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Catalonia demands new deal from Spain

By Victor Mallet in Madrid



Artur Mas, premier of Catalonia

Catalonia will this year demand a new economic deal from Spain that would give it more autonomy and cut the amount of money it must transfer to other, poorer regions, according to Artur Mas, the Catalan nationalist premier of the territory.

If the Spanish central government were to refuse, pressure for a “divorce” of the two will continue to intensify, he told the Financial Times in an interview at his office in the 15th century “Palace of the Generalitat” in Barcelona, the longtime seat of the Catalan government.

Mr Mas drew parallels with the situation in Scotland, where there are similar demands for independence or greater devolution of powers from London, although he noted that Catalonia – the richest of the 17 autonomous regions of Spain after Madrid – has more economic weight in Spain than Scotland has in the UK. Scotland and Catalonia lost their independence to their larger neighbours within five years of each other in the early 18th century.

“Catalonia cannot carry on supporting the fiscal drainage that we have at the moment, which is roughly equal to 8 or 9 per cent of gross domestic product [some €17bn] every year,” Mr Mas said.

He said Catalonia, which has annual gross domestic product of €200bn, about one-fifth of the Spanish total, was preparing a plan for a “fiscal pact” that would make it largely responsible for its own taxes and halve the annual fiscal transfers to pay for central services such as defence and “solidarity” funds for poorer parts of the country.

“This will land on Mr Rajoy’s table in 2012 or early 2013,” said Mr Mas, referring to Mariano Rajoy, the new centre-right prime minister of Spain who took power last month

after his Popular party's general election victory in November.

“The status quo doesn't work,” said the Catalan premier. “There's a growing divorce because in a continuous, repeated way, Catalans have the sensation – and they're right – that we are not respected on identity or language issues and not helped on economic and social issues.

“So our project in the short term is fiscal sovereignty ... In the longer term, we'll see.”

The 55-year-old Mr Mas – a successor to Jordi Pujol, the Catalan nationalist who ran the region for 23 years after the death of the Spanish dictator Franco – says he sees no reason why Catalonia should not be a self-governing state like Finland or Denmark.



“We want to be the Holland of the south, and we can be the Holland of the south,” he said. “Holland is a very open society, with an industrial base, and it has made a big effort in innovation and science.”

But Mr Mas acknowledged that Catalan society remained sharply divided between those who support independence and those who oppose it, which made it an unrealistic goal in the short term, whereas there was strong support from all sides for a new fiscal pact with the rest of Spain that would ease the burden on the local economy.

As in Scotland, Mr Mas said in the interview, the favoured option was an intermediate route between the status quo and total independence.

He has called for “more Catalonia and more Europe”, arguing that national independence has lost some of its significance in any case now that Berlin and Brussels are dictating policy in the eurozone, to the extent of having effectively appointed Mario Monti, the technocratic Italian prime minister.

Mr Rajoy's government has threatened to rein in the Spanish regions, blaming them for swelling the country's overall public sector deficit and making Spain miss the fiscal targets agreed with Brussels. But Catalan leaders insist their administration was among the first to impose strict austerity measures when they took power a year ago.

This year Catalonia is to cut civil service remuneration by nearly 5 per cent, in addition to the 5 per cent cut introduced nationwide in 2010; is introducing fees for medical

prescriptions; and plans to sell as many of its assets as it can – all pioneering moves for a Spanish region.

With austerity under way, Catalans now want their new deal. “If Spain helps us, Catalan society is not against belonging to Spain, although there’s a part, yes, that’s clearly pro-independence,” says Mr Mas. “But if the Spanish state denies us respect and assistance, the feeling that Catalonia needs its own state will carry on growing.”

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