

## FOR AN ECONOMY IN THE SERVICE OF PEOPLE

1. Fairness should be an unavoidable reference point in the organisation of economic life. 2. Competitiveness should not be considered as an end in itself, failing to take into consideration social and ecological efficiency. 3. Democracy and transparency are essential elements in a healthy and viable economy. 4. The methods used and the pace set for a better balancing of public accounts need to be contextualised. 5. The crisis manifests itself above all as a deterioration of social coexistence, beyond any small advances there may be in terms of growth. 6. Globalisation should not be presented as an alibi or used to transform economic debate into a merely technical issue, regardless of context, policy or values. 7. What is needed is a socially and territorially balanced Europe that is capable of defending democracy and social cohesion in the world.

The serious steady deterioration of the social situation we are experiencing is giving rise to growing confusion, combined with the uncertainty hanging over broad sectors of society. This is a situation that is causing concern and social alarm and one that suggests the need for a declaration, in keeping with the social responsibility attached to the university. Thus, in taking advantage of the international economic forum to be held in Bilbao, the 3rd of March 2014, we, the undersigned, – lecturers from the area of Economics and Business, with the support of economists from other bodies and institutions and teaching staff from other universities - wish to state the following to public opinion:

The seriousness of the situation in which we are currently living is unparalleled in recent decades. Among other aspects, we consider it necessary to focus attention on the following:

- According to the EPA (Working Population Survey), **unemployment** stands at around 26.0%, which represents the highest percentage since the end of the Franco era in 1975. For its part, youth unemployment exceeds 55%, resulting in thousands of young people being forced to leave the country in search of work. The same data shows that the number of homes in which all occupants of working age are unemployed rose to over 1,900,000 in 2013, having multiplied fourfold over the past five years.

- The number of people facing the risk of **poverty and social exclusion** reached 12.7 million in 2012 in the Spanish State. The last Cáritas Report indicates that extreme poverty (less than €307 a month) has already risen to 3 million people. Likewise and according to UNICEF, 27% of the child population lives below the poverty threshold.

- In accordance with EUROSTAT data, Spain has become the European country with the greatest social **inequality** if one takes into account the income ratio of the richest 20% in relation to the poorest 20% of the population. The Gini coefficient also rose to 0.34 in 2011 – the highest level since records began.

- According to GESTHA data (Spanish Inland Revenue Technicians' Union), **tax fraud** in our country amounted to over 70,000 million Euros a year, of which 72% refers to large fortunes and large enterprises. This is a figure that would be approximately equivalent to the total budget for the public health system, and is substantially higher than that represented by interest paid per annum by public debt. For its part, the Tax Justice Network estimates that deposits in **tax havens** originating from Spain amount to 550,000 Euros.

Under these circumstances, we consider it especially important to focus attention on a series of issues:

**Fairness** should be an inexcusable reference point for operation of the economy. The intense, painful increase in inequality that has been seen in recent years is a curse and incompatible with social justice values existing in national constitutions and in declarations of principles made by the European Union – returning to situations of the kind not seen since before the Second World War. Likewise, the growing inequality and expulsion from social life of an increasing number of people constitute a serious threat to economic and social stability, to the functioning of the productive system, the inclusion of young generations into economic activity and even reproduction in society itself, in addition to being incompatible with democratic and humanist values.

We understand that economic profitability and the notion of **competitiveness** should not be presented as ends in themselves, upon which to organise economic life as a whole. Conversely, they should be associated with and replaced by social efficiency - i.e. the wellbeing of people and ecological efficiency – linked to responsible use of resources with a view to preserving lifestyles for future generations. The use and abuse of competitiveness by some countries over others, as if this would guarantee the wellbeing of the inhabitants of the “winning” territories, conceals the reality of the situation in which inequalities are growing on a daily basis within countries. Within this context, the destruction of the productive fabric deriving from the exacerbated and/or equivocal use of that idea – parallel on the other hand to the pushing to one side of values of solidarity and social justice – constitutes a threat to social and economic stability.

We wish to point out that there can be no healthy or viable economy without real **democracy and transparency**. It is not possible to have a fair and efficient economy based on opaqueness and imposition. The economy, understood by Aristotle as being the good and fair administering of resources with a view to meeting human needs, cannot be managed if the wishes and opinions of people are not taken into account, nor by hiding business from control and public scrutiny. It is not possible to continue maintaining objectives based on indicating what is good for the people without consulting the people themselves or listening to their complaints and demands. We cannot continue shielding ourselves from the complexity of things so as to bestow on them a technical halo that puts them beyond the reach of individuals and makes political decisions a matter confined to experts. Economic life cannot become established if it goes against the opinion of the majority or by resigning people to accept this who desire other options but who don't know how to tackle them.

**Public finance** is not the origin of the crisis and balancing this should be treated with caution. Economic history has already shown more than enough that the reasonable aim of restoring the balance in public finance by adjusting income and expenditure cannot be considered an absolute imperative – always a priority over others, everywhere and at any rate – nor should it be considered at the expense of undermining the very foundations of how the economy and social coexistence operates. Such a balance should also be considered an undeniable objective in the fight against corruption, tax evasion and the growth of hidden markets that are out of control. In a situation of social emergency such as the one in which we find ourselves, the balancing of public finance should not only prevent excess or unproductive expense, but also concentrate on increasing income – especially of those who are in a better economic position – with a view to maintaining the essential public services that are able to guarantee fairness and social justice.

The crisis is, above all, a social crisis, a crisis of coexistence, the solution to which major abstract growth that may be compatible with a greater social crisis is no longer required. Rather, what is required is growth that is geared towards the creation of decent jobs with social value-based opportunities for all individuals – growth based on greater technological,

social and ecological efficiency. One should not lose sight of the fact that the function of economic activity is none other than to supply goods and services to society. Thus, we consider another approach necessary that places people at the centre and markets and institutions in the service of society, rather than the other way round. The crisis will not be deemed to have been overcome until the damage caused by it in social cohesion has been redressed.

It is possible to do things differently despite globalisation. It is true that we are living in a **globalised world** in which the **room for manoeuvre** in each territory is now less. Yet it is no less true to say that very diverse situations exist within global economy. Tax pressure and the fight against fraud are not the same in all countries, and neither are social provisions or coverage or labour rights the same. Those in charge of the economy in Europe and the USA have pursued different options, while leaders of international bodies such as the IMF admit to having been wrong in their forecasts or in their recommendations, while in Germany social damage and abuse caused by the policy pursued are acknowledged, or while several Nobel Economics prize winners openly discuss some of the decisions that have been taken by some bodies. Within this context, we wish to highlight the fact that there is no single way of doing things, that some recommendations – by any account unfair ones – were not inevitable, and that alternative proposals can be put forward based on solid foundations. We are referring to policy options that are in turn related to ethical values and references.

As for the **European Union**, we think it is in a position to pursue a different path, which might not perhaps be the same as what individual countries could do on their own. We believe that, in view of a type of globalisation that is threatening to destroy democratic institutions in order to govern markets, Europe cannot remain impassive or, even worse, assume that the limitations extended or imposed from outside such democratic institutions are inevitable. If Europe wants to continue representing some type of ideal or hope for the future, it needs to assert itself over the world in order to preserve social coexistence and democracy, rather than resigning itself to assuming that the world compels us to do away with democracy and social cohesion. Achieving an internally cohesive union should be an unavoidable reference point for economic policy in the European Union.

For all the above-mentioned reasons, we consider it both restrictive and inappropriate under the current circumstances to engage in debate about economic and social future based on reductionist premises and references that merely contribute towards confusion by aggravating problems. We think that business and the profitability that can be obtained from economic activity should be considered from within certain rules of play that are inspired by collective interest, rather than the other way round. We wish to stress the fact that we are not just discussing the arbitrary management of a present which by any reckoning is cause for concern – and at the same time painful for a large sector of the population – but also the foundations that will be needed in order to either permit our children to have or prevent them from having a future in which they will be able to live in a dignified manner in an inhabitable world.