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THE STRANGE CASE ON UNUSED RESOURCES IN THE SPANISH ECONOMY: THE AXIOLOGICAL-SETCU MODEL

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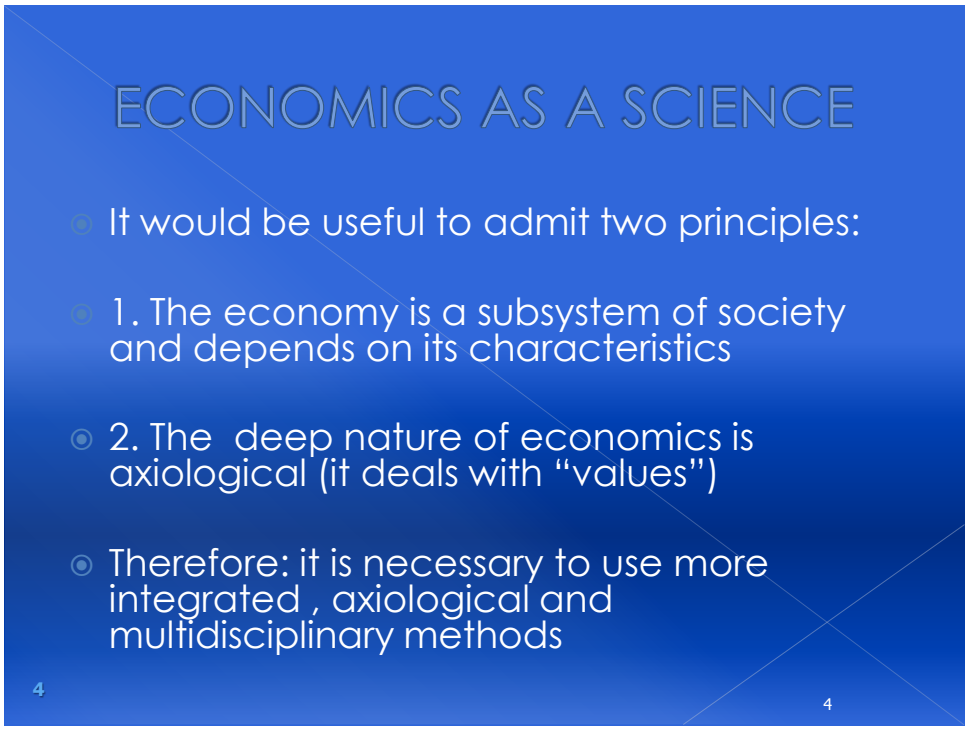
This is the Axiological-SETCU model presented in Agadir through 16 Power Point slides, although a couple of them are in Spanish. In spite of this, it is the hope of the author that the description which follows will allow to understand the final aims of the model and its consequences. Some of these slides will be presented in a different color (numbers 8, 9 and 13) in order to emphasize their central importance in the model.

Slide 1 only presents the five universities (Complutense Madrid, Autónoma Madrid, Politécnica Madrid, Alcalá and IESE) who participated with some colleagues in the model.

To begin with, let us consider critically what is current Economic Science (slide 2)



Slide 2: The deep nature of economic science

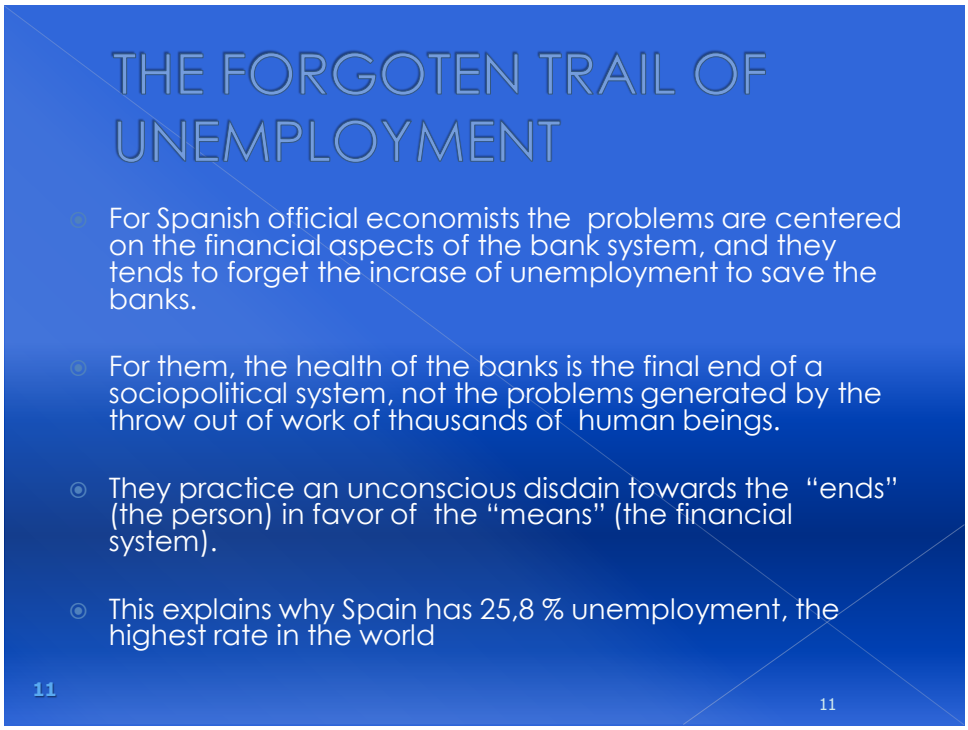
Therefore, economic science should be centered on the material production of things, but in a way compatible with an integrated humanistic conception of human beings. This more humanistic economic science should start by knowing and analyzing the needs of the populations in order to try the satisfaction of them.

The model assumes that there are nine universal **needs** that have to be satisfied by all the governments in the world through the corresponding production of **values**. This final global end of every socio-political organization shapes the following REFERENCE PATTERN OF VALUES: **Health; Wealth; Security; Knowledge; Freedom; Distributive Justice; Conservation of Nature; Quality of Activities; and Moral Prestige.**

How is it possible to know the people's needs? From the analysis done through the empirical data of Spanish sociopolitical system, a selection of main axiological imbalances in the production of these values were detected as a first step. A second step was to compare these imbalances within an International Comparable Space (f.i. the 10 more developed countries of European Union in terms of "per capita" GNP). The conclusive analysis gave four negatives results on the values of Wealth, Knowledge, Distributive Justice and Quality of Activities. Under these circumstances, the imbalanced profile should oblige to set up a new systemic axiological approach, not only to improve such an imbalanced "system of values", but above all to create competitive employ which is the "key variable" in the Spanish economy; and finally for making the employment the explanatory variable of the whole profile. The solution, then, could lead towards an important theoretical shift centered on the creation of competitive unemployment against current economic theories based in the reduction of public expenses and debts.

Slide 3: A necessary theoretical shift

Besides, the "unemployment variable" is not a normal one because it is not a single problem but a **cascade of problems** (social, political, psychological, sexual, familiar…) that have at the same time a negative influence on the economic activity (less GNP, taxes, more expenses, more public deficit and debt, less inversions, more inflation…) The problem, then, is that economists do not take into account the relative weight of the unemployment variable in the system of values. Economists speak about financial debt, interest, public deficit, economic growth, expected growth in V, W,L,U,. etc. but they tend to forget that the most important variable of the system is unemployment, specially when it reach the highest level in the world. That is why Slide 4 wants to complement the description of the true problem in the Spanish economy.



Slide 4: The hiden disdain of the unemployment rate in Spain

This position of official economists in Spain obliges to see the shameful problem of 25,8% of unemployment from a different perspective: it is not acceptable to wait (may be for decades) to increase, f.i., 3% GNP/year to start creating new jobs. On the contrary, if the first action of the system is to create competitive jobs, then several social and economic problems can be solved at one: reduction of unemployment, economic growth, increase of income tax, reduction of public deficit, improving social services, and so on.

Therefore, it is absolutely necessary to contemplate the main imbalances of the Spanish complex system before taking any action. From the unavoidable axiological analysis (the criticism of the system of values produced) 36 main imbalances were discovered, but a selection of them was made in order to accentuate the following three big imbalances presented in Slide 5.

Slide 5: The three big imbalances as an "unsustainable triad"

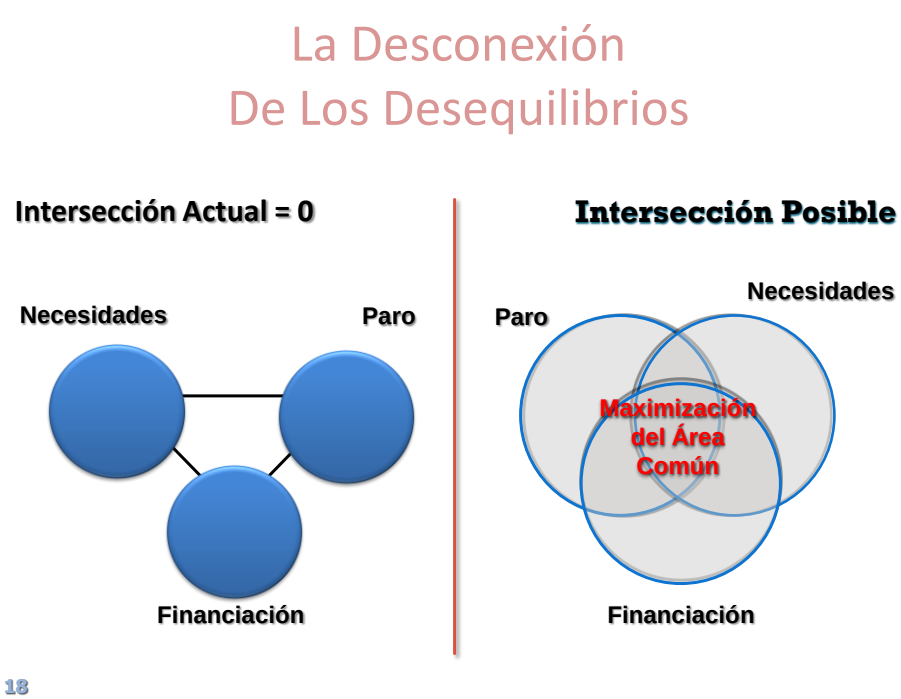
The estimation of 4.152.000 of uncovered jobs can be seen in slide 6.

Slide 6: Some estimated uncovered jobs in Spain

About the financial available means, the last figure of 50.000 million euros/year in slide 5 can be explained in Slide 7:

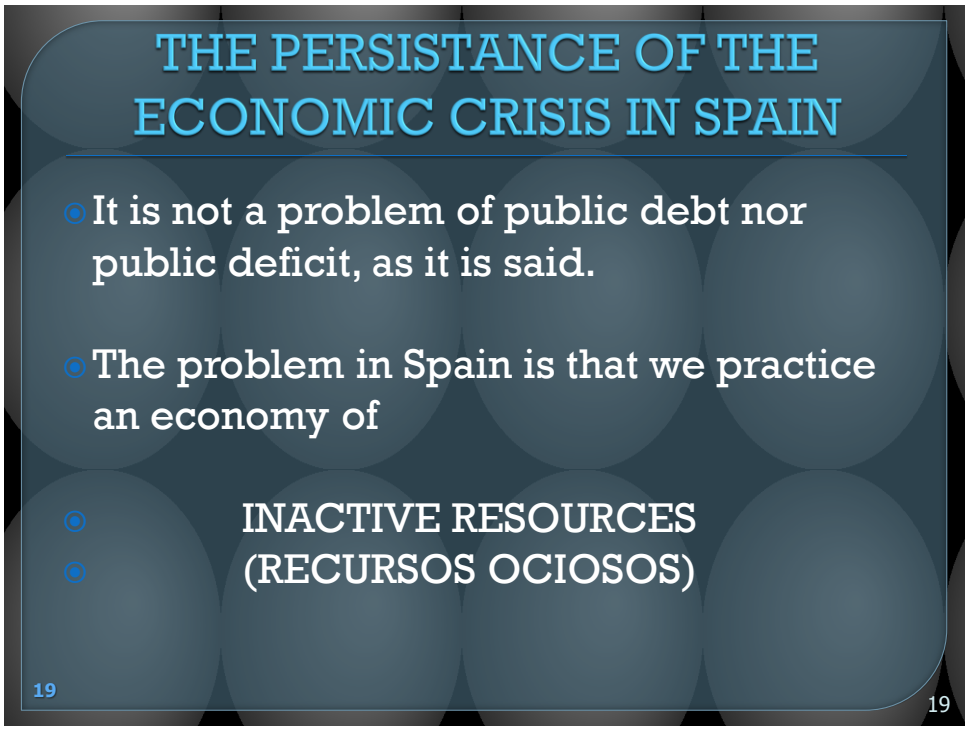
Slide 7: A description of the financial means available in Spain

Then, the real problem in Spain is radically different of other countries. First, no other comparable country has an **unsustainable triad** (uncovered jobs, unemployment and wasted money) at such levels; second, it is the absence of an interrelated systemic model that should take into account to explain these huge imbalances among values; and third, not to apply the possibilities which offer this "unsustainable triad". This inadequate analysis of the whole socio-political system, could be call the "systemic sin" of the Spanish government. This policy, completely out of focus from a systemic point of view, can be seen clearly through the figures in Slide 8:



Slide 8: The disconnection among values

Needs (necesidades), Unemployment (paro) and Financial means available (financiación) are in Spain absurdly disconnected. The solution, then, is to pass from model "Interconnection=0" to model "Interconnection possible" trying to maximize the common area among the three inactive resources. The nature of the problem, therefore, has changed deeply as show in Slide 9:

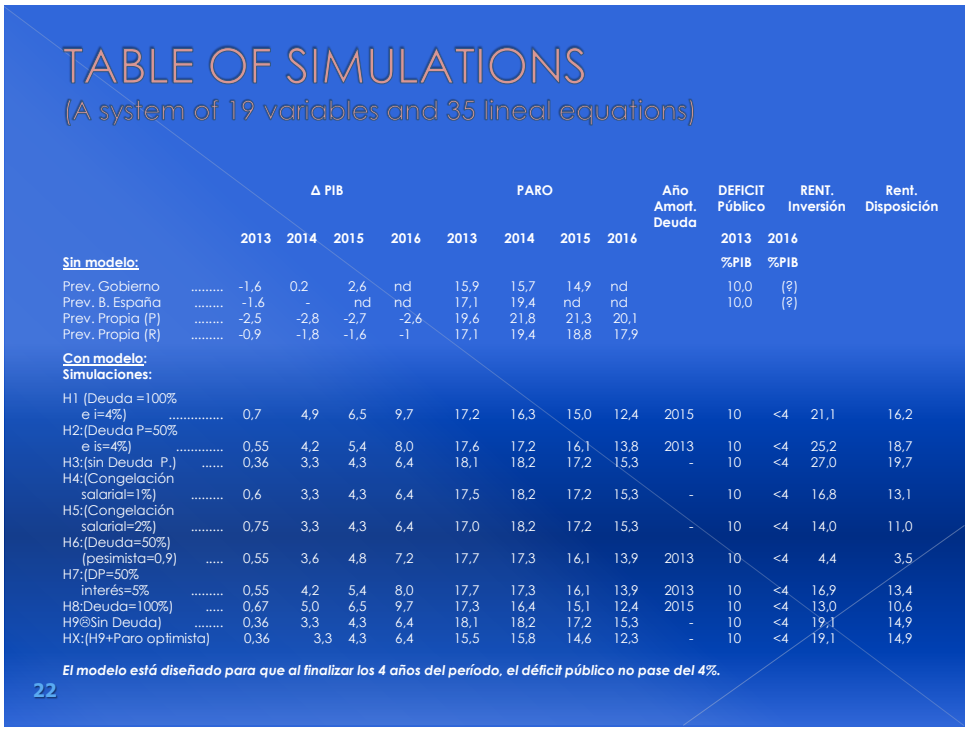


Slide 9: The undue persistence of the crisis in Spain as an "economy of untapped resources"

The due interconnection among the **three inactive resources** would imply to transform the economic structure of the country, through some measures like public education, professional training and construction of infrastructures, as shown by Slide 10:

10: Towards the transformation of economic structure in Spain

On the base of this theoretical shift, the method used in order to work out the number of possible new competitive jobs, was to set up a simple lineal model with 19 variables and 35 equations, from where nine simulations were performed so to find the best possible solution. See slide 11,



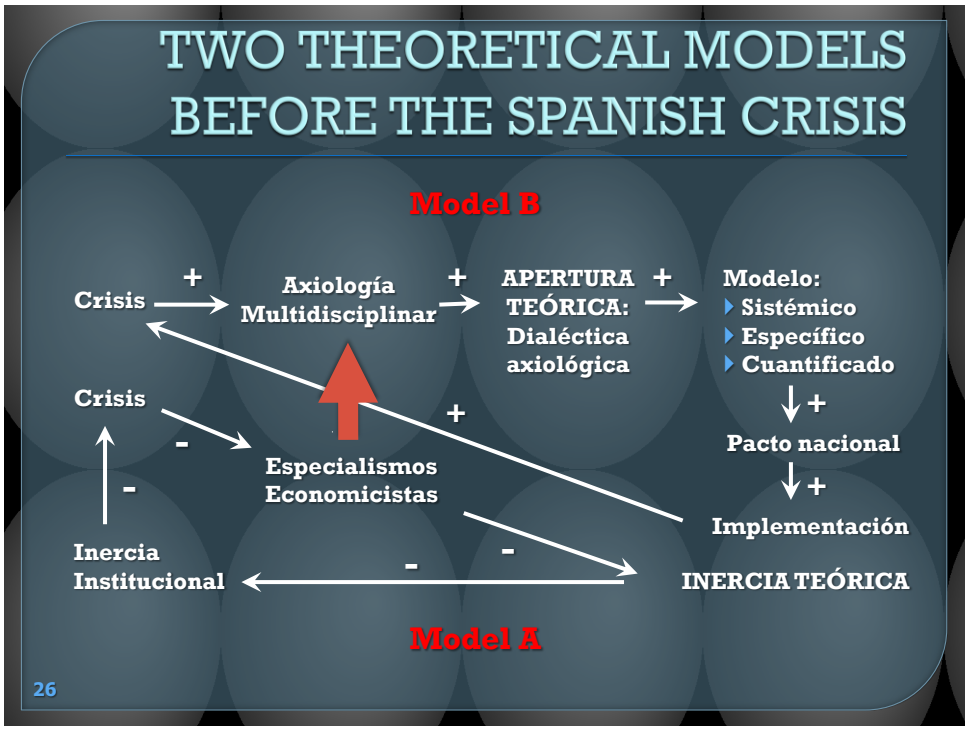
Slide 11: Some simulations of the Axiological-SETCU model

The results seen in slide 11 ("Hypothesis 9, sin deuda"=without increasing public debt) could perhaps be considered as too optimistic, but they are perfectly achievable since they do not cover all the current potential possibilities of Spain. In the next Slide 12 it can be seen the differences between what is **possible**, what is

estimated, what has been the **basic** model used, and finally what has been the hypothesis selected as **realistic** by the Axiological model for the period 2013-16 as can be seen in slide 12

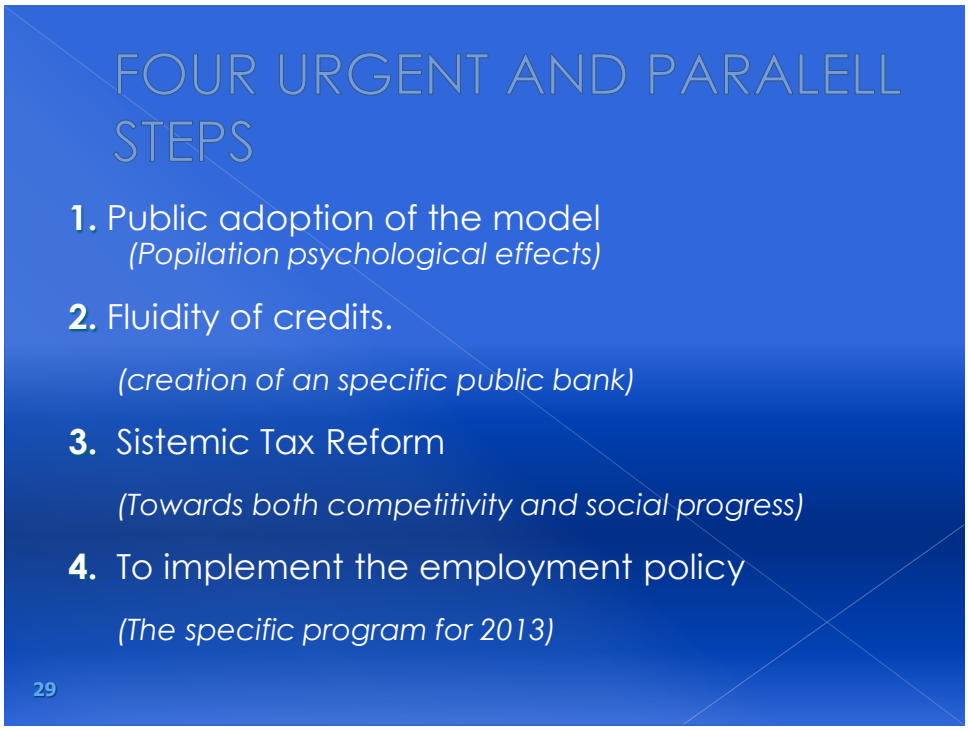
Slide 12: Realistic possibilities of the Axiological Model

Therefore, the solution given by hypothesis 9 makes possible to compare two possible economic models for Spain: model A that is the one has been adopted, and therefore, no solution could be forecasted maybe within the next decade. Model B on the contrary may develop a very different outcome for the economic crisis at a very short term (about one year). Slide 13 resumes the important theoretical change that would be necessary to adopt in Spain.



Slide 13: Two theoretical models for the Spanish economy

What should be done to implement model B? At least it would be necessary to undertake four parallel and ambitious strategies which should start with the setting up of a model like the Axiological one, and with the main purpose of motivate psychologically the Spanish population. The public adoption of an integrated quantified model, the creation of a national bank for fluidity of credits; a deep systemic tax reform; and above all the interconnection of the so called "unsustainable triad" (**unemployment; uncovered jobs;** and **wasted money**) for the creation of competitive jobs, should be the four urgent parallel steps to give as slide 14 shows.



.Slide 14: Four urgent steps in the Spanish economy

And the relevant final question is: **why these four steps are not undertaken?.** Slide 15 tries to answer it in a very concise way:

Slide 15: An explanation of the Spanish situation

These three hypotheses shape the existence of a vicious circle. How to brake it?. It could be perhaps a possibility as it is said in the conclusive slide 16.

Slide 16: A necessary attitudinal change as a conclusion

DISCUSSION

At the end of the presentation several questions were formulated. For instance, why the model proposes e decrease of salaries for the workers?. The reason of such a measure is only at short term (during a year or two at maximum) and it is an strategy in order to facilitate new jobs. But the main reason is that such a measure is only a partial one within the whole model where other variables compensate and increase the general benefits for the workers.

Other question was about the difficulty to implement rationality in the tax system and to avoid fiscal fraud given the opposition of economic powers. The answer is that it is necessary to recognize the deep cultural difficulties to solve the problem, but the model contemplates a desirable progressive solution by increasing the number of inspectors at the service of fiscal authorities given that the ratio inspectors/population in Spain remain below the average de ICS (International Comparable Space) countries.

Other question was about the general organization of variables within the Axiological Model. How to select them and how to consider their relative weight into the Spanish economy?.The answer was that the selection was made by the team who elaborated the model, but taking into account that this team was composed by specialists of different disciplines.

In general was quite clear that only through some adequate systemic or integrative methods was possible to understand social complex problems and propose operational solutions. The question remain why Spanish economic authorities does not analyze the very grave problem of unemployment from this global and systemic perspective.

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