas que no son Cataluña.
7. En relación con la pregunta anterior, ¿cómo cree usted que esta independencia afectaría los flujos comerciales del país (España)?
España dejaría de comprar productos catalanes. Cataluña por primera vez en su historia se encontraría que no tiene garantizado el mercado con el resto de España, que le permitió en los siglos XIX – XX despegar en el desarrollo económico industrial de Cataluña.

8. En la propuesta de Estado por parte de la Generalitat de Cataluña, conocida como Libro Blanco. La transición nacional de Cataluña, se cita textualmente: “la ganancia fiscal de la independencia podría tener un efecto multiplicador importante sobre la economía catalana, ya que los recursos de la ganancia se podrían dedicar a incrementar el gasto público y/o a rebajar los impuestos.” ¿Cuál es su opinión sobre esto? ¿Cree usted que la independencia de Cataluña podría mejorar la economía pública?
Frente a las continuas aseguraciones de los políticos independentistas catalanes de que la situación económica de Cataluña mejoraría con la independencia la verdad es que en ningún caso. Cataluña es de las regiones de España más corruptas. Los políticos y las instituciones catalanas son de los políticos e instituciones españolas más corruptas también. En alguna ocasión uno está tentado a pensar que a los dirigentes independentistas catalanes les interesaría la independencia para evitar tener que acudir a dar cuentas de sus actos ante los tribunales, porque una Cataluña independiente se organizaría entorno a librar de responsabilidad a los dirigentes corruptos. Cataluña es la región de España en que se pagan más impuestos, y a pesar de ello el resto del Estado debe acudir continuamente a evitar su quiebra. Cataluña independiente no estaría en condiciones de asegurar el pago de las pensiones de sus pensionistas. Una hipotética Cataluña independiente debería hacer frente, además de a su deuda propia que es ya muy abultada, a la proporción de deuda del Estado español que le correspondería asumir, que sería del 20-25% de la deuda total de España. Por lo que una Cataluña independiente tendría probablemente cerrados los mercados de capitales mundiales. Y al no estar en la Unión Europea (UE) ni en el Euro no podría beneficiarse de los programas de asistencia de la Unión Europea (UE).

9. En la propuesta de Estado anteriormente mencionada también se cita lo siguiente: “Esto tendría un efecto inmediato y positivo en el consumo y la inversión. Por su parte, el incremento del gasto público podría traducirse en un aumento de los trabajadores públicos, lo que produciría efectos positivos sobre la tasa de empleo.” ¿Cuál es su opinión sobre esto? ¿Cree usted que la independencia de Cataluña podría mejorar la situación laboral?
Pretender mejorar la situación laboral de un país incrementando los funcionarios y trabajadores públicos es un error porque en general el aumento de trabajadores públicos se convierte en una medida ineficiente para el desarrollo económico.
Teniendo en cuenta las consecuencias económicas que yo he descrito en una hipotética independencia de Cataluña, está claro que en lugar de aumentar el empleo, habría un descenso importante del mismo.

- **Por favor, no dude en añadir más comentarios y opiniones sobre este tema más adelante.**

Añadir que Volkswagen va incrementar de forma muy importante su inversión en Cataluña y para ello ha pedido al gobierno español garantías de que Cataluña continuará siendo una parte de España, garantías que ha recibido. Es un ejemplo más de que la inversión extranjera no apostaría nunca por una Cataluña independiente. En una Cataluña independiente, instituciones tan emblemáticas como “La Caixa” deberían inmediatamente trasladar su sede central fuera de Cataluña porque en caso negativo “CaixaBank” se hundiría porque tiene el 60% o más de sus recursos en el resto del Estado y estos recursos y el flujo de los mismos está funcionando bien porque hay una confianza en “CaixaBank” como una institución financiera española. Si se convirtiera catalana habría un cierre masivo de cuentas y el hundimiento de la institución.

GRACIAS POR SU PARTICIPACIÓN.

**INTERVIEW 1: SPANISH DIPLOMAT (ENGLISH)**

First, I would like to thank you for taking the time to answer this interview. My name is Paula Rodríguez Osorio, and I am currently studying the last year of my studies in European Studies at The Hague University of Applied Sciences. The theme of this interview is "What would be the economic consequences of a hypothetical independence of Catalonia in the context of the Spanish economic crisis?" The purpose of this interview is to obtain personal opinions and knowledge regarding this topic. The results will be used in this thesis, therefore, please sign the “Consent Form” if you agree with all the statements (you can find it at the end of this interview).

1. **The concept of independence has been a common theme in Catalonia for many years. Why do you think it has become more popular in the last year?**

I would like to recall that during the Republic, the President of the Government declared the "Catalan State" on the balcony of the Generalitat. This statement was immediately devoid of any
legal consequence from the state. The Spanish State is one and indivisible nation. I also add that it is a set of historical regions some of which have a distinct personality throughout history and some of which with its own language. The problem with the separatists in Catalonia is fuelled by the institutions that are currently ruling the autonomous community, which do have an interest in carrying out the process of separation from Spain, but do not have even the majority support of the population.

2. **Do you think that the refusal of the fiscal pact by the National Government to the Catalan Generalitat was a catalyst for the project of independence?**

I think that once had the democracy after the death of Francisco Franco, the Catalan leaders after the first year in which the Government was headed by a great statesman, Josep Tarradellas, began a slow process to create the foundations of a separatist claim of Catalonia in the future. They acted particularly through the system of education, des childhood through college. In that very quickly the dominant voice in primary students, teenagers and college students was a historical distortion and increasingly intense imposition of the Catalan as absolutely predominant language in the education system, colliding with a society that was very bilingual, Spanish - Catalan.

The fiscal pact that the Generalitat referred to the central government of the State was absolutely unsupportive. They wanted to have a tax system in Catalonia as the one in the Basque Country, so the two richest regions of Spain would be contributing to the overall state budget with much less quantity that would correspond to their economic status.

As I think it is a deliberate plan to go on stage to get a separation of Catalonia from Spain, all negative answers can be interpreted as a provocation.

3. **Do you think the project of independence in relation to the current Catalan economy is feasible?**

It would be feasible, with a decrease of 25% of gross domestic product (GDP) of Catalonia. Independent people would be willing to sacrifice the welfare to achieve their goals of independence. It should be very clear that an independent Catalonia would not be a member of the European Union (EU), this would break the benefit of the single market in Spanish territory, in which the rest of Spain sells most of its production and the international investment would fall absolutely.

4. **Do you see it as a possible solution to improve the economic situation in Catalonia?**

Independent Catalans would live much worse

5. **Jose Manuel Barroso said in a speech that in the case of the "creation" of a new state, the new state would have to apply for membership of the European Union (EU). How do you think this would affect the Catalan economy think?**
In the hypothesis, which I think will never occur, of an independent Catalonia, this would cease to be a member of the European Union (EU). It would leave the Euro as its national currency, and to accede to the European Union it would require the unanimity of the Member States, which would not occur in many years because Spain would veto it from the very first day.

6. According to Oriol Junqueras, president of Esquerra Republicana de Catalunya (ERC) 70% of exports from Spain takes place in Catalonia. How do you think non-membership of the EU Catalonia affect the Spanish economy?

The information of Oriol Junqueras is completely false. Catalonia accounts the 20% of overall national wealth of Spain and its exports do not reach the 25%. If you mean that the port of Barcelona go out goods from other parts of Spain, the percentage would be higher, but never reach this 70% because this statement of Oriol Junqueras, unknowns which is the reality of Spain, the modernity of Spain and the number of ports and regions that are very rich and are not Catalonia.

7. In connection with the previous question, how do you think this would affect trade flows independence of the country (Spain)?

Spain would stop buying Catalan products. Catalonia for the first time ever would be found that does not have a guaranteed market with the rest of Spain, which allowed it in the XIX - XX take off in the economic and industrial development of Catalonia.

8. State the proposal by the Generalitat of Catalonia, known as the White Paper. The national transition of Catalonia, is quoted: "tax gain independence could have a significant multiplier effect on the Catalan economy, as resources gain could be devoted to increase public spending and / or lower taxes. "What is your opinion on this? Do you think that the independence of Catalonia could improve public economy?

Against the continued assurances of independent Catalan politicians that the economic situation would improve with the independence of Catalonia, the truth is that in any case. Catalonia is one of the most corrupt regions of Spain. Catalan politicians and political institutions are Spanish the most corrupt as well. On occasion one is tempted to think that the Catalan independence leaders are interested in the independence to avoid having to resort to account for their actions before the courts. An independent Catalonia would be organized around to harmless the corrupt leaders. Catalonia is the region of Spain where more taxes are paid, and yet the rest of the State must continually turn to avoid bankruptcy. An Independent Catalonia would be unable to ensure the payment of the pensions of its pensioners. A hypothetical independent Catalonia would face, in addition to its own debt that is already very bulky, the proportion of the Spanish State that would correspond, which would be 20-25% of the total debt of Spain. An independent Catalonia would probably have closed the global
The economic consequences of the independence for Catalonia

Paula Rodríguez Osorio

... capital markets. And as not being part in the European Union (EU) or the Euro could not benefit from the assistance programs of the European Union (EU).

9. **State the aforementioned proposal also quoted the following:** "This would have an immediate, positive effect on consumption and investment. For its part, the increase in public spending could lead to an increase of public employees, which would produce positive effects on the employment rate. "What is your opinion on this? Do you think that the independence of Catalonia could improve the employment situation? Pretending to improve the employment situation of a country increasing public officials and employees is a mistake because generally the increase of public workers becomes inefficient as for economic development.

Given the economic consequences I have described in a hypothetical independence of Catalonia, it is clear that instead of increasing employment, would be a significant decline of it.

- **Please feel free to add more comments and opinions on this subject later.**

Yesterday I read that Volkswagen will increase very significantly its investment in Catalonia and it has therefore asked the Spanish government guarantees that Catalonia will remain a part of Spain. Guarantees that it received. It is another example of how foreign investment would never bet on an independent Catalonia. In an independent Catalonia, emblematic institutions such as “La Caixa*” should immediately relocate its headquarters outside Catalonia because if not “CaixaBank” would sink because it has 60% or more of their resources in the rest of the State. These resources and their flow are working well because there is a reliance on “CaixaBank” as a Spanish financial institution. If it would become Catalan there would be a massive closure of accounts and the collapse of the institution.

* La Caixa / CaixaBank is a Spanish bank with headquarters in Barcelona.

THANK YOU FOR YOUR PARTICIPATION.
INTERVIEW 2: DAVID LIZOAIN – ECONOMIST OF PSC (SPANISH)

En primer lugar, me gustaría darle las gracias por tomarse el tiempo para responder a esta entrevista. Mi nombre es Paula Rodríguez Osorio, y actualmente estoy estudiando el último año de mis estudios en Estudios Europeos en la Universidad de Ciencias Aplicadas de La Haya. El tema de esta entrevista es "¿Cuáles serían las consecuencias económicas de una hipotética independencia de Cataluña en el contexto de la crisis económica española?" El propósito de esta entrevista es obtener opiniones personales y conocimientos con respecto a este tema. Los resultados van a ser utilizados en esta tesis, por lo tanto, por favor firme el "Formulario de Consentimiento" si está de acuerdo con todas las declaraciones (lo puede encontrar al final de esta entrevista).

1. El concepto de independencia ha sido un tema común en Cataluña durante muchos años. ¿Por qué cree que se ha vuelto más popular en el último año?

Creo que el matiz es importante porque en el último año ha dejado de crecer el apoyo al independentismo. Pero, básicamente, podríamos decir que se produce un profundo malestar tras la sentencia sobre el nuevo Estatuto para Cataluña. Eso combinado con, digamos una falta de conocimiento con un sentido de agravio respecto al comportamiento del gobierno central y sus instituciones. Evidentemente, el contexto de la crisis ayuda y digamos que es el momento en que los independentistas hacen la campaña “España nos roba” y crece la idea de que una Cataluña independiente básicamente tendría más recursos disponibles en un momento muy complicado. Así que resumiendo, evidentemente hay factores con los que podemos decir que no es puramente una cosa económica. Yo me atrevería a decir que el lado principal no es económico, eso contribuye pero es una cuestión de una falta de reconocimiento.

2. ¿Cree usted que la negativa del pacto fiscal por parte del Gobierno Nacional a la Generalitat catalana fue un catalizador para el proyecto de la independencia?

No lo sé. Más bien creo que fue al revés. Se produce la manifestación masiva del 11 de septiembre de 2012 y ese es el momento donde Artur Mas se destapa como independentista, más o menos, y se va a Madrid a pedir el pacto fiscal. Pero creo que el gran crecimiento es previo. El intento de utilizar esta movilización masiva para básicamente conseguir concesiones económicas y eso evidentemente no funciona. Pero sin duda la negativa del pacto fiscal contribuye a este sentimiento de agravio.

3. ¿Cree usted que el proyecto de la independencia, en relación con la actual economía catalana, es factible?
A ver yo diría que sobretodo es una cuestión política el valor de la independencia, en el sentido de que: Evidentemente una Cataluña independiente sería viable, porque la viabilidad económica de un país no tiene tanto que ver con su estatus político. Pero lo importante a tener en cuenta no es tanto la situación final, sino cuales serían los costes de transición, y esos serían elevadísimos. Es otros de los motivos para defender una solución que no sea una que no conviene a Cataluña. Asumir unos costes innecesarios cuando un nuevo acuerdo de España aportaría beneficios sin estos costes.

4. ¿Lo ve como una posible solución para la mejora de la situación económica en Cataluña?

5. José Manuel Durão Barroso mencionó en uno de sus discursos que en el caso de la "creación" de un nuevo estado, este nuevo Estado tendría que solicitar la adhesión a la Unión Europea (UE). ¿Cómo cree usted que esto afectaría a la economía catalana?

Hablamos de un caso hipotético porque no creo que se vaya a producir una independencia fuera de la Unión Europea ni que se vaya a producir una independencia. En todo caso, mi respuesta aquí sería que cualquier solución tendría que ser pactada. Y seguramente hasta la independencia se tendría que pactar. Sea un referéndum, sea una solución federal, digamos que este tema no se va a solucionar de forma unilateral. Ahora bien, la discrepancia política que mi partido tiene con otras fuerzas, es que tampoco consideramos que el inmovilismo actual del gobierno de Rajoy sea la solución. Pero que sí, como tiene que ser un nuevo pacto, ni toca plantear esto de la exclusión de la Unión Europea porque no creo que se produzca.

6. Según Oriol Junqueras, presidente de Esquerra Republicana de Catalunya (ERC) el 70% de las exportaciones de España se lleva a cabo en el territorio catalán. ¿Cómo cree que la no pertenencia de Cataluña en la UE afectaría a la economía española?

Primero creo que este dato está mal. Sin duda. Es evidente que Cataluña tiene un peso exportador por encima de la media pero no da para tanto. A ver, evidentemente, una independencia tendría costes para Cataluña y para el resto de España. Porque estamos hablando de un proceso de ruptura. Pero digamos, dentro de la ficción, lo que se tendría que distinguir sería la pertenencia a la Unión Europea, a la pertenencia a la zona Euro etc. Digamos que el entramado institucional, es un poco más complejo. Pero en todo caso me cuesta imaginar una aduana entre Cataluña y el resto de España. No sería bueno para nadie. Ni económicamente ni políticamente.

7. En relación con la pregunta anterior, ¿cómo cree usted que esta independencia afectaría los flujos comerciales del país (España)?

Hay una literatura sobre este tema. Un proceso de independencia generaría menos comercio. Una caída en el comercio entre Cataluña y España. Hay un debate sobre en que magnitud, también se cita el caso de la disolución de Checoslovaquia en que cayeron de forma bastante relevante. Toda ruptura es traumática. Esto es una cuestión de voluntades políticas. Es decir que si existiera en
Cataluña una mayoría que quisiera la independencia, que creo que no es el caso, se tendría que generar una respuesta política. En todo caso hay que generar una respuesta política igualmente dado los casos en los últimos años.

8. En la propuesta de Estado por parte de la Generalitat de Cataluña, conocida como Libro Blanco. La transición nacional de Cataluña, se cita textualmente: “la ganancia fiscal de la independencia podría tener un efecto multiplicador importante sobre la economía catalana, ya que los recursos de la ganancia se podrían dedicar a incrementar el gasto público y/o a rebajar los impuestos.” ¿Cuál es su opinión sobre esto? ¿Cree usted que la independencia de Cataluña podría mejorar la economía pública?

Aquí tocaría hablar de dos cosas por separado. Primero, el libro blanco es una serie de resúmenes de una serie de informes que ha producido el cuerpo asesor para la transición nacional y el texto que yo te recomiendo es no se si el segundo o el tercero informe que es como se construiría una agencia tributaria en un caso de confrontación y otro de colaboración. En este caso supongo que hablamos de un caso de confrontación, que no creo que se vaya a producir, lo que viene a decir es que ahora mismo Cataluña no tiene la capacidad de recaudar sus impuestos. Es decir que se tendría que crear una agencia tributaria de cero. Dicen que existe toda una serie de obstáculos, es decir que no es tan fácil, esto esta dentro de costes de transición. Es cierto que habría más dinero, pero en un escenario de ruptura pues evidentemente tendría a corto plazo, unos costes para las arcas publicas. Que pasa si Cataluña declara una independencia no pactada y la mayoría de los ciudadanos no reconociere esa independencia. Y digamos que es cierto que Cataluña contribuye, que se paga más en impuestos de lo que recibe. Y podemos imaginar que si no hubiera una solidaridad interterritorial, que más recursos se quedarían en casa.

9. En la propuesta de Estado anteriormente mencionada también se cita lo siguiente: “Esto tendría un efecto inmediato y positivo en el consumo y la inversión. Por su parte, el incremento del gasto público podría traducirse en un aumento de los trabajadores públicos, lo que produciría efectos positivos sobre la tasa de empleo.” ¿Cuál es su opinión sobre esto? ¿Cree usted que la independencia de Cataluña podría mejorar la situación laboral?

Esto es básicamente que si un estímulo fiscal puede generar efectos positivos. En el abstracto de que si en lugar de gastar un millón en otra parte de España lo gasto en digamos Barcelona pues es probable que la actividad se desplazara de un sitio a otro. Y el independentismo, cada vez más porque estamos en crisis, recurre a la cifra neutralizada y hacen un calculo que presupone que los déficits a la larga se solucionarían mediante subidas de impuestos. así que no creo que sean particularmente serios los informes que están haciendo el consejo asesor que son mas bien propagandísticos.
INTERVIEW 2: DAVID LIZOAIN – ECONOMIST OF PSC (ENGLISH)

First, I would like to thank you for taking the time to answer this interview. My name is Paula Rodríguez Osorio, and I am currently studying the last year of my studies in European Studies at The Hague University of Applied Sciences. The theme of this interview is "What would be the economic consequences of a hypothetical independence of Catalonia in the context of the Spanish economic crisis?" The purpose of this interview is to obtain personal opinions and knowledge regarding this topic. The results will be used in this thesis, therefore, please sign the “Consent Form” if you agree with all the statements (you can find it at the end of this interview).

1. The concept of independence has been a common theme in Catalonia for many years. Why do you think it has become more popular in the last year?

   I think the distinction is important because in the past year the support for the independence has been growing. But basically, we could say that a deep discomfort occurs after the judgment on the new statute for Catalonia. That combined with a lack of knowledge and with a sense of grievance about the behaviour of the central government and its institutions. Obviously, the context of the crisis aid and it is the time when independent supporters make the campaign “Spain robs us” and grows the idea that an independent Catalonia would have more resources available mainly in a very difficult time. So in summary, there are clearly factors with which we can say that it is not purely an economic thing. I would say that the primary side is not economic, it helps but it is a question of a lack of recognition.

2. Do you think that the refusal of the fiscal pact by the National Government to the Catalan Generalitat was a catalyst for the project of independence?

   I do not know. Rather, I think it was the other way around. The massive demonstration on September 11, 2012 occurs and that is the moment where Artur Mas is uncovered as independence, more or less, and goes to Madrid to ask for the fiscal pact. But I think the big growth is
preliminary. Attempting to use this massive mobilization to basically get economic concessions and that obviously did not work. But surely the refusal of the fiscal pact contributes to this sense of grievance.

3. **Do you think that the project of independence in relation to the current Catalan economy is feasible?**

I would say, above all, it is a political question the value of independence, in the sense that: Obviously an independent Catalonia would be viable, because the economic viability of a country does not have much to do with their political status. But the important thing to keep in mind is not so much the final outcome, but which would be transition costs, and those would be very high. It is another of the reasons to defend a solution other than one that does not suit Catalonia. Taking unnecessary costs when a new agreement with the rest of Spain would bring benefits without these costs.

4. **Do you see it as a possible solution to improve the economic situation in Catalonia?**

5. **Jose Manuel Barroso said in a speech that in the case of the "creation" of a new state, the new state would have to apply for membership of the European Union (EU). How do you think this would affect the Catalan economy?**

We talk about a hypothetical case because I do not think it is going to produce an independence outside the European Union or an independence at all. In any case, my answer here would be that any solution would have to be agreed. And surely even the independence would have to be agreed. Being a referendum, or a federal solution, this issue will not be solved unilaterally. However, the political disagreement that my party has with other forces is because we not consider that the current stagnation of Rajoy’s government is the solution. But yes, it has to be be a new covenant, it is not necessary to analyse the exclusion of the European Union because I do not think it will occur.

6. **According to Oriol Junqueras, president of Esquerra Republicana de Catalunya (ERC) 70% of exports from Spain take place in Catalonia. How do you think non-membership in the EU Catalonia affect the Spanish economy?**

First I think this data is wrong. Definitely. It is evident that Catalonia is an exporter above average but not that high. Obviously, independence would have consequences for Catalonia and the rest of Spain. Because we are talking about a process of rupture. But within the fiction, which would have to distinguish membership in the European Union, the Euro zone membership etc. The institutional framework is a bit more complex. But in any case I cannot imagine a customs office between Catalonia and the rest of Spain. It would not be good for anyone, neither economically nor politically.
7. **In connection with the previous question, how do you think the independence would affect the trade flows of the country (Spain)?**

There are books on the subject. A process of independence would generate less trade, and a fall in trade between Catalonia and Spain. There is a debate on this subject, the case of the dissolution of Czechoslovakia that fell quite relevantly. Any breach is traumatic. This is a matter of political will. This means that if there is a majority in Catalonia that wanted the independence, which I think is not the case; it would be necessary to generate a policy response. In any case we must create a political response also given the cases in recent years.

8. **In the State proposal by the Generalitat of Catalonia, known as the White Paper. The national transition of Catalonia, is quoted: “The tax gain of the independence could have a significant multiplier effect on the Catalan economy, as resources gain could be used to increase public spending and / or reduce taxes”. What is your opinion on this? Do you think that the independence of Catalonia could improve public economy?**

Here we have to talk about two things separately. First, the white paper is a series of summaries of a series of reports that were produced by the advisory body for the national transition and the text that I recommend is not the second or third report about the tax office that would be built in a case of a confrontation and other in case of collaboration. In this case I guess we are talking about a case of confrontation, I do not think that it is going to happen, right now Catalonia does not have the capacity to raise their taxes. It would have to create a tax agency from scratch. They say there are a number of obstacles; therefore, it is not so easy, these are included in transition costs. It is true that there would be more money, but on a short-term this scenario would have so many cost for the public finances. What if Catalonia declares a non-agreed independence and most of the citizens do not recognize that independence. And it is true that Catalonia contributes and pays more in taxes than it receives. And we can imagine that if there were no inter-regional solidarity, more resources would remain in house.

9. **In the State proposal aforementioned is also quoted the following: “This would have an immediate, positive effect on consumption and investment. For its part, the increase in public spending could lead to an increase of public employees, which would produce positive effects on the employment rate”. What is your opinion on this? Do you think that the independence of Catalonia could improve the employment situation?**

This is basically that if a fiscal stimulus can generate positive effects. In the abstract that if instead of spending a million elsewhere in Spain we spend it in Barcelona it is likely that the activity will move from one place to another. And the independence, increasingly because we are in crisis, uses the neutralized figure and they make a calculation, which assumes that deficits will eventually be
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Paula Rodríguez Osorio

solved through tax increases. So I do not think that the reports that there are making are not particularly serious and they are rather propaganda.

- Please feel free to add more comments and opinions on this subject later.

THANK YOU FOR YOUR PARTICIPATION.

INTERVIEW 3: RAFAEL ARENAS – LAW DEPARTMENT OF SOCIETAT CIVIL CATALANA (SPANISH)

En primer lugar, me gustaría darle las gracias por tomarse el tiempo para responder a esta entrevista. Mi nombre es Paula Rodríguez Osorio, y actualmente estoy estudiando el último año de mis estudios en Estudios Europeos en la Universidad de Ciencias Aplicadas de La Haya. El tema de esta entrevista es “¿Cuáles serían las consecuencias económicas de una hipotética independencia de Cataluña en el contexto de la crisis económica española?” El propósito de esta entrevista es obtener opiniones personales y conocimientos con respecto a este tema. Los resultados van a ser utilizados en esta tesis, por lo tanto, por favor firme el "Formulario de Consentimiento" si está de acuerdo con todas las declaraciones (lo puede encontrar al final de esta entrevista).

1. El concepto de independencia ha sido un tema común en Cataluña durante muchos años. ¿Por qué cree que se ha vuelto más popular en el último año?

Sería largo de explicar. Evidentemente, ha habido un proceso de “maduración” durante décadas que ha permitido sentar las bases de la situación actual, que –a mi juicio- tiene su origen “inmediato” en el proceso de elaboración de un nuevo Estatuto de Autonomía para Cataluña. La elaboración de ese Estatuto fue hábilmente gestionada desde el victimismo para trasladar la idea de la imposibilidad del encaje de Cataluña en el conjunto de España. El Estatuto fue utilizado para crear un agravio que sentó las bases de un cierto resentimiento colectivo (manifestación del año 2010) que permitió que, cuando se dieran las circunstancias adecuadas, se diera el paso para la reclamación de la independencia.

La crisis económica creó la situación adecuada para lo anterior. El deterioro económico y social de los años 2010 y 2011 generó una enorme insatisfacción que dio lugar a fenómenos como el 15-M,
de gran intensidad también en Cataluña. Durante el año 2012 esa insatisfacción fue convenientemente reorientada hacia la independencia gracias a la creación del mito del expolio fiscal: si los catalanes lo estábamos pasando mal no era por culpa nuestra, sino por culpa del Estado que nos quitaba el dinero para repartirlo por otras partes de España. Si esa era la causa de nuestros males la solución sería la independencia, de tal manera que muchas personas creen de buena fe que una Cataluña independiente sería un país rico en el que todos tendríamos trabajo y altos salarios, una educación y sanidad de primer nivel y excelentes infraestructuras.

Cuando el argumento identitario –que siempre ha estado ahí- se une al agravio y a la idea de que la independencia traerá riqueza y prosperidad es normal que la secesión se vuelva popular.

2. ¿Cree usted que la negativa del pacto fiscal por parte del Gobierno Nacional a la Generalitat catalana fue un catalizador para el proyecto de la independencia?

Tal como explicaba antes, la idea de que Cataluña sufre un expolio fiscal y que la independencia traería la solución de nuestros problemas es clave para entender el auge del independentismo. De todas maneras matizaría lo del rechazo al pacto fiscal. No creo que realmente se hiciera una propuesta seria sobre el tema y lo que se buscaba desde el principio era ese rechazo como catalizador de la indignación popular. En un artículo publicado en Crónica Global hace tiempo incidía en esta idea. Copio una parte del artículo:

“El viaje a Madrid de Artur Mas el 20 de septiembre de 2012 para entrevistarse con Rajoy creo que es un buen ejemplo de esta recreación del victimismo. El Presidente de la Generalidad se desplaza en AVE para dar a "Madrid" una última oportunidad de diálogo. El viaje, la entrevista y la vuelta, toda ella seguida por la prensa como si se tratara del viaje de Chamberlain a Múnich en 1938 y acompañada por un recibimiento "espectáculo" a Mas en la Plaza de Sant Jaume, parecía rememorar el histórico regreso de Benjamin Franklin a América tras haber sido vilipendiado en el Privy Council inglés poco antes del inicio de la Guerra de la Independencia Americana. La similitud entre la historia de Franklin y lo pretendido por Artur Mas resulta sorprendente. En 1774 Franklin defendía la causa de las colonias ante las autoridades británicas; representaba a sus compatriotas en una justa petición igual que en 2012 Mas pretendía representar a los catalanes ante el Presidente del Gobierno de España. En 1774 Franklin fue humillado por las autoridades inglesas y volvió a América ya convencido de que la única salida era la independencia. Poco después de su regreso estallaba la revolución americana y en 1776 se firmaba la Declaración de Independencia de los Estados Unidos. Mas regresó de Madrid transmitiendo la idea de que las peticiones catalanas habían sido desatendidas, que no había esperanza y debía iniciarse un nuevo camino, la vía hacia la independencia.”

3. ¿Cree usted que el proyecto de la independencia, en relación con la actual economía catalana es factible?
No. Sería factible únicamente si la secesión se hiciera con el pleno apoyo de España y de la Unión Europea de tal manera que la separación de España fuera seguida de la inmediata incorporación a la Unión Europea. En ese caso la existencia de un Estado Catalán sería posible ya que tiene tamaño suficiente tanto por población como por peso económico; pero no es ese el escenario que se está planteando.

Por otra parte, no hemos de olvidar que una parte significativa de la economía catalana se vincula a las relaciones con el resto de España. El establecimiento de una frontera, incluso en el mejor de los escenarios (una independencia con el pleno apoyo de España y de la UE) perjudicaría a la economía catalana, sin que advierta ninguna circunstancia en la independencia que supusiera una ventaja económica para Cataluña. Del pretendido déficit fiscal me ocuparé en la siguiente pregunta.

4. ¿Lo ve como una posible solución para la mejora de la situación económica en Cataluña?

No. Se habla mucho del déficit fiscal catalán, que no creo que sea mayor que el que tienen otras regiones con PIB superior a la media de su país. Evidentemente, con la independencia no existiría transferencia de recursos al exterior pero, por una parte, sería precisa la creación de un ejército, un cuerpo diplomático y otras estructuras propias de un Estado que ahora son asumidas por el conjunto de los españoles. Por otra parte, la reducción del PIB que todos los estudios entienden que seguiría a la secesión impediría que el saldo neto fuera positivo. La reducción del comercio con España afectaría a la economía catalana y las incertezas sobre el proceso alejarían las inversiones. No solamente es que creo que la secesión sería una solución para la economía catalana, sino que me parece que el proceso pondría en grave riesgo la economía catalana, la española y la europea, sobre todo si se hace de una forma unilateral. Escribía sobre ello hace ya años (en 2010). Copio parte de lo que entonces escribía sobre las consecuencias de una DUI:

“Imaginémonos, es un suponer, que, pongamos por caso, el 12 de septiembre de 2011 el Parlamento de Cataluña declara unilateralmente la independencia. Yo me imagino que al día siguiente (13 de septiembre, martes) los mercados internacionales no iban a reaccionar de una manera muy favorable. Estos mercados tan sensibles, a los que un mero rumor sobre un crecimiento insuficiente del PIB de algún país hace tambalear ¿cómo reaccionarían ante una hipotética reducción en un 25% del PIB de la octava (o novena o décima, qué más da) economía del Mundo? ¿Sería fácil colocar deuda española en caso de necesidad? ¿Se inundarían los mercados financieros internacionales con la deuda española de la que todos querrían desprenderse? Me imagino que la crisis a la que se enfrentaría España dejaría chiquita esta última que nos ha obligado a reducir en un 5% el sueldo de los funcionarios y a congelar las pensiones.

Las consecuencias no serían malas únicamente para España sino también para Cataluña porque, declarada la independencia ¿de qué fondos se surtiría la Generalitat y los Ayuntamientos catalanes...
(al menos los Ayuntamientos que no declararan su voluntad de seguir siendo parte de España; que este sería otro tema)? Si se quiere mantener el euro como moneda está claro que no se puede recurrir a la máquina de imprimir para crear dinero para el nuevo Estado. Si, por el contrario, se pretende sustituir el euro por una moneda propia ¿qué consecuencias tendría ese cambio para la economía catalana? Si se pretende recurrir a la emisión de deuda ¿cómo reaccionarían los mercados? ¿Nos enfrentaríamos, tras la quiebra del Estados español, a la quiebra también de las finanzas catalanas?

En este punto es bueno recordar que Cataluña no es Kosovo. El PIB catalán es del orden de cincuenta veces el de Kosovo, cinco veces el de Lituania, un 50% más que el de Escocia o un 25% más que el de Ucrania; por ejemplo. Y esto que pudiera parecer bueno es, en realidad, un problema en el momento inicial, puesto que es mucho más costoso para una potencia que tutele la independencia asumir ésta. Sostener económicamente a Kosovo está probablemente al alcance de, al menos, media docena de países en el Mundo, garantizar la emisión de deuda pública necesaria para Cataluña supone un esfuerzo significativo para cualquier país (Estados Unidos incluido) y es, probablemente, inasumible por cualquier potencia europea.

Así pues, una declaración unilateral de independencia no pactada previamente con los países integrantes de la UE implicaría, bastante probablemente, un serio temblor en los mercados financieros internacionales que colocaría en una muy mala posición a España y también a Cataluña; pero, probablemente, las consecuencias irían más allá. En los últimos meses hemos visto como la crisis griega puso en serio peligro al euro ¿podría la moneda única soportar la tensión que se derivaría de la crisis ibérica que, tal como hemos visto, seguiría casi inevitablemente a una declaración unilateral de independencia? En caso de que se activara el fondo de rescate del euro ¿dicho fondo beneficiaría únicamente a España o también a Cataluña? Creo que pocas dudas hay sobre la imposibilidad de que Cataluña accediera a dicho fondo de rescate. A partir de ahí ¿cuál sería la situación de Cataluña en las semanas y meses posteriores a la declaración de independencia? ¿cuál sería la situación de un país que carecería de recursos financieros y monetarios? Es obvio que si no se tiene un padrino poderoso que sostenga en esos primeros momentos a Cataluña la independencia implicaría serios trastornos para la vida diaria de los catalanes.

Así pues, una declaración de independencia unilateral, no pactada con España y el resto de países miembros de la UE, supondría, seguramente, serios trastornos en la economía catalana, española y europea. ¿Compensarían? Probablemente algunos piensen que sí compensan. Al fin y al cabo no son pocos los catalanes que se sienten incómodos en España, ninguneados y tratados como ciudadanos de segunda. Cuando los sentimientos entran en juego puede asumirse un daño al bolsillo, sobre todo si se piensa que se trata de una situación coyuntural que se resolvería una vez
que Cataluña fuera reconocida internacionalmente, se reorganizase su sistema monetario e, idealmente, fuese admitida como Estado miembro de la UE. Lo que no es de recibo es que se plantee una declaración unilateral de independencia como si fuese una cuestión retórica o un experimento inocuo. Es un tema muy serio y como tal ha de ser tratado.

Sería exigible, por tanto, mucha claridad en los políticos independentistas y planes claros para eventualidades como las que aquí describo. Por desgracia no percibo ni una ni los otros. Me temo (y espero sinceramente equivocarme) que en unos meses o años se producirá esa declaración unilateral de independencia y entonces lamentaré profundamente haber acertado en mis pronósticos.

5. José Manuel Durão Barroso mencionó en uno de sus discursos que en el caso de la "creación" de un nuevo estado, este nuevo Estado tendría que aplicar la adhesión a la Unión Europea (UE). ¿Cómo cree usted que esto afectaría a la economía catalana?

El que el nuevo Estado no fuera miembro de la UE (ni tampoco de la OMC) sería terrible para la economía catalana, que vería como sus fronteras con Francia y España se convertirían en fronteras exteriores de la UE. La reducción de intercambios comerciales sería significativa, a lo que habría que añadir las consecuencias de la salida del euro, que si es mantenido como moneda sería en tanto que moneda extranjera, sin ninguna capacidad de participar en su regulación y con dificultades (o imposibilidades) para obtener financiación del BCE.

En definitiva, una Cataluña fuera de la UE sería, creo, un desastre económico absoluto. Creo que es evidente. La economía catalana está ahora plenamente integrada en la de la UE y romper sus vínculos con ella sería muy difícilmente asumible. Ni que decir tiene, que la deslocalización de empresas y actividad económica sería también muy importante, así como la salida de capitales y la caída de las inversiones.

6. Según Oriol Junqueras, presidente de Esquerra Republicana de Catalunya (ERC) el 70% de las exportaciones de España se lleva a cabo en el territorio catalán. ¿Cómo cree que la no pertenencia de Cataluña en la UE afectaría a la economía española?

El proceso de secesión sería dramático para el conjunto de España (véase la respuesta a la pregunta 4). Un proceso de secesión traumático provocaría una crisis en España difícilmente imaginable. Dudo que España tuviera acceso a los mercados de deuda en una situación de inestabilidad como la que se generaría en esas circunstancias. Tal como adelantaba en la respuesta a la pregunta 4), esa crisis tendría también probablemente un alcance europeo.

7. En relación con la pregunta anterior, ¿cómo cree usted que esta independencia afectaría los flujos comerciales del país (España)?

El fenómeno frontera está estudiado. Incluso en el mejor de los escenarios, una separación pactada y no traumática, disminuirían los flujos comerciales entre Cataluña y (el resto de) España. Si la
separación es traumática casi el menor de los problemas sería el de los flujos comerciales porque tendríamos otros más graves encima de la mesa (ver respuestas a preguntas 4 y 6). Preveo deslocalización de empresas y, a medio y largo plazo, beneficios para Aragón, Valencia y Madrid, que se beneficiarían de las inversiones que se deslocalizarían de Cataluña. En cualquier caso, estaríamos en un escenario completamente diferente al actual. Que a corto plazo supondría una crisis profunda es claro, lo que suceda a medio y largo plazo es imprevisible.

8. En la propuesta de Estado por parte de la Generalitat de Cataluña, conocida como Libro Blanco. La transición nacional de Cataluña, se cita textualmente: “la ganancia fiscal de la independencia podría tener un efecto multiplicador importante sobre la economía catalana, ya que los recursos de la ganancia se podrían dedicar a incrementar el gasto público y/o a rebajar los impuestos.” ¿Cuál es su opinión sobre esto? ¿Cree usted que la independencia de Cataluña podría mejorar la economía pública?

Tal como he indicado, deberían asumirse gastos que ahora no se tienen (Defensa, por ejemplo) y los impuestos que se recaudaran dependerían del tamaño de la economía que, inevitablemente, se contraería en mayor o menor medida en un primer momento. Como digo, lo que pudiera suceder a medio o largo plazo es imprevisible; pero pretender que la independencia supondría una ganancia inmediata es un error y afirmar dicha ganancia en el largo plazo, una especulación.

9. En la propuesta de Estado anteriormente mencionada también se cita lo siguiente: “Esto tendría un efecto inmediato y positivo en el consumo y la inversión. Por su parte, el incremento del gasto público podría traducirse en un aumento de los trabajadores públicos, lo que produciría efectos positivos sobre la tasa de empleo.” ¿Cuál es su opinión sobre esto? ¿Cree usted que la independencia de Cataluña podría mejorar la situación laboral?

Lo he contestado en la pregunta anterior. Una secesión traumática supondría un desastre. Una secesión en el mejor de los escenarios posibles una disminución de los flujos con España, lo que afectaría a la economía catalana negativamente. El paro aumentaría. Véase a este respecto el estudio de Societat Civil Catalana sobre los costes de la secesión: https://societatcivilcatalana.cat/assets/documents/informe-economia-hipotetica-secesion.pdf
The economic consequences of the independence for Catalonia  
Paula Rodríguez Osorio

- Por favor, no dude en añadir más comentarios y opiniones sobre este tema más adelante.

Ha sido un placer responder al formulario. No dude en ponerse en contacto conmigo si quiere alguna aclaración adicional. Mi correo es rafael.arenas@societatcivilcatalana.cat o rafaelarengarcia@gmail.com. Por si fuera de su interés, le paso la dirección de un blog donde están los links a lo que he escrito sobre este tema desde el año 2008 hasta la actualidad (https://arenasgarciarafeael.wordpress.com/cataluna--- en-- espana/).

Saludos cordiales,

GRACIAS POR SU PARTICIPACIÓN.

INTERVIEW 3: RAFAEL ARENAS – LAW DEPARTMENT OF SOCIETAT CIVIL CATALANA (ENGLISH)

First, I would like to thank you for taking the time to answer this interview. My name is Paula Rodriguez Osorio, and I am currently studying the last year of my studies in European Studies at The Hague University of Applied Sciences. The theme of this interview is "What are the economic consequences of a hypothetical independence of Catalonia in the context of the Spanish economic crisis?" The purpose of this interview is to obtain personal opinions and knowledge regarding this topic. The results will be used in this thesis, therefore, please sign the “Consent Form” if you agree with all the statements (you can find it at the end of this interview).

1. The concept of independence has been a common theme in Catalonia for many years. Why do you think it has become more popular in the last year?

It would take too long to explain. Obviously, there has been a process of “maturation” for decades that has laid the basis of the current situation, in my opinion; it has its “immediate” source in the process of developing a new statute of autonomy for Catalonia. The development of that statute was skilfully managed from victimhood to move the idea of the impossibility of fitting of Catalonia in the whole of Spain. The statute was used to create an offense, which laid the foundations of a true collective resentment (manifestation of 2010) that permitted when the appropriate circumstances existed; the step in the claim of independence was given.
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The economic crisis created the right situation for this. Economic and social deterioration in 2010 and 2011 generated an enormous dissatisfaction that led to phenomena like the 15-M, intense also in Catalonia. During 2012 this dissatisfaction was convenient redirected towards independence by creating the myth of the fiscal plunder: if the Catalans were having a bad time it was not our fault, but the fault of the State that took away our money to spread it elsewhere from Spain. If that was the cause of our problems the solution would be independence, so many people believe in good faith that an independent Catalonia would be a rich country in which we all would have work and high wages, health education and first level and excellent infrastructure.

When the identity argument, which has always been there, is attached to the grievance and the idea that independence will bring wealth and prosperity is normal that secession becomes popular.

2. Do you think that the refusal of the fiscal pact by the National Government to the Catalan Generalitat was a catalyst for the project of independence?

As above explained, the idea that Catalonia suffers a fiscal plundering and that independence would bring the solution to our problems is the key to understanding the rise of independence. Anyway specify the rejection of the fiscal pact. I do not really think it was a serious proposal, and it was done, from the beginning, with the intention of rejection as a catalyst for the popular indignation. In an article published in Global Report while impacted on this idea. I copy a part of the article:

“The trip to Madrid of Artur Mas on September 20, 2012 to meet with Rajoy I think is a good example of this recreation of victimhood. The President of the Generalitat travels by AVE to give “Madrid” one last chance for dialogue. The trip, the interview and the way back, all of it followed by the press as if it were a the trip of Chamberlain to Munich in 1938 and accompanied by a “spontaneous” welcome of Mas in the Sant Jaume Square, seemed to recall the historical return of Benjamin Franklin to America after being vilified in the English Privy Council shortly before the start of the War of the American Independence. The similarity between the story of Franklin and what intended by Artur Mas was surprising. In 1774 Franklin defended the cause of the colonies to the British authorities; He represented his countrymen in a fair request as in 2012 Mas intended to represent the Catalans to the President of Spain. In 1774 Franklin was humiliated by the British authorities and returned to America and convinced that the only solution was independence. Shortly after his return broke the American Revolution and in 1776 the United States Declaration of Independence was signed. But Mas returned from Madrid conveying the idea that Catalan petitions had been neglected, and there was no hope and that it was necessary to begin a new path, the path to independence.”
3. Do you think that the project of independence in relation to the current Catalan economy is feasible?

No. It would be feasible only if the secession was made with the full support of Spain and the European Union so that the separation of Spain was followed by the immediate entry into the European Union. In that case the existence of a Catalan state would be possible because it has sufficient size for both population and economic weight; but this is not the scenario that is being proposed.

Moreover, we must not forget that a significant part of the Catalan economy is linked to the relations with the rest of Spain. The establishment of a border, even in the best scenario (independence with the full support of Spain and EU), it would harm the Catalan economy without notice any circumstances in which independence would result in a financial advantage for Catalonia. The intended fiscal deficit I will see in the next question.

4. Do you see it as a possible solution to improve the economic situation in Catalonia?

No. There is much talk of the Catalan fiscal deficit; I do not think that is higher than other regions with above the average GDP of the country. Obviously, with the independence there would not exist a transfer of resources abroad but, firstly, it would require the setting up of an army, a diplomatic body and other typical structures of a state that are now assumed by all the Spanish.

Moreover, the reduction of the GDP that all the studies state that would follow the secession would prevent the net balance of being positive. The reduction of the trade with Spain would affect the Catalan economy and the uncertainties about the process would distance the investments. Not only I believe that secession would not be a solution for the Catalan economy, but I think the process would seriously risk the Spanish, Catalan economy, and the European, especially if it is done in a unilateral way. I wrote about it some years ago (in 2010). I copy what I was writing about the consequences of a DUI:

“Imagine, it is to assume that, September 12, 2011 the Catalan parliament unilaterally declared the independence. I imagine that the next day (13 September, Tuesday) the international markets would not react in a very positive way. These sensitive markets that a mere rumour of that growth of GDP of any country shakes. How would they react to a hypothetical reduction by 25% of GDP in the eighth (or ninth or tenth, who cares?) economy world? Would it be easy to put Spanish debt if necessary? Would the international financial markets be flooded with Spanish debt that everyone would want to come off? I imagine the crisis that Spain would face would make tiny the one that has forced us to reduce by 5% the salaries of civil servants and freeze pensions.

The consequences would be bad not only for Spain but also for Catalonia because, declared independence what funds the Catalan Generalitat and municipalities (at least those municipalities
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that do not declare their desire to remain part of Spain, this would be another issue) would supply from? If you want to keep the euro as currency it is clear that you cannot resort to the printing press to create money for the new State. If, on the contrary, it is intended to replace the euro with another currency, what consequences would that have for the Catalan economy? If it is intended to use the debt issuance how would the markets react? Do we would face, after the collapse of the Spanish State, also bankrupt of the Catalan finances?

At this point we should remember that Catalonia is not Kosovo. The Catalan GDP is about fifty times the one of Kosovo, five times the one of Lithuania, 50% more than in Scotland or 25% more than in Ukraine; for example. And this that might seem good, is actually a problem at the initial moment, since it is much more costly for the power that will safeguard the independence. Financially support Kosovo is likely to reach at least for a half of dozen countries in the world, guaranteeing the issuance of public debt required for Catalonia, it means a significant effort for any country (including the US) and it is probably unattainable by any European power.

Thus, a unilateral declaration of independence not previously agreed with the member countries of the EU mean, quite likely, a serious earthquake in the international financial markets would put Spain and Catalonia in a very bad position; but probably they would go beyond the consequences. In the recent months we have seen how the Greek crisis seriously endangered the euro. Could the single currency withstand the stress that would result from the Iberian crisis, as we have seen, it would almost inevitably lead to a unilateral declaration of independence? In case the euro bailout fund, said fund will be activated would it only benefit Spain or Catalonia also? I think there is little doubt about the impossibility of Catalonia agreed to this rescue fund. From there, what would be the situation in Catalonia in the weeks and months following the declaration of independence? What the situation of a country that lacks of financial and monetary resources? Obviously, if you do not have a powerful sponsor who holds in those first moments, Catalonia independence mean serious disruption to the daily life of the Catalans.

Thus, a unilateral declaration of independence, not agreed with Spain and other EU member countries, would certainly mean serious disruption in Catalan, Spanish and European economy. ¿Would it compensate? Some probably think that it would. At the end of the day, there are many Catalans who feel uncomfortable in Spain, manipulated and treated as second-class citizens. When feelings come into play it can be assumed damage to the pocket, especially if you think this is a temporary situation that would be resolved once Catalonia was recognized internationally, their monetary system reorganize and, ideally, it was admitted as a member state EU. What it is not acceptable is that a unilateral declaration of independence is raised as if it were a rhetorical question or a harmless experiment. It is a very serious issue and as such is to be treated.
It would be required therefore very clearly in the political independence and clear plans for eventualities such as I describe here. Unfortunately, I perceive neither. I fear (and I sincerely hope to be wrong) in a few months or years that unilateral declaration of independence will occur and then deeply regret to have hit in my forecasts."

5. **Jose Manuel Barroso said in a speech that in the case of the "creation" of a new state, the new state would have to apply for membership of the European Union (EU). How do you think this would affect the Catalan economy?**

If the new State were not a member of the EU (nor WTO) would be terrible for the Catalan economy, which would see its borders with France and Spain would become the EU’s external borders. The reduction of trade would be significant, to which should be added the consequences of leaving the euro, which if maintained as currency would while foreign currency, without any ability to participate in its regulation and difficulty (or impossibility) for ECB funding.

In short, a Catalonia outside the EU would be, I think, an absolute economic disaster. I think it is obvious. The Catalan economy is now fully integrated into the EU and to break the links with it would be very difficult to assume. Needless to say, that the relocation of businesses and economic activity would be also very important, as well as capital outflows and falling investments.

6. **According to Oriol Junqueras, president of Esquerra Republicana de Catalunya (ERC) 70% of exports from Spain take place in Catalonia. How do you think non-membership in the EU Catalonia affect the Spanish economy?**

The process of secession would be dramatic for the whole of Spain (see answer to Question 4). A traumatic process of secession would provoke a crisis in Spain hardly imaginable. I doubt that Spain had access to the debt markets in a volatile situation like that would accrue in those circumstances. As advanced in the answer to Question 4), the crisis would also probably be European.

7. **In connection with the previous question, how do you think the independence would affect the trade flows of the country (Spain)?**

The border phenomenon is studied. Even in the best of scenarios, agreed separation and non-traumatic, decrease trade flows between Catalonia and (the rest of) Spain. If the separation is traumatic almost the least of the problems would be to trade flows because we would have more serious on the table (see answers to questions 4 and 6). I foresee relocation of companies and, in the medium and long-term benefits for Aragon, Valencia and Madrid, who would benefit from the investments delocalization of Catalonia. In any case, we would be in a completely different current scenario. In the short-term it would be a profound crisis it is clear, what happens in the medium and long term is unpredictable.
8. In the State proposal by the Generalitat of Catalonia, known as the White Paper. *The national transition of Catalonia, is quoted:* “The tax gain of the independence could have a significant multiplier effect on the Catalan economy, as resources gain could be used to increase public spending and / or reduce taxes”. What is your opinion on this? Do you think that the independence of Catalonia could improve public economy?

As I indicated, they should be assumed expenses that now they do not have (defense, for example) and taxes to be collected would depend on the size of the economy, which inevitably shrink to a greater or lesser extent at first. As I say, what might happen in the medium to long-term is unpredictable; but pretend that independence would mean an immediate gain is a mistake and say the gain in the long-term speculation.

9. In the State proposal aforementioned is also quoted the following: “This would have an immediate, positive effect on consumption and investment. For its part, the increase in public spending could lead to an increase of public employees, which would produce positive effects on the employment rate”. What is your opinion on this? Do you think that the independence of Catalonia could improve the employment situation?

I have it answered in the previous question. A traumatic secession would be a disaster. Secession in the best-case scenario would mean reduced flows with Spain, which negatively affect the Catalan economy. The unemployment increases. See in this respect the Catalan Society Civil study on the costs of secession: https://societatcivilcatalana.cat/assets/documents/informe-economia-hypothetical-secesion.pdf

- Please feel free to add more comments and opinions on this subject later.

It has been a pleasure to answer the interview. Do not hesitate to contact me if you want some additional clarification. My email is rafael.arenas@societatcivilcatalana.cat or rafaelarenasgarcia@gmail.com.

To make matters interesting, I pass the address of a blog where links are to what I have written on this subject since 2008 to the present (https://arenasgariarafael.wordpress.com/cataluna--en--spain/).

THANK YOU FOR YOUR PARTICIPATION.
APPENDIX V

STUDENT ETHICS FORM

Your name: PAULA RODRÍGUEZ OSORIO

Supervisor: MS. ISABEL DÜSTERHÖFT

Instructions/checklist

European Studies Student Ethics Form

Before completing this form you should read the APA Ethics Code (http://www.apa.org/ethics/code/index.aspx). If you are planning research with human subjects you should also look at the sample consent form available in the Final Project and Dissertation Guide.

a. [ ] Read section 3 that your supervisor will have to sign. Make sure that you cover all these issues in section 1.

b. [ ] Complete sections 1 and, if you are using human subjects, section 2, of this form, and sign it.

c. [ ] Ask your project supervisor to read these sections (and the draft consent form if you have one) and sign the form.

d. [ ] Append this signed form as an appendix to your dissertation.

Section 1. Project Outline (to be completed by student)

(i) **Title of Project:** What would be the economic consequences of a hypothetical independence for Catalonia in the context of the Spanish economic crisis?

(ii) **Aims of project:** Analyse the economic consequences of the independence for Catalonia and evaluate whether or not it might mean a way to overcome the economic crisis.

(iii) **Will you involve other people in your project – e.g. via formal or informal interviews, group discussions, questionnaires, internet surveys etc. (Note: if you are using data that has already been collected by another researcher – e.g. recordings or transcripts of conversations given to you by your supervisor, you should answer ‘NO’ to this question.)**

YES
If yes: you should complete the rest of this form.

Section 2 Complete this section only if you answered YES to question (iii) above.

(i) What will the participants have to do? (v. brief outline of procedure): they will have to answer an interview with nine questions about their opinions of the economic consequences of the independence for Catalonia. the interview will take around 20 to 30 minutes.

(ii) What sort of people will the participants be and how will they be recruited? I will be interviewing professionals related to the topic that can give valuable answers for the dissertation.

(iv) What sort stimuli or materials will your participants be exposed to, tick the appropriate boxes and then state what they are in the space below?
   - Questionnaires[ ]; Pictures[ ]; Sounds [ ]; Words[ ]; Other[ X ], recording.

Consent: Informed consent must be obtained for all participants before they take part in your project. Either verbally or by means of an informed consent form you should state what participants will be doing, drawing attention to anything they could conceivably object to subsequently. You should also state how they can withdraw from the study at any time and the measures you are taking to ensure the confidentiality of data. A standard informed consent form is available in the Dissertation Manual.

(v) What procedures will you follow in order to guarantee the confidentiality of participants' data? Personal data (name, addresses etc.) should not be stored in such a way that they can be associated with the participant's data.

A consent form was signed before the writing of this dissertation. The recording will be kept confidential until the grading of the dissertation. If any interviewee requests anonymity his/her name will not be published.

Student’s signature: ................................................. date: ......................

Supervisor’s signature (if satisfied with the proposed procedures): ............. date: .............