



## **President Mas: “The fiscal pact would provide a fundamental solution to our deficit problems”**

- **The Head of Government made his appearance in Parliament today to explain the third adjustment plan approved by the Catalan Government**
- **Mas criticizes the “scandalous way” the Spanish central government diverts its deficits towards the autonomous communities, as well as the unpaid debts that oblige Catalonia to apply further adjustments**
- **The President underlines that other European countries are facing the same problem as Catalonia: the excessive debt is “corroding social policies”**
- **He stresses that the new Plan respects the principles of equity, economic recovery and the protection of self-government**

During his appearance in Parliament today in order to explain the government’s third adjustment plan, President Artur Mas called upon the deputies of the Catalan Parliament to prioritize the fiscal pact as, in his words, **“this would provide a fundamental solution to our deficit problems”**. **“We have a structural deficit of resources which conditions everything”**. He added that **“the adjustment plans implemented in Catalonia could have been carried out differently and much more favourably to the population in case of a fiscal pact comparable to the financial system of Basque Country and Navarra”**. **“As a country we are able to finance our own social and economic model with the wealth we ourselves produce”**, he concluded.

Mas made clear during his intervention that **“if the Spanish government had honoured its obligations to Catalonia, these new measures totalling 1.5 billion Euros would not have been necessary”**. **“The Spanish Government owes the *Generalitat de Catalunya* 970 million Euros for infrastructure investments to be made in 2011 and 2012; if they had paid us these amounts, we would not have had to present such a far-reaching plan”**, he insisted.

The President specified the reasons and criteria on which the new plan is based, while stressing the fact that the decisions had not been made **“frivolously”**. Over the past two years a **“gigantic effort”** has been made to reduce the deficit, which, according to the President, **“depending on developments will amount to 3 to 5 billion Euros at year’s end”**. Nevertheless he pointed out that **“unfortunately this is not sufficient. If we do not want to be expelled from the system or enter into total collapse, we must take further steps”**.



Mas reminded that the expense cuts **“are coinciding at this moment with the payment of an additional 1 billion Euros in interests as compared to two years ago, due to accrued debts”**. At the same time, he explained, **“we have not received any resources from the competitiveness fund in the last two years, nor have the infrastructure debts been paid to us”**. To this, according to Mas, **“a scandalous diversion of deficit to the regions”** should be added, as the Spanish Government **“is cutting or reducing contributions already agreed with the autonomous communities in the area of child care, dependency care or immigration”**. **“They refuse to pay the agreed funds and leave it to us to find solutions to citizens’ problems”**, he stated.

One of the other reasons explained by Artur Mas is the fact that the Spanish Government **“of any political persuasion”** unilaterally decides the deficit limits, **“without giving us any possibility to express our views”**. The President criticized that the **“deficit is not mutually agreed upon with every administration”** and that **“the central administration assigns itself a much larger part of the permitted deficit than the autonomous communities, even though our responsibility for expenses in relative terms is much higher, if one excludes social security payments”**. **“These limits are simply imposed on us, which does a lot of harm. The distribution is unfair”**, he concluded.

### **Implementation of the Plan**

Mas gave details of some of the actions included in the plan, although later on minister Mas-Colell of Economic Affairs would provide Parliament with further explanations. Thus, the President pointed out that the new measures represented a considerable sacrifice on the part of public sector workers, allowing the preservation of the essence of the welfare state. He also noted the reduction in public investment and the decision to maintain a high level of taxes. In this respect, Mas reminded that Catalonia is the region with the highest income taxes and wealth taxes.

The Catalan President explained that the principles guiding these new measures are equity, economic recovery and the protection of self-government. With regard to equity, Mas stressed that **“we want to preserve the essence of the welfare state, in which we are succeeding. This is why it is so important to be able to distinguish between what is essential or fundamental and that which is only convenient”**. As examples of fundamental measures Mas indicated that basic services in healthcare are being preserved, and with respect to education, the fact that all new pupils that enter the system are attended.

According to the President, economic recovery is the Government’s main priority. For this reason, he stated, **“the Government is dedicating major efforts to stimulus policies, because all the adjustments will be useless if the country is unable to return to growth”**. Referring to self-government, Mas criticized that **“in these times of urgency, we find that the various Spanish administrations are systematically infringing our competencies with the argument that quick action is required”**. For this reason, he



called on all deputies to give support to Government in the defence of self-government, **“something that at present is not exactly easy”**, he acknowledged.

Finally, the President made some reflections on the current situation. Thus, he referred to European politics and once again underlined the commitment of the Catalan Government to the principle of austerity. He insisted, however, that austerity cannot be applied **“at any price, or rather, at any speed. Austerity must be practised respecting social cohesion. We cannot be made to run too fast”**.

Artur Mas wanted to make clear that the adjustment plan is not **“just a whim of the Catalan Government”**, and stressed that similar action is being taken in the rest of the autonomous communities, regardless of the ruling political party, as well as in other European countries such as France. Mas recalled the words of the socialist French president, who yesterday claimed that interest payments are constituting a threat to the survival of France’s social model. **“Catalonia, France and Andalusia share a common problem: the excessive accrual of debt is currently corroding social policies and undermining the welfare state”**.

### **Lack of European integration**

At another point in his speech, President Mas argued that, even though Catalonia is a part of Spain and Europe, which are presently not generating enough confidence, **“it can transcend this framework and explain all the things it can do well and differently from others, in order to show that not everyone acts in the same way in the south of Europe or in Spain”**. Nonetheless, the President showed himself confident that the recent European agreements will help to alleviate the difficult access to the financial markets.

As on other occasions, President Mas advocated further political integration at the European level as a solution to some of the current problems. **“Some of the things that are happening in Europe, and that are happening as a result of this plan, would not have happened if the construction of Europe had advanced more quickly, if the traditional states had surrendered the sovereignty required to build a true Europe with real and federal powers”**.