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.
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- The region also attracts more tourists than any other region in Spain (Between Barcelona and the famous Costa Del Sol).
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- If Catalonia breaks away, the Spanish GDP may possibly fall by a quarter.
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- **Employment** - Though debt-driven austerity in Spain has had its impact on Catalonia, its unemployment rate is still below the national average.
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- If Catalonia departs, Spain's unemployment could even double.
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- 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.
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- The crisis has now reached a dangerous level as independence supporters have called for a campaign of disobedience.
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- Independence supporters claim that breaking away will be financially more secure as it will not have to pay taxes to Madrid.
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- The concerns in Catalonia are indicative of the **demand for greater self-determination** for regions worldwide.
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- Given this, heavy-handed approach to defuse tensions will only complicate the peace process.
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- E.g. Disallowing Carles Puigdemont, the Catalan President and his pro-independence colleagues from contesting the elections will only exacerbate the tensions.
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- 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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