

WE NEED UNPOPULAR DECISIONS TO GET OUT OF THE CRISIS

“Policy makers know that a strong reaction is needed to face the crisis, but at the same time they fear becoming unpopular”. According to the experts participating in the Opening Plenary Assessment of The Future of Europe Summit in Andorra, only tough decisions combined with reinforcing innovation and the European services sector will help rebuild Europe’s competitiveness.

“We are facing a strong dichotomy, a sort of growing divide between business and political interests”, affirms Claude Smadja, President of Smadja & Associate Strategic Advisory. According to Dr. Cinzia Alcidi, Research Fellow at the Centre for European Policy Studies (CEPS) in Brussels, policy makers know that a strong reaction is needed to face the crisis, but at the same time they fear to become unpopular. Nevertheless, according to Dr. Alcidi “What we need to do is to take very tough decisions. We need to look forward and figure out what is best for us, looking at the next ten years and not only at what will happen in the next months”.

In particular, tough decisions are needed in countries such as Spain and Italy, as underlined by Antoni Abad, President of the Spanish Business Network Federation (ESBAN). “The governments are sending out an ambiguous message, that is that money will solve all the problems. But look at what’s happening for example in the car sector. Big injections of public money in firms such as General Motors might seem to help fight unemployment but at the same time they only lead to a bigger public debt”.

Where should the EU look for solutions? According to Emiliano Duch, President and founder of the Spanish firm Competitiveness, the key to recovery is reinforcing services and improving the importance of advanced user-driven demand. “There is light at the end of the tunnel, but it’s a different tunnel from the one the politicians are looking at”, says Emiliano. Countries such as Spain should follow the example of other EU “high costs countries” which in the past had to completely change their business model. In Sweden, for example, the government decided to move manufacturing and production to countries with lower costs while investing more in exclusive and high quality services. Europe has the advantage of having consumers with high expectations, driving the development of high-end services and technological innovation.

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According to Claude Smadja the actual recession is marking a turning point in history and will lead to a new global economic context. The time has come to rethink the European model of growth. “This crisis is not just an ‘American problem’ as the EU media and governments have been affirming from the start. More than half of the toxic assets are in the hands of the European banks”. It is clear that governments had to step in to bail out the banks, but the danger is the unhealthy reliance on governments that banks and other private sector industries have developed as a result.

Values have also to be taken into account in fighting recession. According to Eugenio Bregolat, Spanish Ambassador to Andorra, “The Spanish way of saying ‘*to work as a Chinese*’ does not come from nothing. My long experience as Spanish Ambassador to China tells me that the strong values which characterize the Chinese society play an important role in the strong development of this country”. Antoni Abad, President of the Spanish Business Network Federation (ESBAN), shared the same opinion. As he affirmed, industry should work along with the governments to improve the quality of education to focus on “talents and principles”.

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