
5. PART 3: CONCLUSIONS AND POLICY IMPLICATIONS



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In view of the macro economic assessment of the scenarios of Catalonia as an independent state under mutual agreement or unilateral secession assumptions in horizon 2030, the study points to the macro-economic insustainability of the status-quo scenario from growth and employment perspectives due to the high and sustained deficit of Catalonia.

In the short run uncertainty, high interest rates and a volatile investment environment triggered by the decision to secede is found to slow the Catalan GDP growth rate; the effect is more pronounced if the decision to secede is unilateral. However the structure of the Catalan economy and the pursuit of fiscal policy towards a balanced public budget can deliver higher than the reference GDP and employment growth rates, once the transition period to sovereignty is over.

The overall net effect from secession on the Catalan economy is the result of a multitude of short and long run adjustments with frequently opposing effects. The short-term effects stem from the positive changes in fiscal imbalances, improved domestic production and negative changes owing to uncertainty and risk factors that are difficult to quantify with firmness. The long term effects which rely largely on the capacity of the economy to adapt via increasing infrastructure capacity, which increases in turn economy-wide productivity and competitiveness and effective public spending, while reducing uncertainty due to the strong economic fundamentals of the Catalan economy.

As expected Catalonia benefits more under mutual agreement on secession as the lower uncertainties and risks associated with secession in this case allow for a faster recovery of the economy from the shock of independence from Spain.

These conclusions favor a scenario for secession under mutual agreement between Catalonia and Spain and an orderly planning towards resolution as opposing to a scenario of unilateral secession. It thus reduces any uncertainty and risks which effects are detrimental to all parties.

The scenarios for cooperation of the new Catalan state with the European Union in its present institutional setting (statu-quo), including forms of permanence or re-accession to the EU as well as possibilities for opting out and establishing new agreements with the EU from outside have been extensively discussed. Undoubtedly, options and possible legal procedures underpinning the mutual agreement scenario between both entities are equally preferred as it leads to smooth transition towards a new equilibrium.

A more long-term prospective normative scenario of European Union reform would change the game for both Spain and Catalonia negotiations. Such a scenario delineates schematically the evolution towards a desirable future, with the transformation of the Eurozone into a truly political and fiscal union, the "European Political Union (EPU)". This is assumed to unfold under the pressure of disruptive economic and geopolitical dynamics, of which we see already today several signals. In such new context, Catalonia could achieve the status of an independent Member State of the EPU either under the mutual agreement scenario or the unilateral scenario. However such a prospective analysis might be dismissed if the negotiations between Catalonia and Spain would resume in the short run.