# EUSKADI 2030. GUIDING THE WAY OUT OF THE CRISIS

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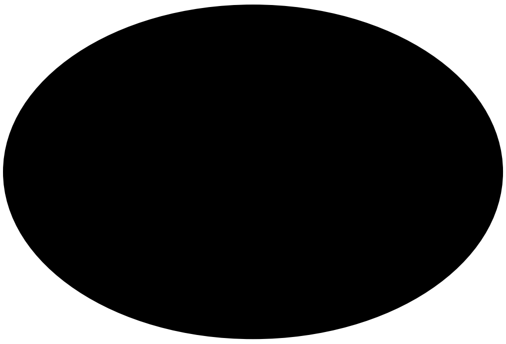

"Never leave without taking advantage of a good crisis," said Rahm Emanuel, President Obama's chief of staff. We live in times of anxiety, disorientation and perplexity. Society is somewhat knocked out by the seriousness of the situation. At times like this, that quality of leadership capable of mobilizing society's confidence in its own strength and giving strategic direction to the country is especially valuable. The recent meeting of the *lehendakari*, Patxi López, with the advisory council on socioeconomic matters has been accompanied by preliminary messages about articulating a reference horizon for the Basque Country in the year 2030.

Confidence stems largely from the experience of having done well in the past. Between 1979 and 1983, the Basque Country experienced a devastating economic and industrial crisis, which literally dismantled its heavy industry, generating very high levels of unemployment and social protest for years. The economy contracted again between 1991 and 1994. In 1993, for example, the Basque Country had approximately 700,000 people working and 200,000 unemployed. In 2008, however, before the current change of cycle began, with a stable population, the Basque Country had almost one million people working and a situation close to full employment. At the end of this expansive cycle, this country had ranked 23rd in per capita income among more than 270 European regions and was the first autonomous community in Spain, ahead of Madrid and Navarra.

The forecast of those responsible for the OECD regarding the exit from the crisis in Europe and especially in Spain is an L-shaped exit -very low levels of economic growth- for at least five or six years due to the conjunction of the high budget deficit, high level of sovereign debt and very high levels of unemployment that will hamper the recovery of domestic demand. Within this context, there is no doubt that the Basque Country has specific strengths. An unemployment rate of 9% on average for neighboring countries; healthier public accounts; an industrial base open to international competition; an economic model that is not dependent on labour-intensive sectors with little added value such as construction and tourism; a powerful network of technology centers.

In these circumstances, some suggestions to enrich the debate on how to properly guide the exit would be, for my part, the following. In the first place, in line with the report submitted to the Council of Europe by the group of experts chaired by Felipe González, the correct reading of the Great Recession seen from the old continent cannot forget that the structural weaknesses of the model have been revealed European economic and social situation and the urgent need to undertake an agenda of profound reforms, under penalty of entering a path of painful decline. Without these reforms, it is the social welfare model itself that is in danger of becoming unfeasible in the medium term. And these reforms must also be carried out in Euskadi.

Secondly, through a strategy of public-private collaboration, in the coming years, we will gradually shift the center of gravity of our economic and industrial fabric towards sectors with great global demand and high added value. The economic, technological and employment opportunities derived from a low carbon economy, the need for a new reference framework in the field of sustainable mobility and transport - hybrid and electric vehicles; train, tram, metro, rail freight - and the health requirements linked to a rapidly aging society present clear market opportunities for our industrial and technological fabric, guiding its necessary modernization.

Third, a radical commitment to human capital, a crucial aspect if we want to direct our model towards the knowledge economy. One of the most important lessons of the Great Recession has been to expose the mistake of having directed the lion's share of public investment of the last 15 years towards physical capital. We have dedicated billions of euros to industrial estates, many of them now half-empty, highways on which cars hardly circulate (Eibar-Vitoria) or directly unnecessary such as the SuperSur, ostentatious cultural buildings, not to mention the public money given to private sports stadiums .

The same Minister of Public Works, José Blanco, in a show of sincerity that honors him, has recently recognized the deficient analysis of economic and social profitability that has accompanied numerous works and infrastructures carried out in the years of the expansive cycle. Consequently, the main bet must be on education, training, learning, the creation of powerful human capital that can adequately support the transition to a knowledge-based economy.

Finally, the Basque export industry, the true engine of economic prosperity in the past, has to find its value space in a world that has undergone a substantial turnaround. The center of economic growth in the next decade will be in emerging countries, while our export activity has traditionally been oriented towards the European Union. It is key to position yourself competitively in the markets of China, India, Brazil, Russia, to name the most relevant.

In my opinion, the Basque Country has the necessary wickerwork to be among the ten European regions with the highest per capita income by 2030. To do this, it is essential to properly orient the way out of the crisis. Let's listen to the old fox Rahm Emanuel, let's not let this opportunity slip away.

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