

## *The discontent of a small Europe*

Conversations on the infrastructure crisis and other real or imaginary crises of the Catalans, during the first decade of the twenty-first century.

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### *The Minister's grand piano*

In Madrid, one splendid night in the summer of 2006, when the economic crisis had not yet broken out and in Spain the party was still going on, Domingo Jiménez Beltrán, the former director of the European Environment Agency, organized a round table on infrastructures in the botanical gardens of the Retiro Park. The first to speak was the Transport Minister from the Ministry of Public Works, and the Minister said, right at the beginning, without any other introduction, that the investments in high-speed railway lines in Spain were like the grand piano that he bought when he got married.

Jiménez Beltrán asks him, surprised: *Like the grand piano?*

*I don't play the piano, he tells the at least a hundred people listening to him open-mouthed, and neither does my wife, but we both agreed to buy that beautiful grand piano. If we have children one day, we thought, and they see the piano at home each day from when they are small, maybe one of them will be encouraged to lift up the lid and will want to learn to play it, don't you think?*

When it was my turn to speak, I got into a typical Catalan muddle, trying to demonstrate that the direct and indirect costs and benefits of the high-speed railway investments were not always justified, because there continued to be more important deficits in Spain, in the infrastructure sector and in other sectors, in education, in technological innovation. We cannot start building the house with the roof, I insisted, we should turn the page on the myths of history, Ortega y Gasset's *invertebrate Spain*, the *macrocephaly of Barcelona and territorial balance*, and in any case the priorities in public investments should be based on objective and transparent public criteria.

The fact is that in Spain the cost of construction, maintenance and operation of each infrastructure project is not public, and the benefits that they represent, or the positive or

negative impacts that they generate for society and the environment, are not calculated systematically. This relative opacity in public investment priorities, *the mysteries of the Secretaries of State and the secrets of the Ministers*, contrasts scandalously with the modernity of the Tax Office, and the fiscal control systems, which are completely precise and transparent, as they should be.

When this issue was raised with President Aznar, during a press conference, in 1996, Aznar stretched his arms upwards, representing the map of Spain, breathed deeply, filling himself up with patience, and with one of his forced smiles, gave us a class in geostrategy:

*Spain tends to fall toward the Mediterranean, he stated, turning his arms to the left, you see? Therefore, historically, all the governments of Spain tend to seek a balance, investing more in the centre and in the south, in the Atlantic, and then he turns his arms to the right: like this, and Spain is recentred, balanced.*

*The more infrastructures the better!* This is the opinion of a director of Renfe who continues, *they are works for a hundred years, what does it matter if they are used more or less during the next ten or twenty years? Today Spanish construction companies are building motorways in America and managing infrastructures around half the world, airports like Heathrow in the United Kingdom, which is no trifle, and they are diversifying toward the renewable energies sector. We need to have an open mind, and ambition.*

Everyone in the audience appeared to agree with this, except Jiménez Beltrán, who introduced a reasonable doubt.

He asked: *And what will happen when the boom years end? Will we be able to pay the deficit of serving all these railway lines with little passenger demand? And goods? And suburban lines? Spain has been developed too quickly, in one generation we have developed almost all the Mediterranean coast, we have become indebted by speculating, buying overvalued property, and if we have grown economically it has not been by being more productive, but rather thanks to immigration. There are more people working, and yet we continue to have extremely high unemployment rates. This model of*

*development is very short-sighted, it is not sustainable. And we can expect very tough years just around the corner.*

If that evening in the botanical garden of the Retiro I was like the typical Catalan bewildered by insignificant details and pretentious technical details, Jiménez Beltrán must have appeared like the typical know-all environmentalist, threatening with the usual apocalyptic discourse. But the global crisis broke out in the summer of 2008, with an unusual virulence, and the infrastructure investment joy will end in 2013: the 118 billion euros that Germany and the rest of the most developed European countries have transferred to Spain from 1986 to now, to a large extent conditional on the construction of infrastructures, will end in 2013. There have been years when the European transfers exceeded 1.1% of GDP, which is the average investment volume that is invested in infrastructures.

At the end of the round table the Minister came up to me to tell me that fundamentally I was right, in theory public decisions should be taken in a rational manner, but that infrastructures have inertias which are difficult to change overnight. And, moreover, any public investment is positive, said Keynes, who recommended, in times of crisis, getting half of the unemployed to dig holes, and the other half to fill them in again, thanks to the *multiplier* effects of the economy on the rest of the economy. The sum of reasonable investment projects may be counterproductive, and the opposite.

*Due to the network effects, I said to myself, and the effects on the business fabric.*

Alvar Garola, from the Gabinet d'Estudis Econòmics, calculated, using the inter-sector input-output tables for Catalonia, that the public administrations recover in the order of 40% of what they invest in infrastructures through taxes on the business profits and the salaries generated in direct, indirect and short-term induced activities, during the construction of the infrastructures. According to SEOPAN, this figure would be 50%. Investing in infrastructures is a very attractive investment for the government: the state invests 118 billion euros which is transferred to it from the European institutions and considerable tax income is generated, of some 50 billion euros.

Anyway, by now the Minister's children must be playing the piano, the way he talks about it, I think.

The Minister asks me, laughing, when we are already in the street: *Do you play the piano?*

No, I have to admit, nor any of my brothers, although there was a piano at home and both my parents played it.