

Going Ahead With Catalonia

What is the issue?

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- The Spain government has temporarily put down the Catalan crisis by sacking Catalonia's government.

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- But the demand for independence is indicative of a larger concern and needs a well thought out response.

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What is the recent move?

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- Spain's Prime Minister Mariano Rajoy has struck down the recent referendum on independence for Catalonia.

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- He has sacked Catalonia's President and dismissed its parliament, after the Catalan Parliament declared itself an independent nation.

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- The government has also imposed a direct rule on the region.

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- It has also rescheduled the elections and has called for a snap election in the region.

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Why is Catalonia significant for Spain?

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- **Economy** - Catalonia accounts for a quarter of Spanish exports.

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- It has been the second-largest recipient of foreign direct investment in the recent years.

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- It accounts for almost a fifth of Spain's GDP, the fourth-highest among the country's 17 regions.
 - The region also attracts more tourists than any other region in Spain (Between Barcelona and the famous Costa Del Sol).
 - If Catalonia breaks away, the Spanish GDP may possibly fall by a quarter.
 - **Employment** - Though debt-driven austerity in Spain has had its impact on Catalonia, its unemployment rate is still below the national average.
 - If Catalonia departs, Spain's unemployment could even double.
 - Besides, Catalonia is one of Spain's more prosperous and culturally vibrant regions offering lot many opportunities.
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What lies ahead?

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- The government may have curbed the secessionist impulses of Catalonia, but only temporarily.
 - The crisis has now reached a dangerous level as independence supporters have called for a campaign of disobedience.
 - Independence supporters claim that breaking away will be financially more secure as it will not have to pay taxes to Madrid.
 - The concerns in Catalonia are indicative of the **demand for greater self-determination** for regions worldwide.
 - Given this, heavy-handed approach to defuse tensions will only complicate the peace process.
 - E.g. Disallowing Carles Puigdemont, the Catalan President and his pro-independence colleagues from contesting the elections will only exacerbate the tensions.
 - All of this suggest the need for more **constructive redistributive policies and sensible negotiations**.
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Source: Business Standard

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