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Economic and Political Events in Catalonia

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I. Introduction

Let me begin by thanking you for the opportunity to address this audience on the matter of Catalonia at such a very crucial point in time for us. Although I'm responsible for economic matters at the Catalan government, my talk today will be eminently political, reflecting the fact that our current conflict with the Madrid government is more political than economic.

Catalonia, led by its cosmopolitan capital Barcelona, enjoys a dynamic, entrepreneurial and highly diversified economy. It's similar in size to Austria, Denmark and Finland and ranks between Belgium and Finland in terms of income per capita.

Catalonia accounts for 16% of the Spanish population, 20% of Spanish GDP, 25% of Spanish industry and 30% of Spanish foreign trade. It also accounts for 21.4% of Spanish tax revenue.

Catalonia has its own parliament and government. For reasons I will explain shortly, our parliament, like the Scottish parliament, asked the Spanish Congress for the right to hold, on the 9th of November this year, a referendum about our political future with three possible outcomes, one of these being independence. In contrast to the British situation the Spanish Congress, which could have said yes, did say no. This was a political not a legal decision. We then changed our approach and, under Catalan law, the referendum was transformed into a "non-binding consultation". It was subsequently taken to the Constitutional Court by the Spanish government and automatically suspended.

Before describing the current situation in more detail and ending with some thoughts about the future, allow me to give you some more background by indulging first in a bit of history and then reflecting more abstractly on the root causes of the conflict.

II. The history

Catalonia, an old nation that had already developed in the Middle Ages participatory institutions very similar to the British, lost its institutions, laws and freedoms in 1714 as part

of the Treaty of Utrecht and by the force of arms. Catalans were on the losing side in the international War of Spanish Succession. In fact, we (and the other regions of the old Kingdom of Aragon, a confederation) were the only losing side in that war, I'm afraid. And we were on the Austrian-British side because it was clear that the alternative, the side that finally won, would lead to what actually happened: Catalonia was annexed to the Kingdom of Castile, then transformed into the Kingdom of Spain. As the new King said in the *Decreto de Nueva Planta* of the 16th January 1716:

"My weapons having pacified that Principality, by just right of conquest I now must establish sovereignty in it and subject it to the laws of Castile, so lauded in the entire Universe".

At the time Britain was well aware of all this. For example, "The Case of the Catalans considered" and "The Deplorable History of the Catalans", by J. Baker, are titles of books published in 1716 in London.

Naturally enough, we don't believe this "just right of conquest" is eternal, nor do we believe, as we are often told by the Spanish government, that 1714 is "ancient history". This is the same government that, when it comes to Gibraltar, does not think of the Treaty of Utrecht as ancient history. We believe that, above and beyond the right of conquest is the right of self-determination and the right of nations to decide their own history.

Be that as it may, Catalonia has constantly longed for the restoration, in a modern form, of its institutions and its self-government. An important step was taken in 1914 in the form of a "commonwealth of municipalities", an institution that was suppressed in 1923 by the Primo de Rivera dictatorship. Another chance came in 1931 with the Spanish Republic, in the form of the restoration of the *Generalitat* government that had been suppressed in 1714 and that was suppressed again in 1939 by Franco's dictatorship. The *Generalitat* was restored once more in 1977 with the arrival of democracy but, unfortunately, it is again under threat, albeit this time within the democratic framework of the EU which guarantees that, at the end of the day, this time the issue will be resolved by the only admissible method: votes. Let me explain in more detail.

III. The current conflict

With the pact reached to ensure Spain's transition to a democracy, starting in 1975, at first it seemed that the country might evolve towards acknowledgement of its pluri-national nature. The historic *Generalitat* (the autonomous governing body of Catalonia) was promptly restored and the Spanish Constitution of 1978 was a text brimming with ambiguities and compromises which, at the time, was precisely its virtue. With what was laid down in that document (a distinction between nationalities and regions, two routes providing access to autonomy, the proclamation of special respect and protection for non-Castilian languages, etc.) and what was left unwritten, it would have been possible to construct a political space in which Catalonia could be accommodated, almost certainly with a great deal of friction but

without any major trauma. And that was why the Constitution produced such a great sense of hope in Catalonia and why the vast majority of the Catalan population voted in its favour.

But everything began to go awry from the year 2000 onwards. Unfortunately, since then the ambiguities in the Constitution have been resolved in the direction of restoring the concept of "Spain, a single homogeneous nation". And it's hardly surprising that Catalonia, which does not come from the Castilian womb, should feel left out. During the first period of the transition towards democracy in Spain, the Constitutional Courts were of the highest legal quality. They gave priority to the definition and construction of a democratic framework of coexistence, capable of harmoniously incorporating Spain's complexity in terms of multiple senses of belonging, something absolutely normal within Europe. However, around 2000 the Constitutional Court entered into a process, of increasing politicization. Its priority now seems to be interpreting the Constitution in the spirit of maximal homogeneity possible, consolidating thus the doctrinal foundation of the "single nation" model. In 2010 the Constitutional Courts overturned the Catalan Statute of Autonomy that had been voted by the Catalan and Spanish parliaments and ratified by a referendum in Catalonia. No wonder many Catalans feel excluded.

When travelling abroad, people often ask me whether, given the crisis that's consuming us, there's any justification in allowing ourselves to become distracted from the economic issues or, to put it another, more neutral way, whether this is a good time for conflict. My answer, without hesitation, is that no, it's not a good time, but that the timing has not been of Catalonia's choosing. I can assure you that from Catalonia we see ourselves on the defensive, facing aggressive moves on the identity and the self-government fronts. We believe there's something absurd about the way in which the Spanish government is pushing through conflictive agendas in the midst of a crisis. In the last three years, laws have been passed to recentralise policymaking across all areas – economic, educational, health, welfare, public administration – under the cover of combating the economic crisis and fostering efficiency. This is merely a *pretext*. Some of the world's most efficient and productive economies are federations.

Let me add one remark. I have referred to aggressive moves against identity and against self-government but I have not mentioned economic grievances. We have them. We are net contributors to Spain's finances and this is hard to forget when the provision of public services for which the Catalan government is responsible is under extreme tension. Just like every region that is a net contributor (this also includes the region of Madrid), we would like to retain a higher proportion of our taxes and we argue that this is the oil required to grease the wheels of our productive machine. Yet the situation is no worse than 20 years ago and I must stress that this is not the root cause of the current conflict. In *per capita income* terms we are the fourth region in Spain (after the Basque Country, Navarra and Madrid) and we are above average. It makes sense for us to transfer resources to the rest of Spain. In fact, our net contribution could be part of the solution if, in a reciprocal exercise of solidarity, we got respect for our identity and a high degree of self-government.

Without going into more detail, let me also express my conviction that a cost-benefit analysis of an investment project called "self-government" for Catalonia would be highly favourable for Spain.

IV. Recent events

In July 2006 Catalan citizens endorsed, in a referendum, a new Statute of Autonomy previously passed by the Catalan parliament with a large majority and also approved by the Spanish parliament. However, four years later the Spanish Constitutional Court unilaterally revoked a significant part of this new Statute.

On the 10th July that same year there was a massive demonstration against the ruling of the Constitutional Court. This marked the start of a popular citizen movement that has been remarkably effective in mobilising hundreds of thousands of people in extremely orderly and peaceful demonstrations, not a broken glass, on the 11th of September in 2012, 2013 and 2014.

In the elections for the Catalan parliament on the 25th November 2012, those parties whose manifestoes included the Catalan people's right to decide their political future via referendum won 107 of the 135 seats (79% of the parliament). Under this mandate, the Catalan government and the Catalan parliament initiated a scrupulously democratic process towards a referendum. After identifying different legal procedures to hold this referendum within Spain's legal framework, on the 16th January 2014 the Catalan parliament, under article 150.2 of the Spanish Constitution, agreed to formally ask the Spanish Congress to delegate the authority to hold a self-determination referendum on the political future of Catalonia. The vote was passed by a large majority of Catalan MPs, with 87 votes in favour, 43 against and 3 abstentions. This request was for a referendum on the 9th November 2014 with the following two-part question:

- Do you want Catalonia to be a state?
- If so, do you want Catalonia to be an independent state?

Note that this is essentially a question with three outcomes. On the 8th April 2014 the Spanish Congress debated this formal request to transfer powers and, as expected, overwhelmingly rejected the proposal tabled by the Catalan parliament.

On the 30th July 2014 Catalonia's President, Artur Mas, met Spain's President, Mariano Rajoy, at the Moncloa Palace in Madrid. The Spanish President insisted that the referendum would be illegal and did not offer any proposals for a way forward.

After this rejection by the Spanish Congress, the Catalan parliament turned to the drafting of a new Law for non-binding consultations, something which is legally permitted by Spanish law under Article 122 of the Statute of Autonomy for Catalonia. On the 19th September 2014, the Law of Popular Consultations was passed supported by nearly 80% of Catalan MPs,

specifically 106 votes in favour, including both supporters and opponents of independence, and 28 against.

As per the Law on Consultations, on the 27th September the President of Catalonia signed a decree to hold a Consultation on the 9th November with the aforementioned two-part question.

On the 29th September, the Constitutional Court, at the request of the Spanish government, suspended the Law of Consultations and the decree. As yet no date has been set for a hearing by the Constitutional Court.

Once president Mas signed the decree, 920 municipalities of Catalonia, more than 95% of the total, approved a motion defending people's right to vote in the Consultation.

V. The future

It seems clear that we're currently at a crossroad and that there are choices to be made. But this game has many players and although I form part of the Catalan government, I cannot predict the future. But I can make some educated guesses.

Let me begin by saying that the Catalan government is committed to the rule of law, to the European Union and to completely democratic processes. We're not going to do anything reckless.

There's little doubt that, on the 9th November, there will be a massive, orderly and peaceful celebration of democracy in its absence.

As for the aftermath of the 9th of November, it's crucial to stress that the political and social forces in Catalonia are absolutely and unconditionally committed to non-violence but, beyond this, everything will depend on the attitude of the Spanish government. Negotiation is a necessity. President Mas remains ready and willing to talk to President Rajoy.

A horizon that includes, as a last resort, an exercise of sovereignty on the part of the Catalan parliament cannot be excluded. But not before elections are held with a clear mandate, and not before giving one more opportunity to the possibility of negotiation.

In any case, any exercise of sovereignty will always be undertaken in such a way as not to put in question our membership in the EU and the eurozone. Historically Catalan public opinion has been strongly pro-European and, still is. Ceding sovereignty to the EU does not disconcert us. We know that the EU has been built on respect for diversity and we do not feel threatened by Europe. Our roots are in Europe and, in fact, we root for an EU with stronger federal powers.

It goes without saying that the ideal scenario would be one in which the Spanish government moves away from its intransigence, stops its recentralising drive and dares to engage in negotiation. As I have said, we are ready. With the democratic right to decide currently denied and transformed into the focus of a massive popular demand, such negotiation would have to lead to a referendum including the option of independence. From your recent experience you know only too well that the democratic debate may or may not culminate in independence.

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