



Barcelona, April 10, 2014

La creació i destrucció de valor en l'economia del coneixement. Reflexions sobre el cas d'Espanya.

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<http://intellectualcapitalmanagementsystems.com>

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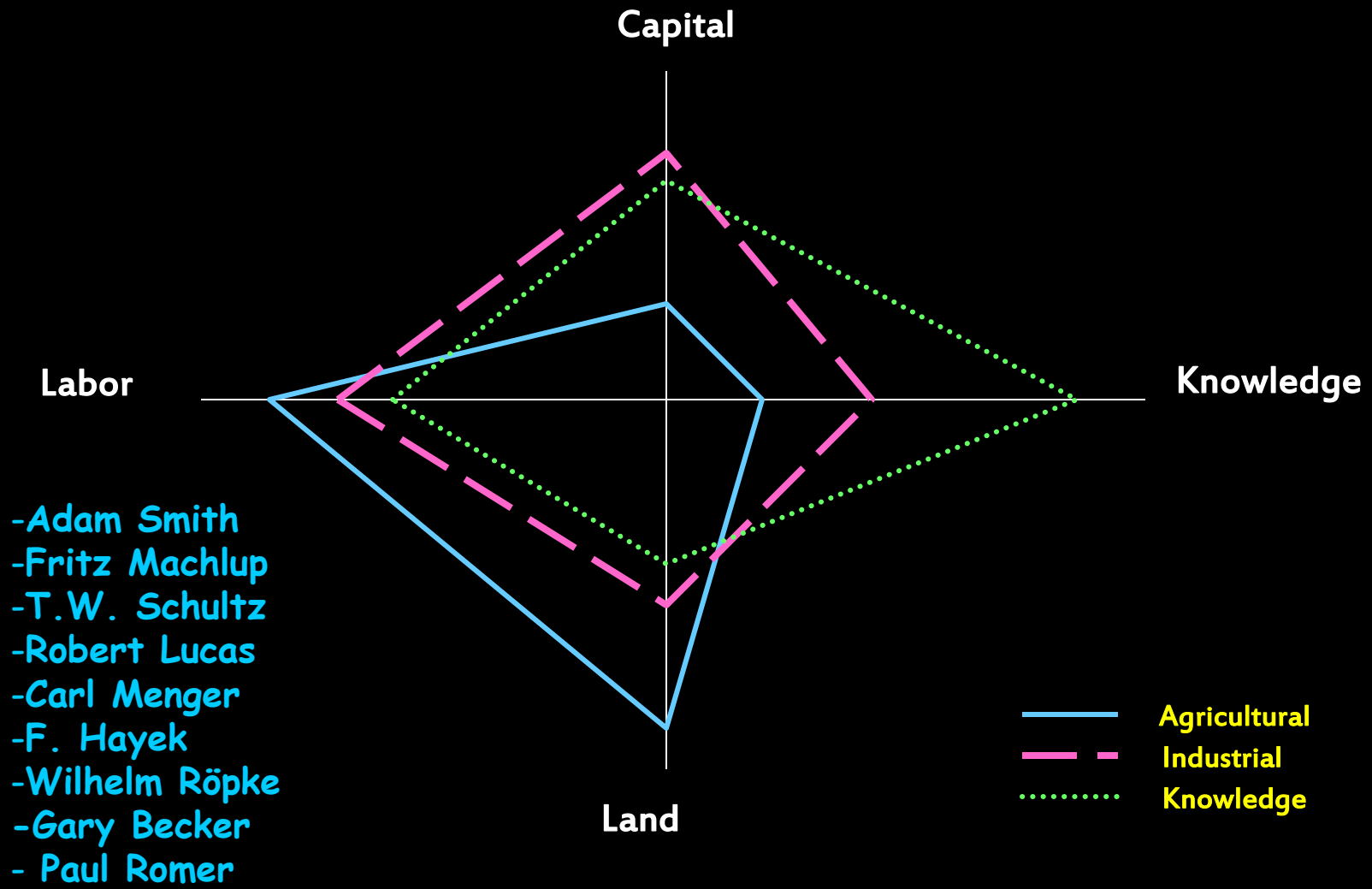
1. Knowledge Economy. Definitions and characteristics.

“We are entering a new age, an age of knowledge, in which the key strategic resource necessary for prosperity has become knowledge itself – educated people, their ideas and innovation, and their entrepreneurial spirit.”

(Bloch, 1988)



The advent of the Knowledge economy.



Knowledge Economy Definitions

“... one in which the generation and exploitation of knowledge has come to play the predominant part in the creation of wealth. It is not simply about pushing back the frontiers of knowledge; it is also about the most effective use and exploitation of all types of knowledge in all manner of economic activity”

(DTI Competitiveness White Paper 1998).

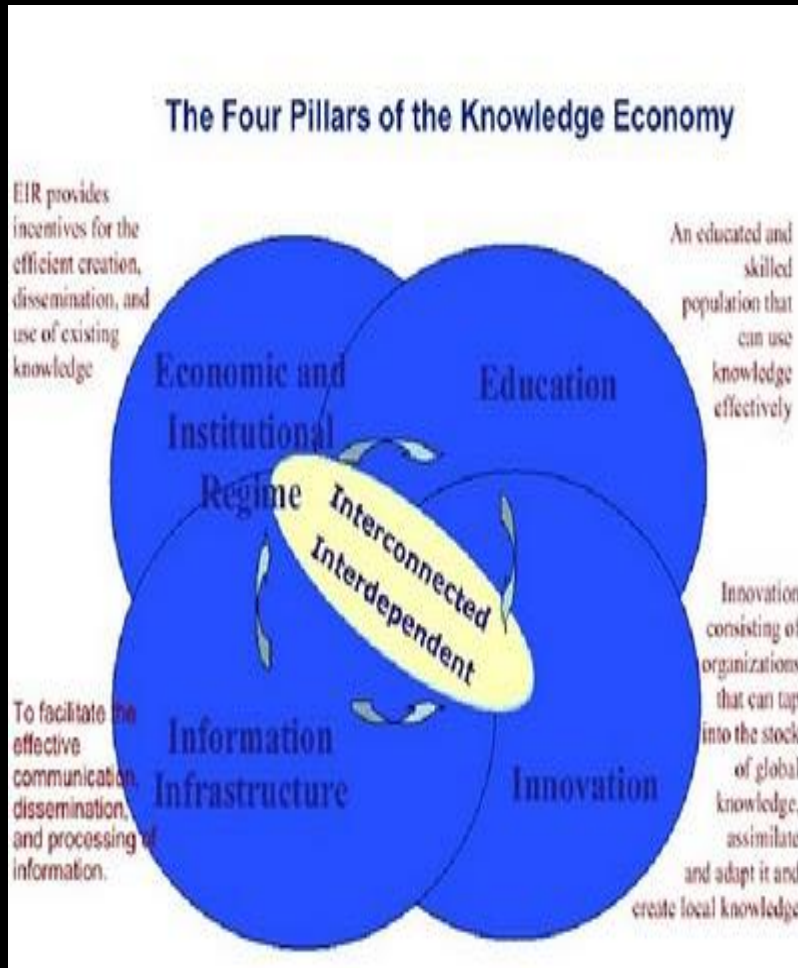
“economic success is increasingly based on upon the effective utilisation of intangible assets such as knowledge, skills and innovative potential as the key resource for competitive advantage. The term “knowledge economy” is used to describe this emerging economic structure”

Economic & Social Research Council 2005

Source

<http://www.theworkfoundation.com/Assets/Docs/I%20Brinkley%20HE,%20FE%20and%20the%20Knowledge%20Economy.pdf>

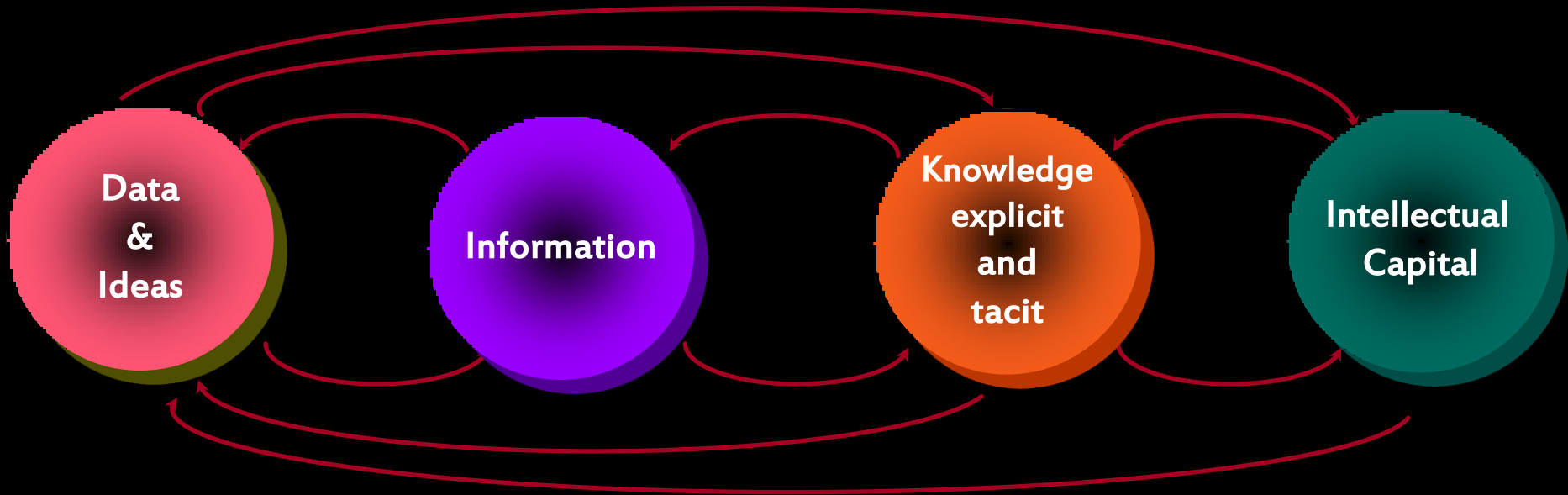
Pillars of KBE



- An educated and entrepreneurial population
- A dynamic information systems infrastructure
- An economic and legislative environment that favours ITT, knowledge transfer and entrepreneurship
- An efficient innovation Systems (Research Networks, Triple Helix....)

(World Bank)

Interrelationship among Data, Information, Knowledge and I.C.



Data

Organized data

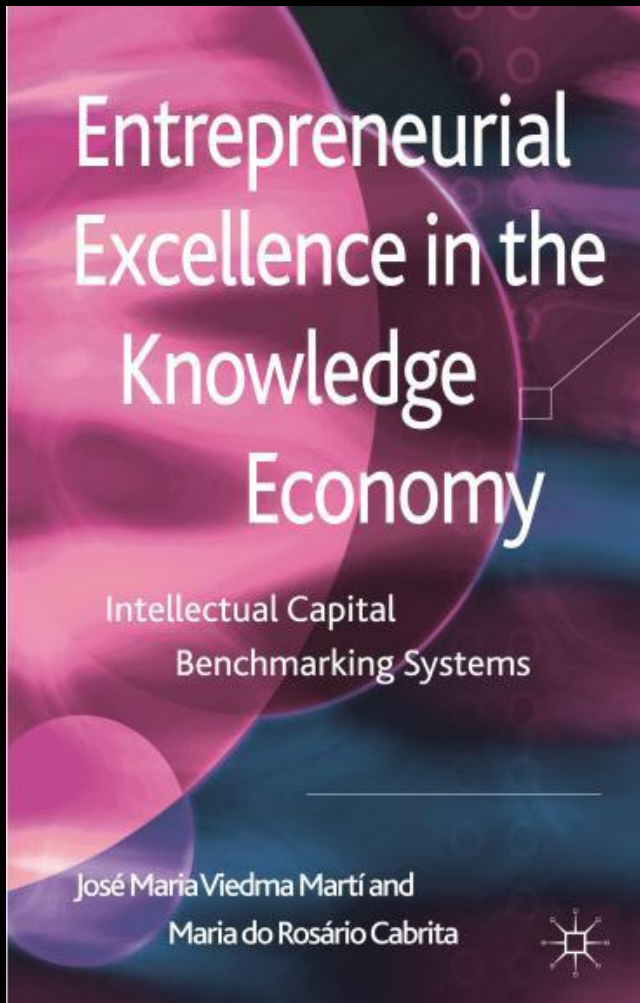
Is a set of beliefs about casual relationships in the world and an organisation
Ron Sanchez

Knowledge that produces value

Justified personal belief towards the truth.
Ikujiro Nonaka

Knowledge and other intangibles that produce value

2. Principles and theories of wealth creation in the Knowledge Economy



Entrepreneurial Excellence in the Knowledge Economy

Intellectual Capital Benchmarking
Systems

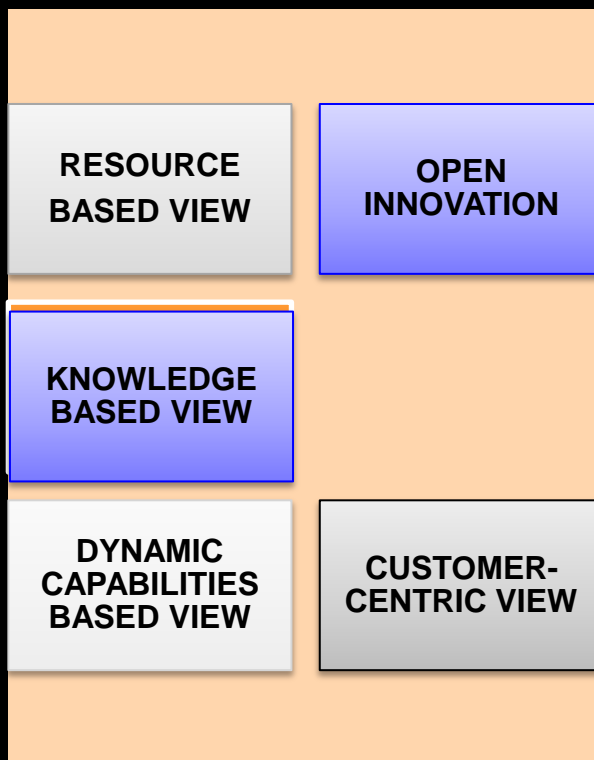
By José María Viedma Martí and
María do Rosário Cabrita

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macmillan

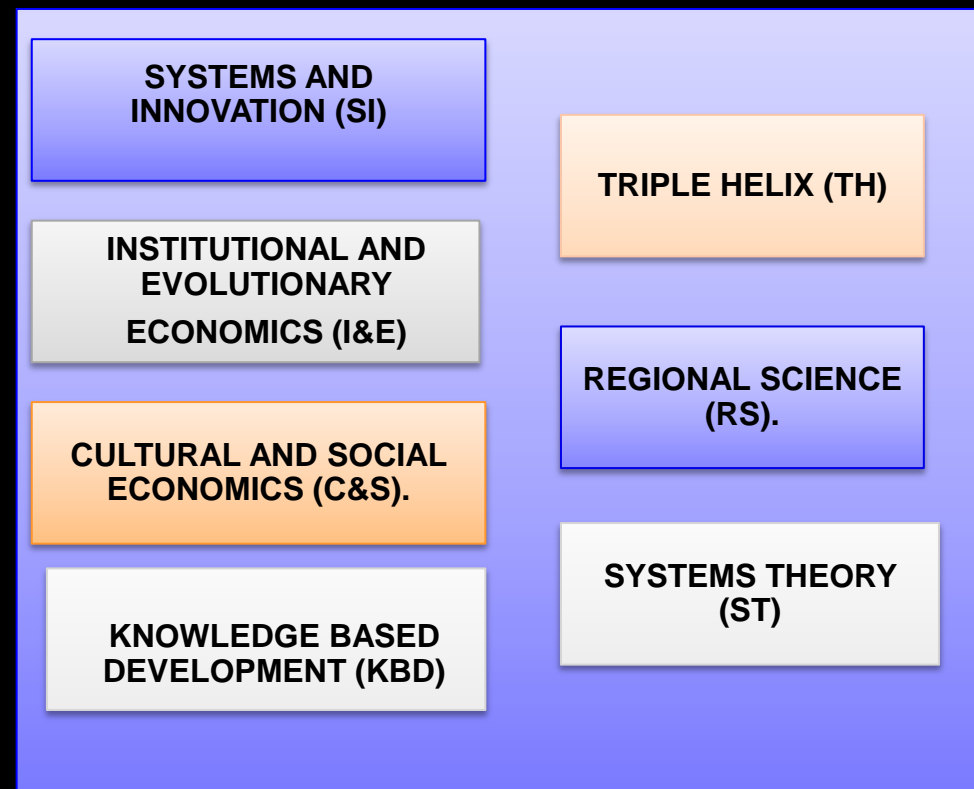
Theoretical Foundations Strategic Focus

Micro Level (Enterprises)



INCAS, ICBS (OICBS, IICBS), SCBS.

Macro Level (Cities, Regions, Nations)



CADIC, CICBS, RICBS, NICBS

Wealth Creation in the Knowledge Economy

Macro dimension

Free
Market
economy

Knowledge
based
economy

Liberal
democratic
political
systems

Entrepreneurial
excellence

Inclusive political,
economic and social
institutions

High quality
human capital

Micro dimension

Fuente: José María Viedma 2014

Wealth Creation in the Knowledge Economy

Macro dimension

Heritage
Foundation
Index of
economic
freedom.

Free
Market
economy

Knowledge
based
economy

KEI
K4D
ISB
Global
Innovation
index (GII)

Liberal
democratic
political
systems

Freedom House
Global democracy ranking
Democracy index

Entrepreneurial
excellence

Global
entrepreneurship and
development index.
GEINDEX

Inclusive political, and
economic institutions

WEF
Institutions
The global
competitiveness
index

High quality
human capital

WEF
The human capital report

Micro dimension

Sustainable growth in the KE

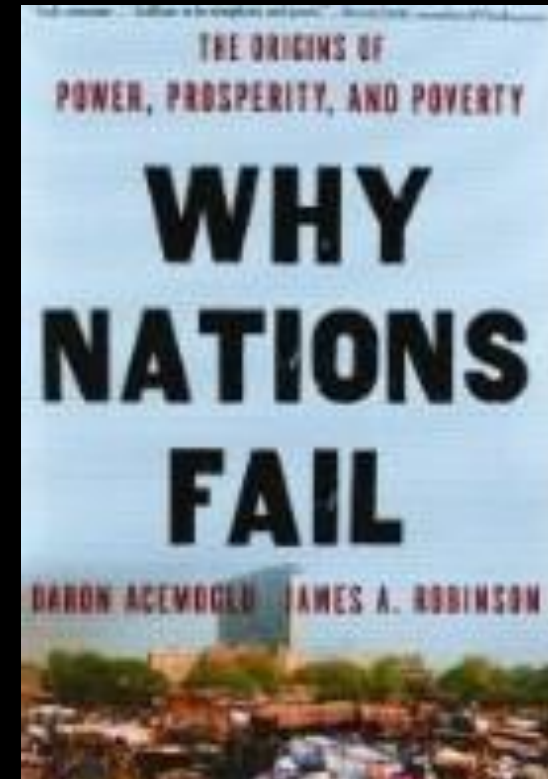
"Growth without technological advance is not good; it represents short-run advantage that will be paid for in long-run retardation".

David S. Landes

Source: Neef, Dale (1998) *The Knowledge Economy*. No. 5 Landes, D. "*Homo Faber, Homo Sapiens: knowledge, technology, Growth, and Development*" pp 53-73 Butterworth-Heinemann, USA.

Why Nations Fail

Argues that the key differentiator between countries is "institutions". Nations thrive when they develop "inclusive" political and economic institutions, and they fail when those institutions become "extractive" and concentrate power and opportunity in the hands of only a few.



Source: Why Nations Fail. The origins of power prosperity and Poverty. Darom Acemoglu & James A. Robissonn . Profile Books Ltd. (2013)

Theoretical principles

Who?

- ◆ A market economy with inclusive political and economic institutions is the sine qua non condition for sustainable economic and social development.
- ◆ Wealth or poverty of a specific nation is strongly dependant on the number of competitive or excellent companies that the specific nation has.
- ◆ Government does not create wealth but contributes to facilitate or to hinder wealth creation.
- ◆ An excellent or competitive company is the one that achieves long term extraordinary profits due to the fact that has a business model with sustainable competitive advantages.
- ◆ In the knowledge economy sustainable competitive advantages are mainly based on intangibles. Consequently strategic management of intangibles or intellectual capital becomes a fundamental task.
- ◆ In order to achieve business excellence strategy perspective is the key one.

Source: Viedma & Cabrita 2012 "Entrepreneurial Excellence in the Knowledge Economy. ICBS".

Theoretical principles

How?

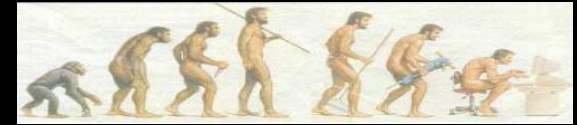
- ◆ Business excellence is always due to good strategy formulation and superior strategy implementation.
- ◆ Good strategy formulation and superior strategy implementation is always a human task and strongly depends on the quality of the top management team and the key professional people.
- ◆ In a continuous changing environment business models quickly get out-of-date and as a consequence of that, innovation in business models¹ becomes an urgent need.
- ◆ In any company the essential activity to perform is always innovation in the business model so it can be converted in an excellent or competitive business model.
- ◆ Companies alone do not create wealth. They need the collaboration of other companies, universities and research institutes, financial institutions, government and other organisations and institutions and specially the existing ones in the cluster, region or nation where the company is located. In other words they need to be active part of a territorial open innovation system and of, what some authors like to call, knowledge based ecologies.

Source: Viedma & Cabrita 2012 "Entrepreneurial Excellence in the Knowledge Economy. ICBS".

¹ We consider, in this particular context, that innovation in business models, encompass all types of innovations, including products, services, processes, technical, management, etc.

Wealth Creation in the KE

People



Knowledge



Intangibles



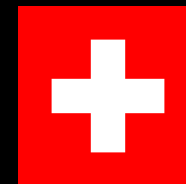
Competitive Enterprises



Innovative Enterprises



Suitable Environment



3. Wealth creation and competitiveness.

Competitiveness Definition

"The degree to which a country can, under free and fair market conditions, produce goods and services which meet the test of international markets, while simultaneously maintaining and expanding the real incomes of its people over the long term".

(OECD "official" definition 2002)

Wealth creation and Nations' Competitiveness

“Nations themselves do not compete, rather, their enterprises do”

“The role of nations in shaping the environment in which enterprises operate influence their competitiveness”

*“Competition among nations can be seen in the areas of education and know-how. In a modern economy, **nations** do not rely only on products and services, **they also compete with brains**”*

(Stéphane Garelli-IMD 2002)

Wealth creation and Nations' Competitiveness

“It is well understood that sound fiscal and monetary policies, a trusted and efficient legal system, a stable set of democratic institutions, and progress on social conditions contribute greatly to a healthy economy

These broader conditions provide the opportunity to create wealth but do not themselves create wealth

*Wealth is actually created in the microeconomic level of the economy. **Wealth can only be created by firms***

More than 80 percent of the variation of GDP per capita across countries is accounted for by microeconomic fundamentals. Unless microeconomic capabilities improve, macroeconomic, political, legal, and social reforms will not bear full fruit”

(Michael Porter 2005)

4. Methodologies and frameworks for diagnosing competitiveness or wealth creation potential of regions and nations in the knowledge economy.

Two sets of frameworks

◆ Competitiveness frameworks:

- ❖ W.E.F. Global Competitiveness Index
- ❖ I.M.D. World Competitiveness Year Book

◆ IC Community frameworks

- ❖ Mainly based on Skandia Navigator (Leif Edvinsson)
- ❖ Some concentrate on knowledge-creation and innovation. (Pirjo Stahle)
- ❖ NICBS that tries to integrate the two sets of frameworks and considers the micro and macroeconomic dimension.

The 12 factors of competitiveness of W.E.F.

Basic requirements

- Institutions
- Infrastructure
- Macroeconomic environment
- Health and primary education

Key for
factor-driven
economies

Efficiency enhancers

- Higher education and training
- Goods market efficiency
- Labor market efficiency
- Financial market development
- Technological readiness
- Market size

Key for
efficiency-driven
economies

Innovation and sophistication factors

- Business sophistication
- Innovation

Key for
innovation-driven
economies

IC community frameworks.

IC community contributions.

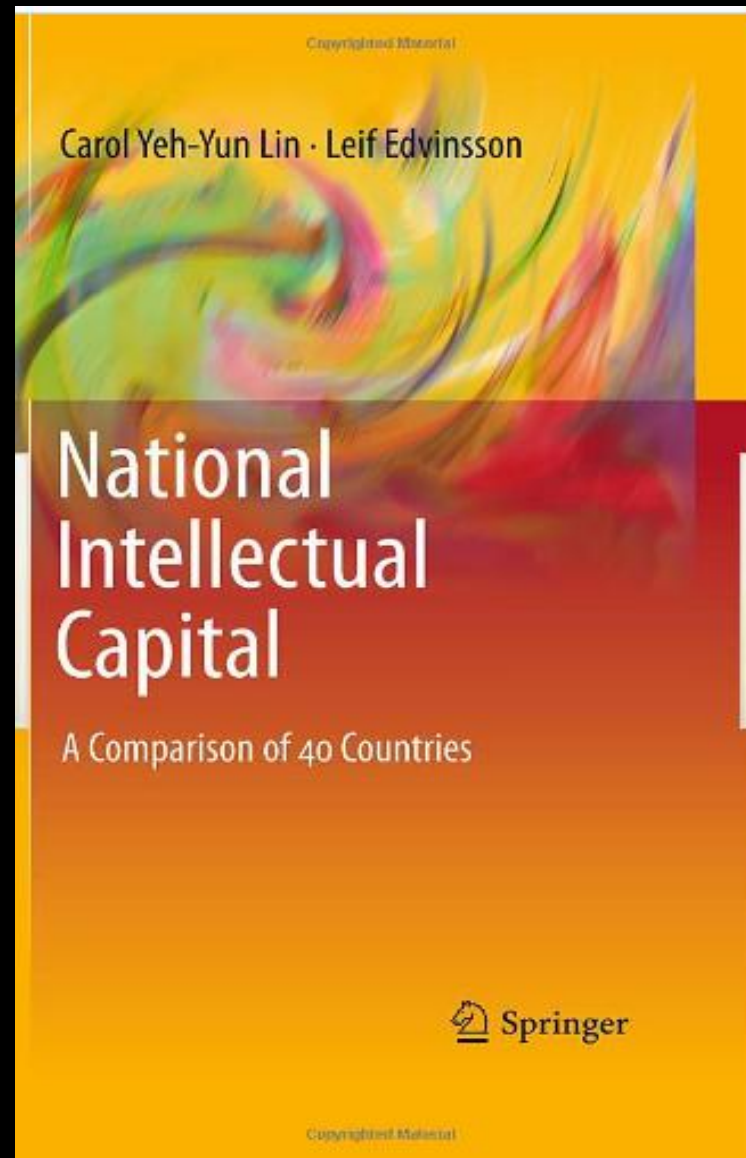


Table 3.1 Variables in each type of capital proposed by this study

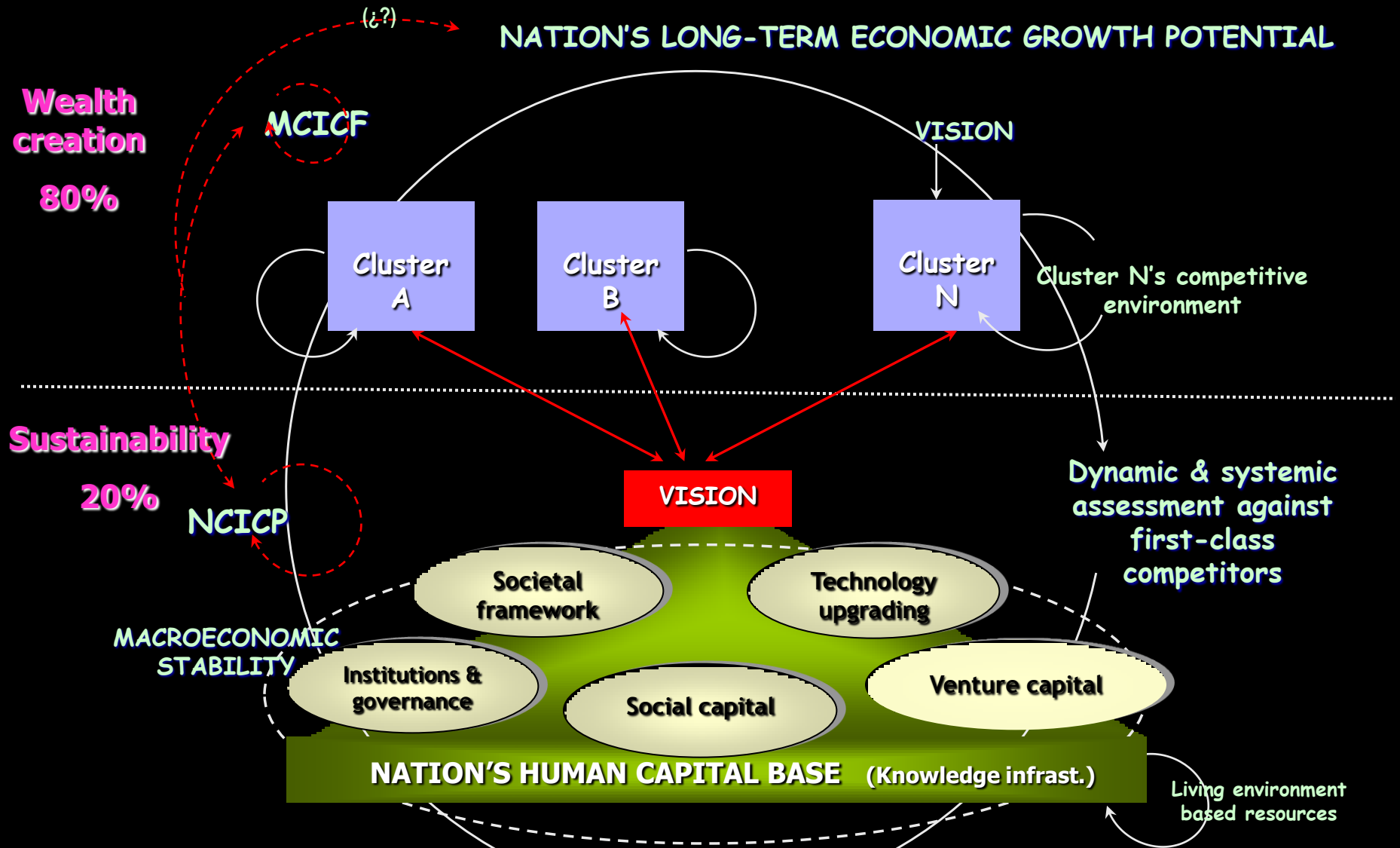
<i>Human capital index</i>	<i>Market capital index</i>
Skilled labor [#]	Corporate tax [#]
Employee training [#]	Cross-border venture [#]
Literacy rate	Openness of culture [#]
Higher education enrollment	Globalization [#]
Pupil–teacher ratio	Transparency [#]
Internet subscribers	Image of country [#]
Public expenditure on education	Exports of goods
<i>Process capital index</i>	<i>Renewal capital index</i>
Business competition environment [#]	Business R&D spending
Government efficiency [#]	Basic research [#]
Intellectual property rights protection [#]	R&D spending/GDP
Capital availability [#]	R&D researchers
Computers in use per capita	Cooperation between universities and enterprises [#]
Convenience of establishing new firms [#]	Scientific articles
Mobile phone subscribers	Patents per capita (USPTO+EPO)

Remarks: (1) Financial capital is the logarithm of GDP per capita adjusted by purchasing power parity. (2) Variables marked with # are rated qualitatively using a scale of 1–10

Source: Yeh-Yun Lin; Edvinson (2011)
National Intellectual Capital.

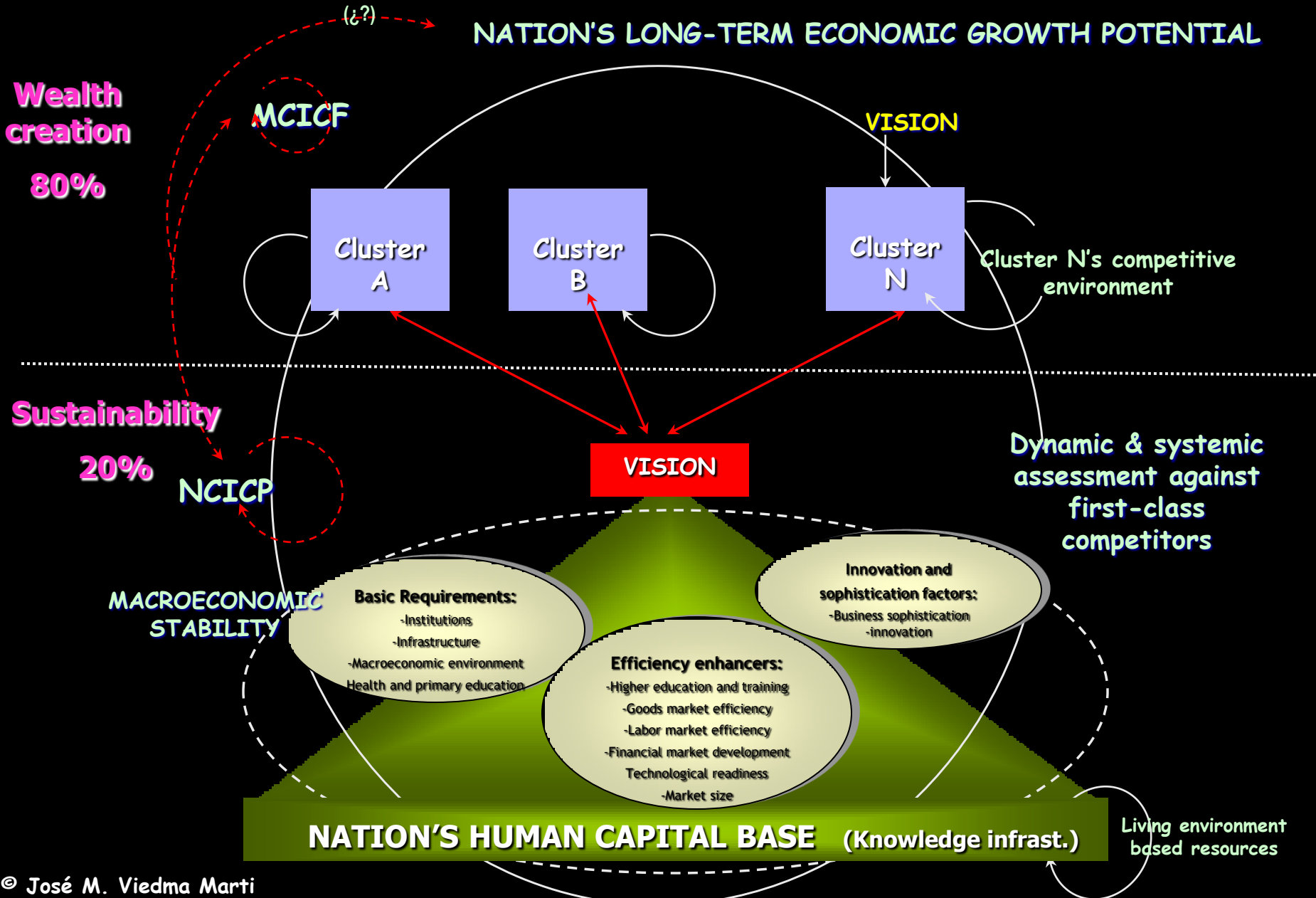
NICBS framework

NICBS: Main Structure & Key Elements



**Integrating WEF competitiveness
framework in the NICBS
framework = Enhanced NICBS**

NICBS: Main Structure & Key Elements



5. Reflections on the crisis of Spain.

Spain



Europe's economies

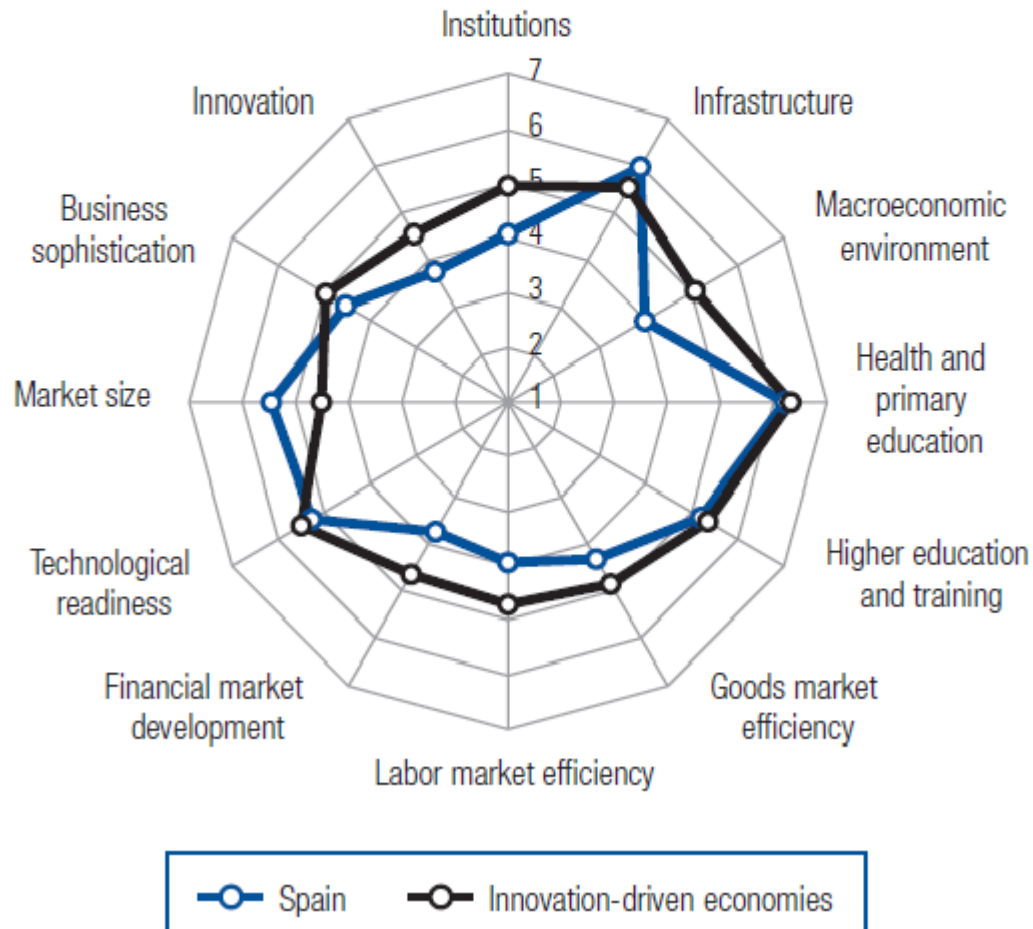
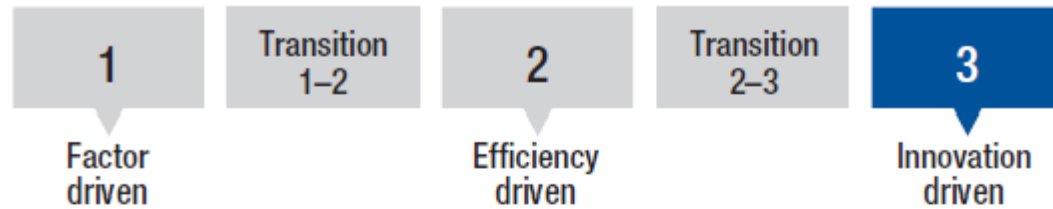
European Union countries' currency status

- Euro area
- Currency pegged to euro
- Floating currency



Source: *The Economist*

Stage of development



Source :The Global Competitiveness Report 2013-2014
World Economic Forum pp.348

Economía Española. El Diagnóstico

1. La zona euro en La UE.
Una zona en construcción
2. La zona euro, equivalente a la primera división de la competitividad
3. La entrada en el euro y el cambio de las reglas de juego:
 - Las devaluaciones externas ya no son posibles.
 - Los ajustes a los desequilibrios mediante devaluaciones internas.
4. Sistema productivo, Estructura, Competitividad, Valor Añadido, I+D+i

1 enero 2000

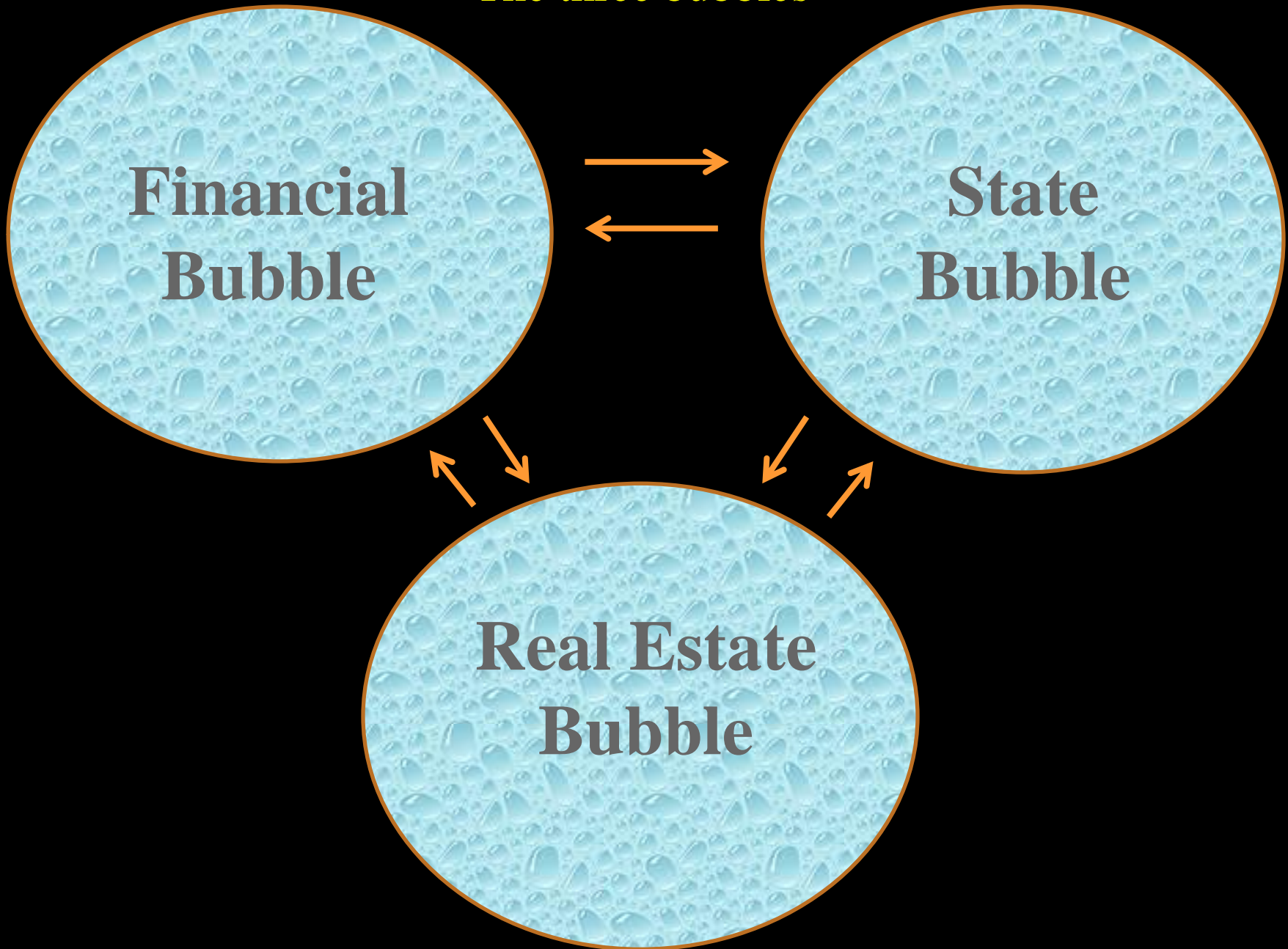
1. Con la entrada en el Euro financiación barata (2%) del BCE e interbancario
2. Formación de las tres burbujas: Financiera, Productiva (ladrillo) y Estatal.
3. Endeudamiento brutal de las familias, empresas, estado y sistema financiero
4. Déficit de la balanza por cuenta corriente (10%)

Desde 2000 hasta 2007

1. Estallido de las tres burbujas
2. Destrucción del tejido empresarial
3. Incremento imparable de la tasa de paro
4. Incremento de la economía sumergida
5. Incremento de la deuda y el déficit público
6. Problemas de financiación y prima de riesgo

Desde 2007

The three bubbles



**Financial
Bubble**

**State
Bubble**

**Real Estate
Bubble**

Burbuja Financiera

- Los bancos se endeudan a corto y prestan a largo
- Fuente de financiación barata del BCE 2% o en el interbancario (Entidades francesas y sobre todo alemanas)
- Tipo de interés de las hipotecas cayó del 6,5% en 2001 al 3% entre 2003 y 2005.
- Crédito al sector privado se triplicó desde 560.000 millones de euros hasta 1,7 billones entre 2001 y 2007.
- En 2007 el sector financiero tenía prestado en su conjunto alrededor de 1,8 billones de euros, de los cuales 1,1 al ladrillo (600.000 hipotecas, 320.000 promotoras y 180.000 a constructoras) ¿Cuál será la pérdida final de estos préstamos?
- Creencia generalizada de que los precios de los pisos no bajan nunca.
 - Incremento de la demanda de viviendas
 - Entre 1998 y 2008 entraron 4 millones de personas.
 - Evitando la quiebra del sistema (FROB, Oliver Wyman)

Burbuja Inmobiliaria

Entre 2001 y 2007:

- las deudas de las empresas pasan de 400.000 millones de euros a 1,2 billones.
- Las deudas de las familias pasan de 320.000 millones hasta 870.000 millones
- Se incrementaron las deudas en 1,3 billones de euros, de los cuales 800.000 fueron al ladrillo.
- Los efectos de esta brutal inyección de crédito barato contaminan toda la economía.
- El sector del ladrillo llegó a representar en 2007 casi una cuarta parte de toda la economía (23% PIB).
- Durante los años del boom el 70% de toda la inversión en la economía española fue al ladrillo y mucha de esta inversión fue una mala inversión.
 - El precio del m² de la vivienda pasó de 1.500€ a 3.000€
- Se construyeron 4,5 millones de viviendas, más de las que se construyeron en Francia y Alemania juntas.
- El precio de la vivienda en España que era de 15 a 20 veces el valor del alquiler anual, pasó en 2007 a 33 veces.
- La burbuja atrajo mano de obra de baja calificación con sueldos elevados.

Burbuja Estatal

Desde 2001 a 2007:

- La recaudación anual de impuestos se incremento un 70% solo por detrás de Irlanda (80%)
- Los ingresos tributarios de 2007 fueron 175.000 millones de euros mayores que 2001
- Los políticos no resistieron a la tentación de despilfarrar todo este capital
- El gasto público total pasó de 263.000 millones a 412.000 millones (Burbuja Estatal)
- Número de políticos 445.568 El doble que Italia y 300.000 mas que Alemania

Desde 2007 a 2011:

- Los Ingresos cayeron un 15%
- Los Gastos aumentaron de 412.000 a 480.111 millones de euros
- Déficit en 2009 por encima del 11%. A partir de entonces disparado.
- Aumento de las primas de riesgo. Dificultades de financiación. Tipos de interés elevados
- En 2010 y 2011 España a la cabeza de los países con mas déficit del mundo
- Política de errónea de subir impuestos y minimizar recortes en gastos
- La burbuja estatal no se ha pinchado











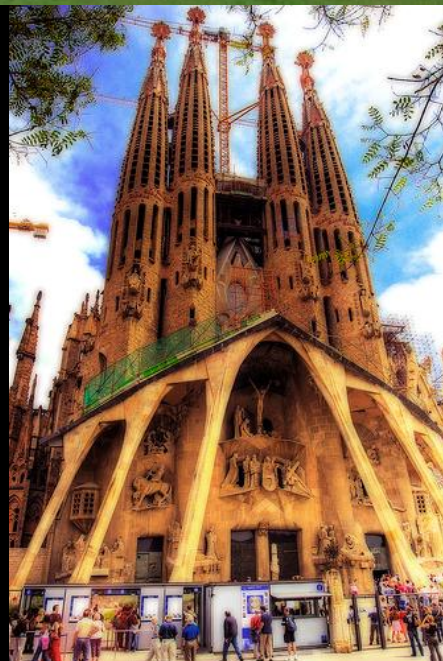
Turismo rural



Playa isla de la Toja, Galicia



Turismo cultural





PACIFICARD
TENEMOS PASIÓN TORERA
PACIFICARD

¡A QUITO EL AZUL LE VA MUY BIEN!
SANTAL

¿CÓMO SERÁ EL ROSTRO
TRONCAL DE LA PLAZA?
SANTAL

TEVCO
40 años
trampas en la
los Valores del Ecuador

XEROX
MULTIPLICA PASIÓN
Pasión por el COLOR

LA FIESTA
SABE MEJOR
CON

PORTI

PORTI

Diners Club
Internacional







500



© BCE ECB EZB EKT EKP 2001

Jam

500

500

500 EURO
ΕΥΡΩ



500

500

Corruption

- ◆ The urban corruption drags Spain to 40th place in the ranking of Transparency International
- ◆ Global Index of Corruption Perception ranks Spain next to Poland in 40th place out of 177 countries, with a score of 59 points, according to the Global Corruption Report by Transparency International (TI).
http://www.transparency.org/whatwedo/pub/cpi_2013

Economic Freedom

- ◆ Index of Economic Freedom ranks Spain 49 out of 178 countries. Lose 21 posts in this index. Government spending, the labor market and the protection of property rights, main drags on growth.
<http://www.heritage.org/index/>

Spain's corruption



2014

ANÁLISIS Y PERSPECTIVAS

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FUNDACIÓN FOESSA
FOMENTO DE ESTUDIOS SOCIALES
Y DE SOCIOLOGÍA APLICADA

Summary of the Spanish crisis diagnosis.

- ◆ The entry into the euro area began a period of abundant and cheap funding (primarily external) or easy credit at low interest rates.
- ◆ Financial bubble created the real estate bubble and the state bubble.
- ◆ As in all crises, brutal indebtedness of companies, individuals and state for doing wrong investments. Debts can not be paid
- ◆ In short, a false growth financed with external funds and concentrated on the three bubbles (growth without Technological Change). The growth has proved to be false because trade balance deficit and high debt.
- ◆ Since 2007 the three bubbles began to burst and we entered the worst of worlds: destruction of businesses, unemployment, recession, increased indebtedness, bankruptcy, defaults, financial difficulties, high risk premiums, etc.



Spain

M.Rajoy 

S. Saez de
Santamaria
De Guindos
Montoro
F. Baños



- Construction
- Primary Sector
- Services
- Industry

Population	
40.000.000	} 47.000.000
5.500.000	
1.500.000	



Spain



C, A, S, I
Population: 47 millions

17 autonomous regions



Spain

M.Rajoy
S. Saez de
Santamaria
De Guindos
Montoro
F. Baños



C, A, S, I
Population :47 millions
17 autonomous regions

Real state bubble



Spain



M. Rajoy
S. Saez de
Santamaria
De Guindos
Montoro
F. Baños
....

C A S I

Population: 47 millions
17 autonomous regions
Real State bubble

2008 } 1.667.865 ltd companies
2011 } 1.455.255 ltd companies
(-20%)

Underground Economy 20-25% GDP
26% Unemployment (55% youth unemployment)

Foreign debt = ± 1.670.000 millions €
Total debt = ± 3,300,000 Millions €
Net external debt = 970.000M € (90% GDP)

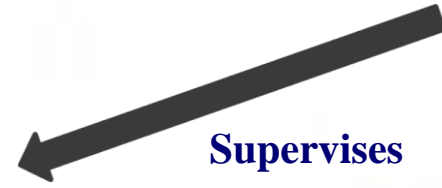
Innovative companies = 13.000 (should be 40.000)

R+D Investment = 7 billions (should be 14 billions)

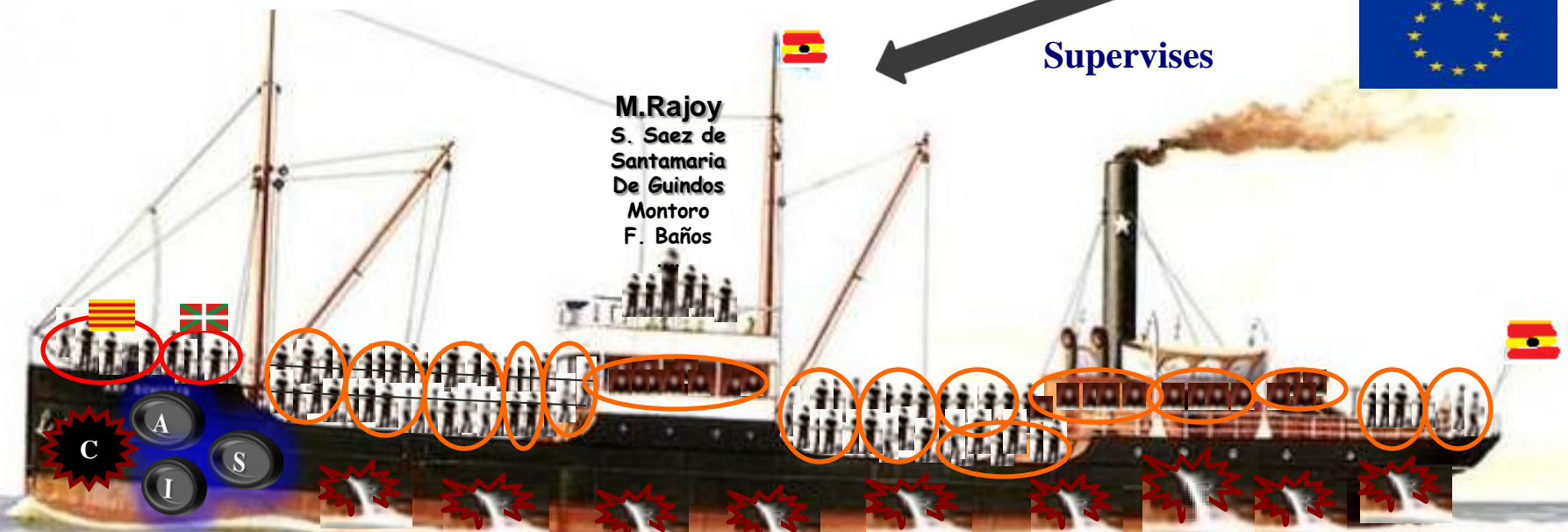
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Spain



M.Rajoy
S. Saez de
Santamaria
De Guindos
Montoro
F. Baños



C A S I

Population: 47 millions
17 autonomous regions
Real State bubble
-20% limited companies

Innovative companies 13 mil (40 mil)
R+D Investment 7 billions (14 billions)
Underground economy 20-25% GDP
26% Unemployment (55% Youth unemployment)
Foreign debt ± 1.670.000 millions €=
Total debt 4.000.000 Millions€

State Model

Public debt and deficit

Labor Reform

Current account balance deficit

Energy System

Educational System

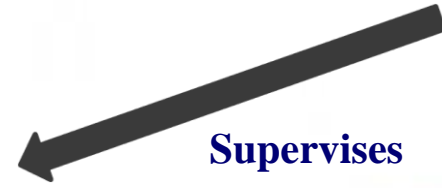
Financial System

Justice

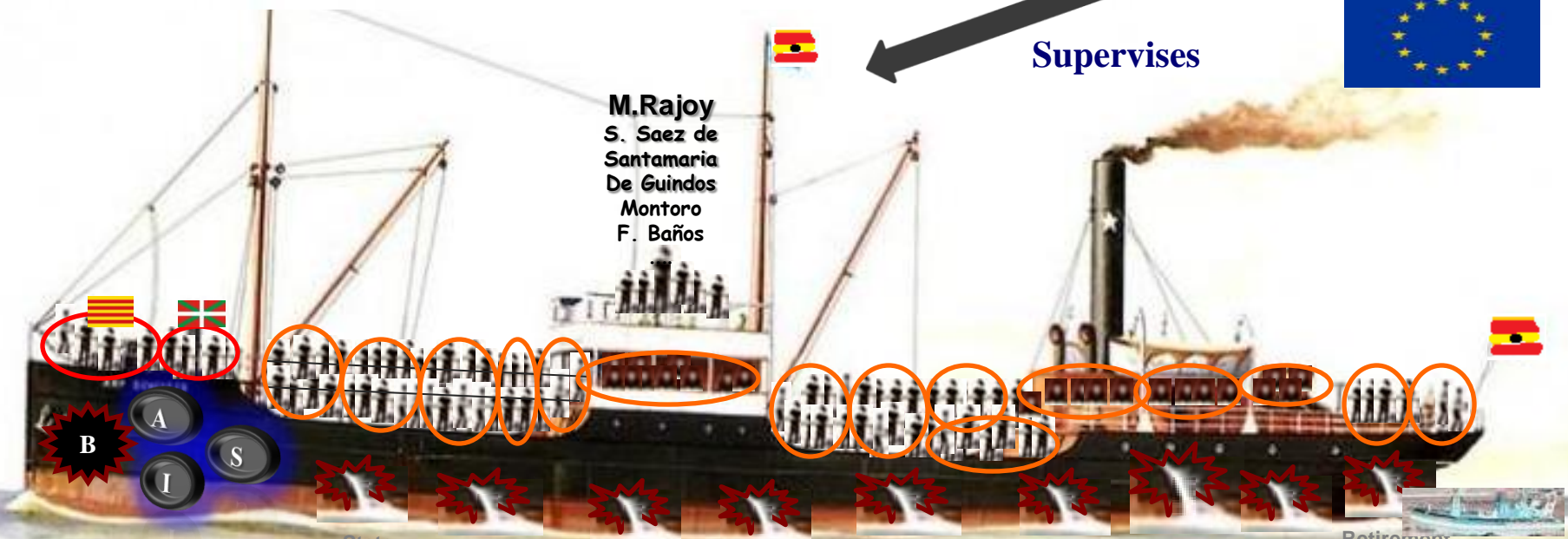
Retirement Pensions



Spain



M. Rajoy
S. Saez de
Santamaria
De Guindos
Montoro
F. Baños

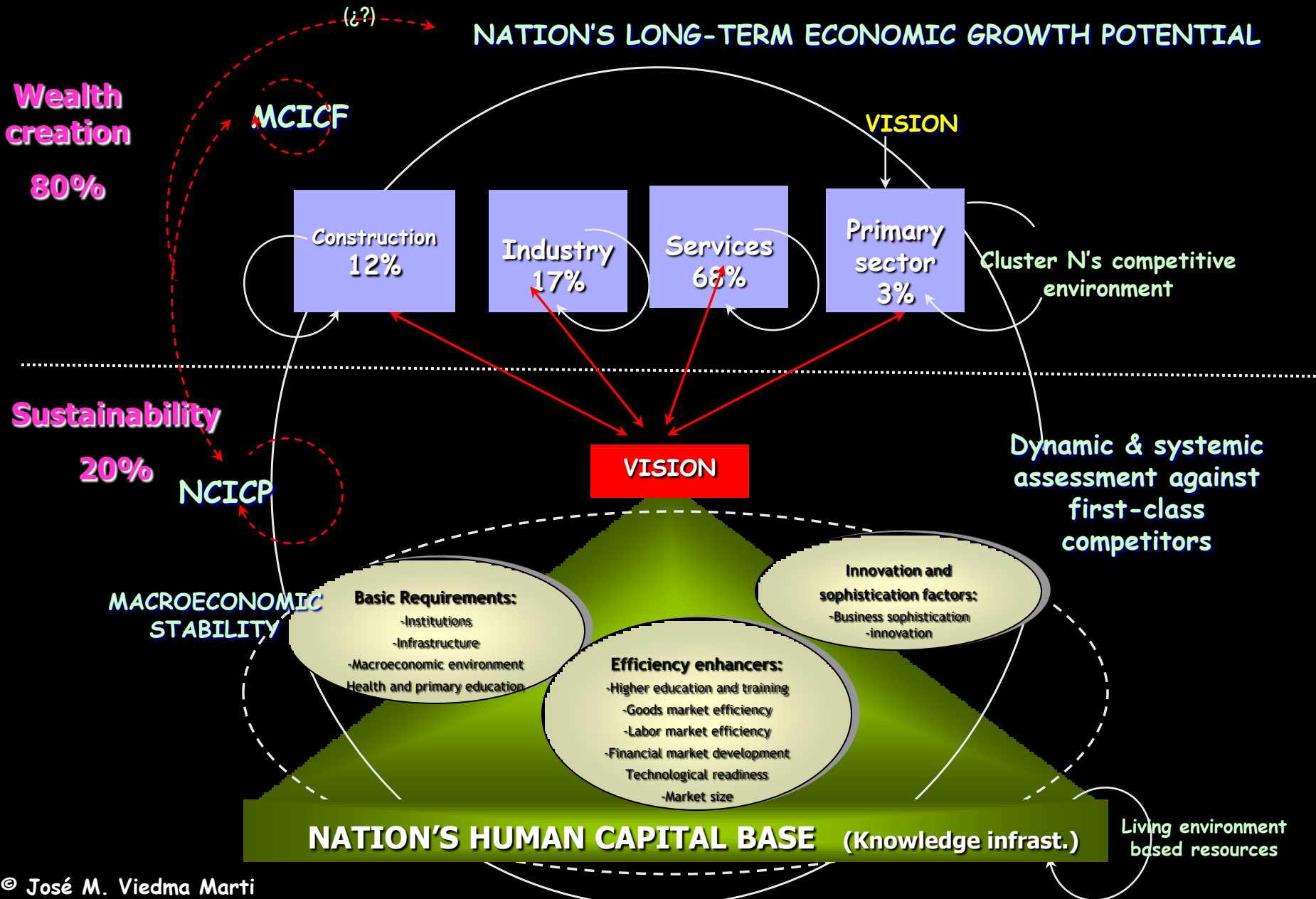


C A S I State Model Public debt and deficit Labor Reform Current account balance deficit Energy System Educational System Financial System Justice Retirement Pensions

Population: 47 millions
17 autonomous regions
Real State bubble
-20% limited companies
Innovative companies 13 mil (40mil)
R+D Investment 7 billions (14 billions)
Underground economy 20-25% PIB
26% Unemployment (55% Youth unemployment)
Foreign debt ± 1.670.000 millions €=
Total debt 4.000.000 Millions€



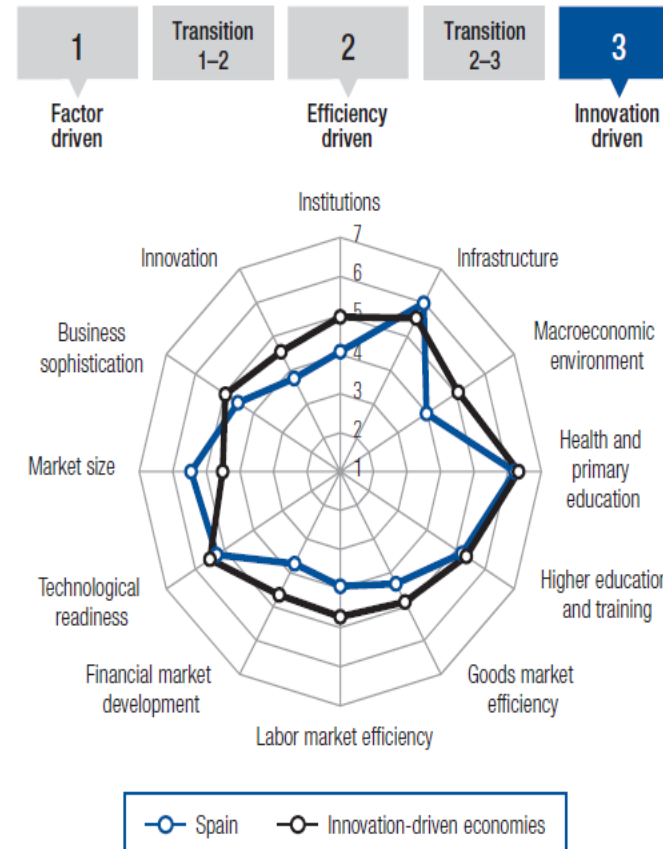
NICBS: Main Structure & Key Elements



WEF Global Competitiveness Index. Spain

	Rank (out of 148)	Score (1-7)
GCI 2013-2014	35	4.6
GCI 2012-2013 (out of 144).....	36	4.6
GCI 2011-2012 (out of 142).....	36	4.5
Basic requirements (20.0%)	38	5.1
Institutions	58	4.1
Infrastructure	10	6.0
Macroeconomic environment	116	4.0
Health and primary education.....	30	6.2
Efficiency enhancers (50.0%)	28	4.6
Higher education and training.....	26	5.2
Goods market efficiency	63	4.3
Labor market efficiency	115	3.9
Financial market development	97	3.7
Technological readiness.....	26	5.3
Market size.....	14	5.4
Innovation and sophistication factors (30.0%)	32	4.1
Business sophistication	33	4.5
Innovation.....	34	3.8

Stage of development

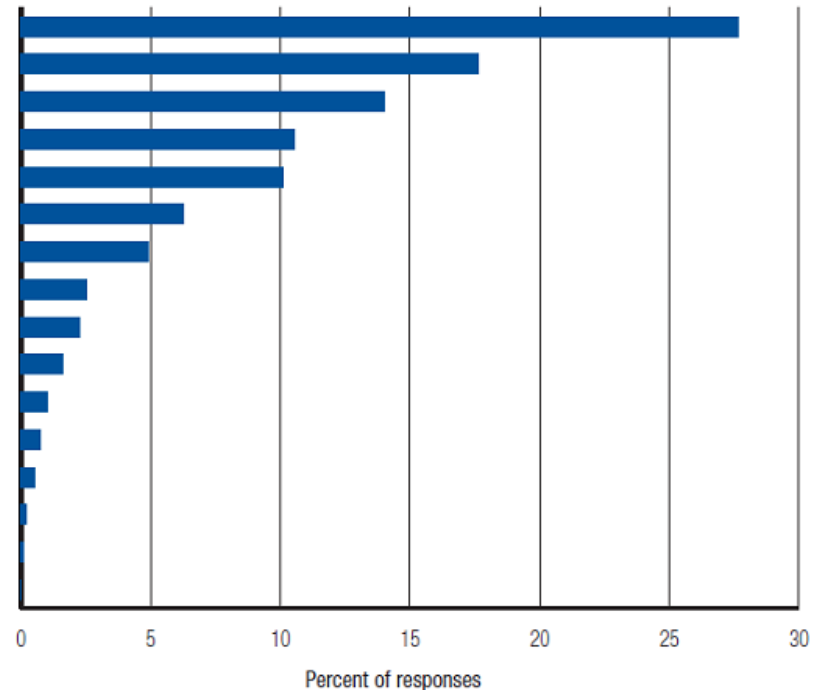


Source: The Global Competitiveness Report 2013-2014
World Economic Forum pp.348

WEF Global Competitiveness Index Spain

The most problematic factors for doing business

Access to financing	27.7
Inefficient government bureaucracy	17.6
Restrictive labor regulations.....	14.0
Tax rates.....	10.5
Insufficient capacity to innovate	10.1
Corruption	6.2
Tax regulations	4.9
Inadequately educated workforce.....	2.5
Poor work ethic in national labor force	2.3
Policy instability	1.6
Inadequate supply of infrastructure.....	1.0
Inflation.....	0.8
Crime and theft	0.5
Government instability/coups	0.2
Poor public health	0.1
Foreign currency regulations.....	0.0



Note: From the list of factors above, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

BALANCE SHEET SPAIN

Assets		
	Value	Rank/144
1st pillar: Institutions		
1.01 Property rights	4,7	47
1.02 Intellectual property protection	4,0	50
1.03 Diversion of public funds	3,2	69
1.05 Irregular payments and bribes	4,7	43
1.07 Favoritism in decisions of government official	3,1	64
1.11 Efficiency of legal framework in challenging re	3,5	69
1.14 Business costs of crime and violence	5,5	30
1.15 Organized crime	5,7	46
1.16 Reliability of police services	5,9	18
1.17 Ethical behavior of firms	4,1	55
2nd pillar: Infrastructure		
2.01 Quality of overall infrastructure	6,0	12
2.02 Quality of roads	6,0	13
2.03 Quality of railroad infrastructure	5,9	5
2.04 Quality of port infrastructure	5,8	12
2.05 Quality of air transport infrastructure.....	6,0	12
2.06 Available airline seat kms/week, millions*	3552,0	10
2.07 Quality of electricity supply	6,4	23
2.09 Fixed telephone lines/100pop.....	41,1	25
3rd pillar: Macroeconomic environment		
3.03 Inflation, annual % change*	2,4	1
3.05 Country credit rating, 0-100 (best)*	57,8	50

Liabilities		
	Value	Rank/144
1st pillar: Institutions		
1.04 Public trust in politicians	1,8	2,3
1.06 Judicial independence	2,7	3,7
1.08 Wastefulness of government spending	2,2	2,6
1.09 Burden of government regulation	2,4	2,8
1.10 Efficiency of legal framework in settling disputes	3,7	70
1.12 Transparency of government policymaking	3,9	87
1.13 Business costs of terrorism	5,7	5,2
1.18 Strength of auditing and reporting standards	4,4	4,4
1.19 Efficacy of corporate boards	4,3	93
1.20 Protection of minority shareholders' interests	4,0	4,0
1.21 Strength of investor protection, 0-10(best)*	5,0	84
2nd pillar: Infrastructure		
2.08 Mobile telephone subscriptions/100 pop.*	109,2	108,3
3rd pillar: Macroeconomic environment		
3.01 Government budget balance, % GDP*	-4,0	-10,3
3.02 Gross national savings, % GDP*	24,0	18,6
3.04 General government debt,% GDP*	84,1	132

BALANCE SHEET SPAIN

Assets		
	Value	Rank/144
4th pillar: Health and primary education		
4.01 Business impact of malaria	N/Appl	1
4.02 Malaria cases/100,000 pop.*	(NE)	1
4.03 Business impact of tuberculosis	6,7	10
4.04 Tuberculosis cases/100,000 pop.*	15,0	35
4.05 Business impact of HIV/AIDS	6,4	15
4.07 Infant mortality, deaths/1,000 live births*	3,5	20
4.08 Life expectancy, years*	82,3	5
4.09 Quality of primary education	4,04	66
4.10 Primary education enrollment, net %*	99,7	8
5th pillar: Higher education and training		
5.01 Secondary education enrollment, gross %*	128,5	2
5.02 Tertiary education enrollment, gross %*	82,6	8
5.05 Quality of management schools	5,8	4
5.06 Internet access in schools	4,9	46
5.07 Availability of research and training services	4,8	30
6th pillar: Goods market efficiency		
6.01 Intensity of local competition	5,5	28
6.02 Extent of market dominance	4,4	27
6.03 Effectiveness of anti-monopoly policy	4,4	47
6.09 Prevalence of trade barriers	4,7	37
6.10 Trade tariffs, % duty*	0,8	4
6.11 Prevalence of foreign ownership	5,0	54
6.13 Burden of customs procedures	4,9	31
6.15 Degree of customer orientation	4,6	62
6.16 Buyer sophistication	3,5	63

Liabilities		
	Value	Rank/144
4th pillar: Health and primary education		
4.06 HIV prevalence, % adult pop.*	0,40	78
5th pillar: Higher education and training		
5.03 Quality of the educational system	3,6	77
5.04 Quality of math and science education	3,9	88
5.08 Extent of staff training	3,7	97
6th pillar: Goods market efficiency		
6.04 Effect of taxation on incentives to invest	3,1	118
6.05 Total tax rate, % profits*	38,7	74
6.06 No procedures to start a business*	10	116
6.07 No days to start a business*	28	105
6.08 Agricultural policy costs	3,6	101
6.12 Business impact of rules on FDI	4,3	93
6.14 Imports as a percentage of GDP*	31,2	121

BALANCE SHEET SPAIN

Assets		
	Value	Rank/144
7th pillar: Labor market efficiency		
7.04 Redundancy costs, weeks of salary*	8	24
7.07 Reliance on professional management	4,5	51
7.10 Women in labor force, ratio to men*	0,82	67
8th pillar: Financial market development		
8.01 Availability of financial services	5,1	37
8.02 Affordability of financial services	4,4	53
8.08 Legal rights index, 0-10 (best)*	6	65
9th pillar: Technological readiness		
9.01 Availability of latest technologies	5,8	33
9.02 Firm-level technology absorption	5,0	49
9.03 FDI and technology transfer	4,8	53
9.04 Individuals using Internet, %*	72,0	34
9.05 Broadband Internet subscriptions/100 pop.*	24,3	25
9.06 Int'l Internet bandwidth, kb/s per user*	81,3	26
9.07 Mobile broadband subscriptions/100 pop.*	53,2	24
10th pillar: Market size		
10.01 Domestic market size index, 1-7 (best)*	5,3	14
10.02 Foreign market size index, 1-7 (best)*	5,8	19
10.03 GDP (PPP\$billions)*	1410,6	14

Liabilities		
	Value	Rank/144
7th pillar: Labor market efficiency		
7.01 Cooperation in labor-employer relations	4,0	107
7.02 Flexibility of wage determination	4,0	131
7.03 Hiring and firing practices	3,3	123
7.05 Effect of taxation on incentives to work	3,0	121
7.06 Pay and productivity	3,1	132
7.08 Country capacity to retain talent	2,9	108
7.09 Country capacity to attract talent	2,9	102
8th pillar: Financial market development		
8.03 Financing through local equity market	2,9	101
8.04 Ease of access to loans	1,8	138
8.05 Venture capital availability	2,3	105
8.06 Soundness of banks	4,0	127
8.07 Regulation of securities exchanges	3,9	88
9th pillar: Technological readiness		
10th pillar: Market size		
10.04 Exports as a percentage of GDP*	31,9	91

BALANCE SHEET SPAIN

Assets		
	Value	Rank/144
11th pillar: Business sophistication		
11.01 Local supplier quantity	5,3	19
11.02 Local supplier quality	5,1	26
11.03 State of cluster development	4,2	42
11.04 Nature of competitive advantage	4,2	33
11.05 Value chain breadth	4,7	23
11.06 Control of international distribution	4,3	45
11.07 Production process sophistication	4,5	36
11.08 Extent of marketing	4,7	36
12th pillar: Innovation		
12.01 Capacity for innovation	3,7	57
12.02 Quality of scientific research institutions ..	4,6	36
12.03 Company spending on R&D	3,4	50
12.04 University-industry collaboration in R&D ..	4,0	48
12.06 Availability of scientists and engineers	5,2	11
12.07 PCT patents, applications/million pop.*	39,2	25

Liabilities		
	Value	Rank/144
11th pillar: Business sophistication		
11.09 Willingness to delegate authority	3,8	70
12th pillar: Innovation		
12.05 Gov't procurement of advanced tech products ..	3,2	102

SPAIN

TOTAL POPULATION

47,000,000

ACTIVE POPULATION

22,000,000

NON ACTIVE POPULATION

25,000,000

WORKING POPULATION

16,200,000

-2,600,000

13,600,000

UNEMPLOYED

5,800,000

PRIVATE SECTOR

13,400,000

PUBLIC SECTOR

2,800,000

Some Figures

Gross employment rate = 34.46 %
 Net employment rate = 28.93 %
 Unemployment rate = 26.36 %
 Youth unemployment rate = 55.00 %
 Private sector employment rate = 28.51 %

(1) They pay social security but they don't work

THE HUMAN CAPITAL INDEX: COUNTRY PROFILE

Spain

	Rank/122	Score
Human Capital Index 2013	29	0.465
Pillar 1: Education	31	0.590
Pillar 2: Health and wellness	12	0.778
Pillar 3: Workforce and employment	70	-0.185
Pillar 4: Enabling environment	28	0.679

Key Indicators

Total population (1,000s)	46,182.0
Median age of population	40
GDP per capita PPP (constant 2005, international \$)	26,545
GDP growth (annual %)	-1.4

SPAIN

ASSETS

- Current Account Balance + 0.8% of GDP
- Gross domestic product + 1.2% (2014)E
- Industrial production + 3.5% (latest December)

LIABILITIES

- Unemployment rate 26.3 % of GDP
- Youth unemployment rate 55.00 %
- Budget balance -6.7 % of GDP
- Gross domestic product -1.27 %(2013)

Source: The economist with some adjustments

SPAIN

ASSETS

- First class infrastructure
- Health and primary education
- Tourism economic sector (1°pillar)
- Construction, real estate and infrastructure (2° pillar)
- Full member of the EU and Euro zone
- Some first class multinationals but not enough
- Higher education and scientific system
- Free market economy
- Democratic political system

LIABILITIES

- No economic model
- Not enough competitive companies
- High rate of unemployment
- The three babbles(financial, real estate ,and state)
- Growth without technological change
- Government budget balance
- Government debt and private debt.
- Total debt and net debt.
- English as a second language
- Labor market reform
- Financial sector reform
- State model(state bubble not get burst)
- Innovation systems
- Public trust in politicians
- Judicial independence and efficiency.
- Wastefulness of government spending
- Corruption.(transparency international)
- Too small manufacturing sector

In summary : there is a need for transforming
Spain into a more competitive, innovative and
Knowledge intensive economy

6. Conclusions and future challenges

The way out of the crisis in the Spanish economy: Changing the economic model.

- ◆ FROM A MODEL BASED ON THE CONSTRUCTION, TOURISM AND SERVICES to a more knowledge-intensive model.

FEATURES OF THIS NEW MODEL: very selective agriculture, very important industry with low environmental costs focused on exports because their advanced technology, not too much construction, and especially many more services of high value added.

CURRENT MODEL FEATURES: weak primary production (3% of GDP), construction hypertrophy (12% of GDP), industry & energy production (17% of GDP) that basically focuses its exports on the car and its parts, but based on models of second technological level. Finally services concentrated around tourism and the public sector (68% of GDP).

The way out of the crisis in the Spanish economy: Structural reforms.

◆ Urgent reforms:

- The labour market
- The financial system
- The public deficit

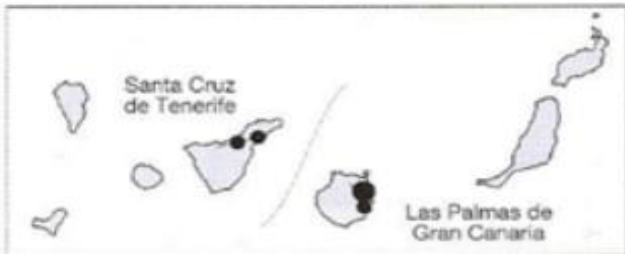
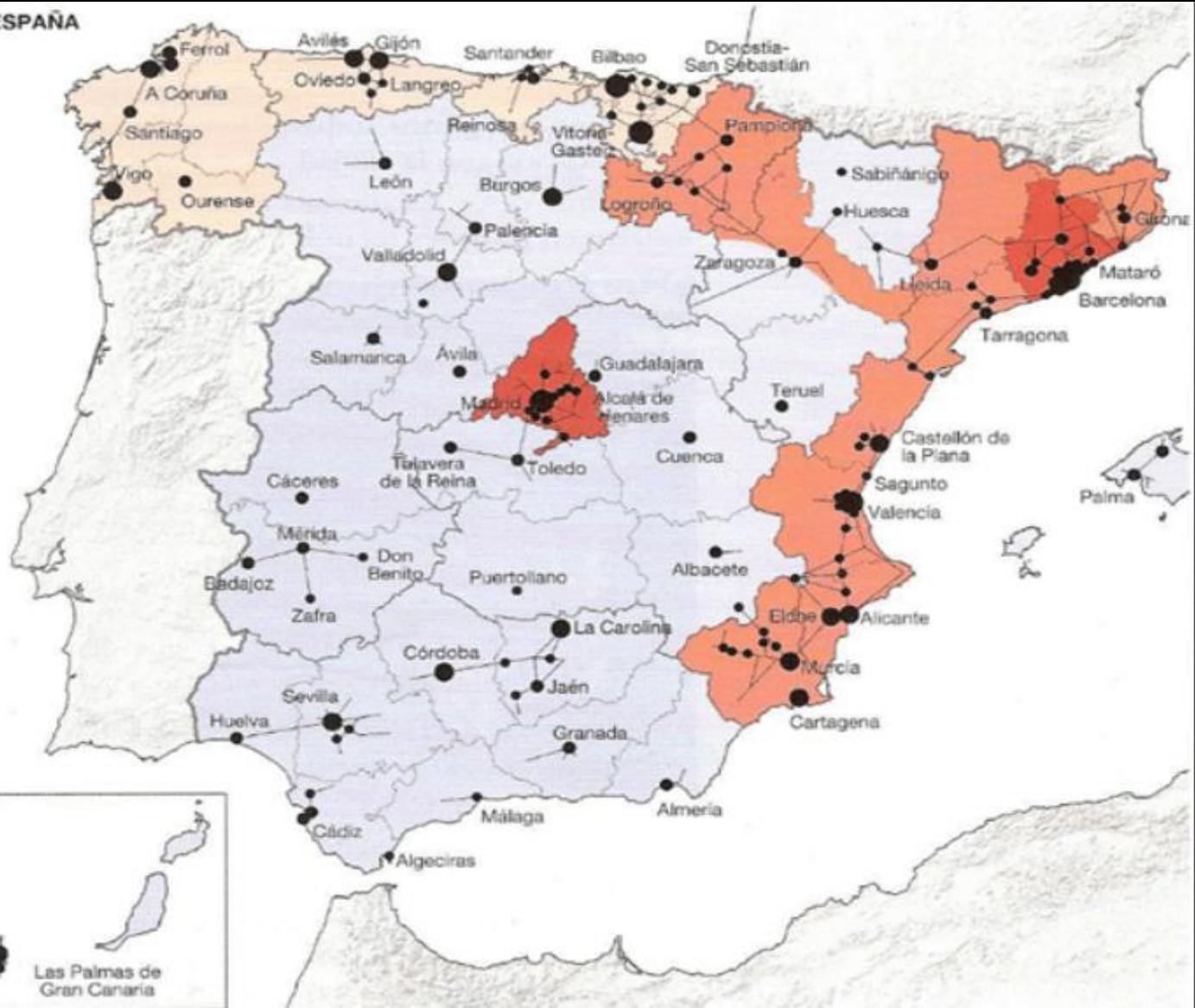
◆ Other reforms:

- Regulatory reforms (efficient regulatory framework to support firm creation and boost the innovative capacity of the economy)
- Education
- Judicial system
- State model
- Energy system
- Current account balance deficit
- Health system
- Pension system

ÁREAS INDUSTRIALES EN ESPAÑA

- Áreas industriales desarrolladas
- Áreas y ejes en expansión
- Áreas y ejes en declive
- Áreas de industrialización inducida y escasa

- Empleo**
- Más de 50
 - De 20 a 50
 - De 5 a 20
 - De 1 a 5



¿ Se puede reindustrializar España como pide Bruselas?

1. El 10 de octubre de 2012 la comisión europea sitúa a la política industrial como eje de las políticas de competitividad de la EU.
2. La industria representa 4/5 partes de las exportaciones europeas y un 80 % de la inversión en I+D .
3. Europa es líder mundial en numerosos sectores estratégicos tales como automoción, ingeniería, aeronáutica, industria espacial y productos químicos y farmacéuticos.
4. La comisión propone concentrar conjuntamente la inversión y la innovación en seis líneas prioritarias de actuación : tecnologías avanzadas de fabricación, tecnologías facilitadoras esenciales, bio-productos, política industrial y de la construcción y materias primas sostenibles, vehículos limpios y redes inteligentes.
5. La comisión espera invertir la tendencia de caída de la industria en Europa para que pase del actual 16 % PIB al 20 % en 2020.
6. En España la industria representa el 13.3 % del PIB excluyendo a la energía y el peso de la industria después de la crisis solo esta por delante de Grecia y Chipre.
7. Una nueva política industrial dentro del marco de las autonomías es absolutamente necesaria.

¿ En que sectores es España una potencia mundial ?

- * La alta velocidad
- * Transporte aéreo
- * Desarrollo de infraestructuras
- * Energía renovable
- * Turismo
- * Banca
- * La industria textil
- * La ingeniería civil
- * La tecnología sanitaria
- * La tecnología aeronáutica
- * El sector agroalimentario
- * La hostelería
- * La construcción automovilística
- * Deporte de alto nivel

Fuente:

<http://jesusgonzalezfonseca.blogspot.com.es/2011/11/en-que-sectores-es-espana-una-potencia.htmlw>.

IBEX 35

Telecommunications

Telecinco
Telefónica
Amadeus

Construction infrastructure

- Abertis
- Acciona
- ACS
- Ferrovial
- Sacyr
- OHL

Financial services

- BBVA
- Banco de Sabadell
- Banco Popular
- Banco Santander
- Bankinter
- BME
- MAPFRE
- CaixaBank

Engineering

Abengoa
Acerinox
Técnicas Reunidas
Gamesa
Indra
Arcelor Mittal

Energy/renewal energy

Gas Natural
Iberdrola
Red Eléctrica
Repsol
Enagás
Endesa

Others

Ebro Foods
Grifols
Inditex
Día

Las recetas de Francisco González para salir definitivamente de la crisis

“ Ahora no podemos fallar”, ha avisado González. Para ello, ha enumerado las medidas que a su juicio España debe implementar.

1. Reformas para racionalizar la carga fiscal, dando más alicientes a la inversión y el ahorro.
2. Mejorar el funcionamiento del mercado laboral y potenciar el capital humano
3. Incrementar la competencia
4. Ayudar a la internacionalización de las empresas españolas
5. Complementar la reestructuración de las cajas de ahorro y devolverlas al sector privado lo antes posible. Esto es clave para impulsar el crédito y en particular las operaciones que financian la inversión y el empleo.
6. Combatir la corrupción para conseguir un nuevo modelo más sostenible y justo. Un país más íntegro es un país más competitivo y tenemos que trabajar en esa línea.
7. Debemos mejorar el marco regulatorio y fortalecer las capacidades de los distintos supervisores como vigilantes independientes de la libre competencia.
8. Potenciar los medios disponibles de jueces y tribunales. Porque un poder judicial fuerte e independientemente es un factor de primer orden para la eficiencia económica y el crecimiento.

La herencia del PSOE

- Déficit público 11.5%
- Primas de riesgo + 600 pb
- Déficit balanza c/c 10% PIB
- Tasa de paro 25 %
- Deuda pública creciente.
- Sistema financiero en situación de emergencia
- El país al borde de la intervención (rescate)

Las acciones del PP

- Reforma del sistema financiero
- Reforma laboral
- Recortes y disminución del déficit
- Subidas de impuestos
- Reforma del sistema educativo
- Reforma de la justicia (supereiciente)
- Reforma sistema eléctrico

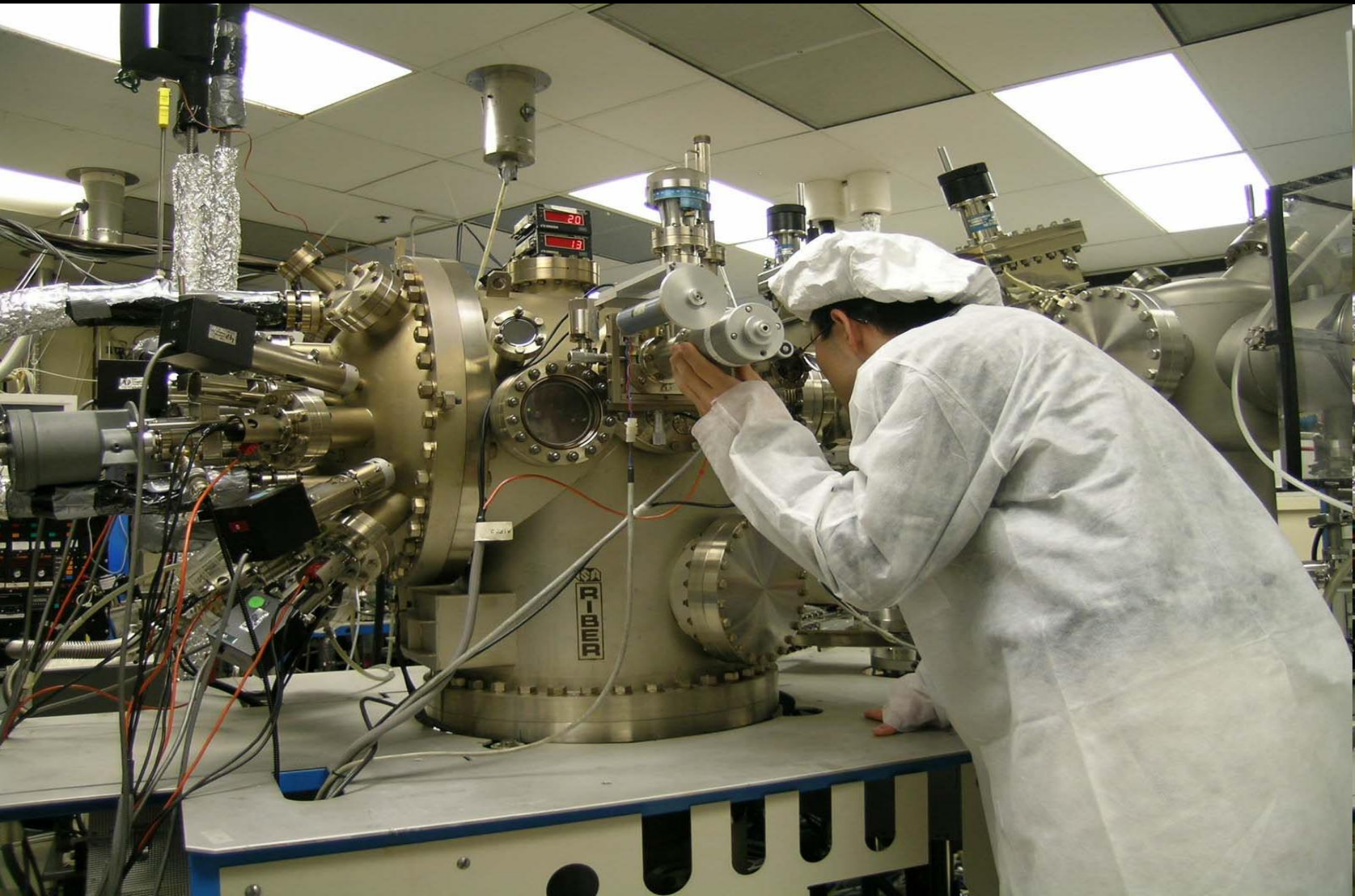
Resultados obtenidos por las reformas

- Reducción del déficit en 2013 al 67% del PIB
- Reducción substancial del déficit de la balanza per C/C (+ 1,4 % del PIB)
- Reducción de la prima de riesgo a 160pb
- Estabilización de la tasa de paro
- Estabilización de la economía
- Crecimiento económico aunque mínimo
- Deflación.

El camino hacia una recuperación sostenible **España INC**

- Finalizar la reforma del sistema financiero
- Preservar y profundizar en la reforma laboral
- Solucionar el problema del déficit de tarifa del sistema eléctrico de un modo definitivo
- Disminuir el déficit público vía reducción de gastos haciendo las necesarias reformas en las tres administraciones.
- Reducir los impuestos directos y la cotización a la seguridad social (Informe Lagares)
- Fomentar el desarrollo de la industria para alcanzar los objetivos de la UE
- Potenciar la I+D+i, las actividades empresariales y las relaciones entre empresas, universidades y centros de investigación.
- Atacar el fraude fiscal
- Reforma el sistema judicial para que la justicia sea mas rápida y menos politizada
- Conseguir un sistema educativo más orientado a la mejora del Capital Humano
- Conseguir que las instituciones políticas, económicas y sociales sean mas inclusivas
- Mejorar la calidad del sistema democrático
- Reforma del sistema de pensiones para garantizar las pensiones futuras
- Definir un modelo económico del futuro que sirva de guía para canalizar esfuerzos e inversiones hacia actividades económicas prioritarias.
- España como paraíso fiscal de jubilados (Luis Garicano)
- Protección de la gente marginada y de los segmentos de población más desfavorecidos.

“Labor omnia vincit improbus.”



“Ora et labora.”



crisis

*Refranero español:
"El hambre agudiza el ingenio"*

“ No pretendamos que las cosas cambien si siempre hacemos lo mismo. La crisis es la mejor bendición que puede sucederle a personas y países, porque la crisis trae progresos.

La creatividad nace de la angustia como el día nace de la noche. Es en la crisis donde nace la inventiva, los descubrimientos y las grandes estrategias. Quien supera la crisis se supera a sí mismo sin quedar “superado”. Quien atribuye a la crisis sus fracasos y penurias, violenta su propio talento y respeta más a los problemas que a las soluciones.

La verdadera crisis es la crisis de la incompetencia.

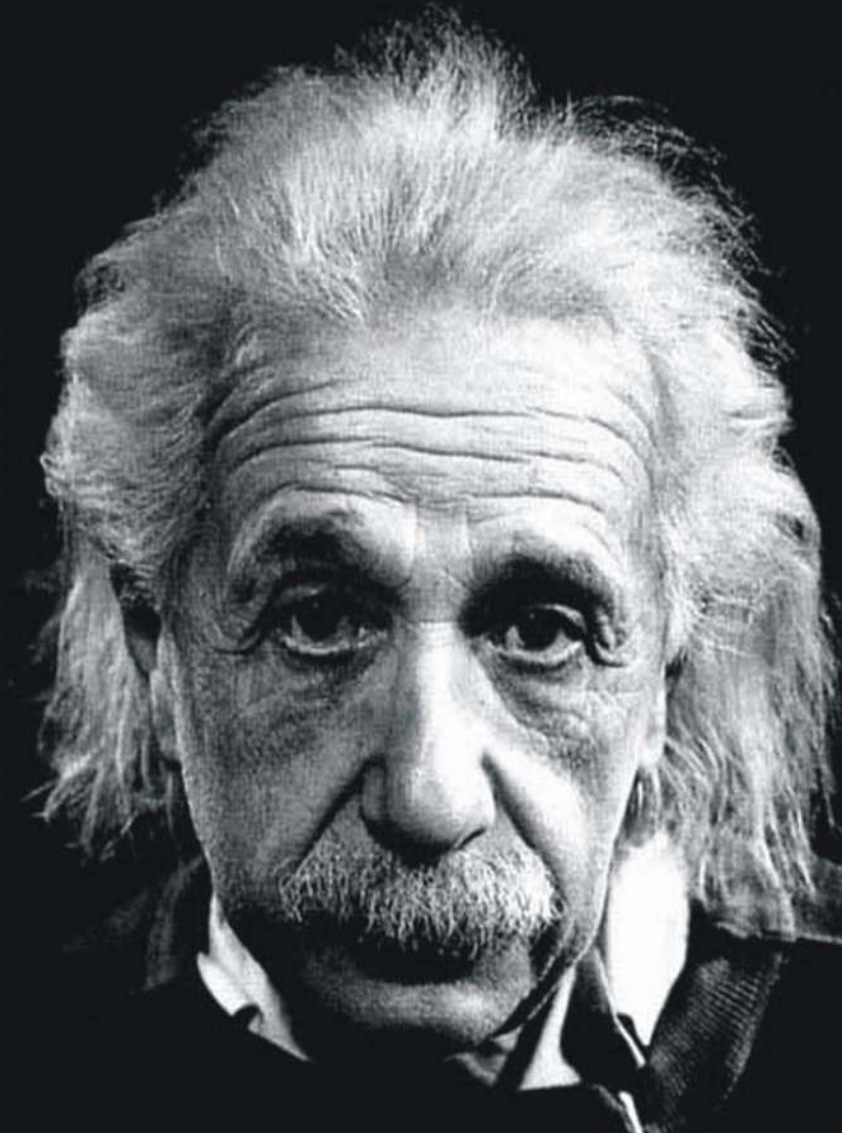
El problema de las personas y los países es la pereza para encontrar las salidas y soluciones. Sin crisis no hay desafíos, sin desafíos la vida es una rutina, una lenta agonía. Sin crisis no hay méritos. Es en la crisis donde aflora lo mejor de cada uno, porque sin crisis todo viento es caricia.

Hablar de Crisis es promoverla, y callar en la crisis es exaltar el conformismo.

En vez de esto, trabajemos duro. Acabemos de una vez con la única crisis amenazadora: la tragedia de no querer luchar por superarla.

”

Albert Einstein



Canción: El emigrante (Juanito Valderrama)

- ◆ TENGO QUE HACER UN ROSARIO
CON TUS DIENTES DE MARFIL
PARA QUE PUEDA BESARLO
CUANDO ESTE LEJOS DE TI
SOBRE SUS CUENTAS DIVINAS
HECHAS CON MARGO Y JAZMIN
REZARE PA QUE ME AMPARE
AQUELLA QUE ESTA EN "SAI"

◆
ADIOS MI ESPANYA QUERIDA
DENTRO DE MI ALMA TE LLEVO METIA
AUNQUE SOY UN EMIGRANTE
JAMAS EN LA VIDA YO PODRE OLVIDARTE

CUANDO SALI DE MI TIERRA
VOLVI LA CARA LLORANDO
PORQUE LO QUE MAS QUERIA
ATRAS ME LO IBA DEJANDO
LLEVABA POR COMPANYERA
A MI VIRGEN DE "SANI"
UN RECUERDO Y UNA PENA
Y UN ROSARIO DE MARFIL

- ADIOS MI ESPANYA QUERIDA
DENTRO DE MI ALMA TE LLEVO METIA
AUNQUE SOY UN EMIGRANTE JAMAS EN
LA VIDA YO PODRE OLVIDARTE

YO SOY UN POBRE EMIGRANTE
Y TRAIGO A ESTA TIERRA EXTRANYA
EN MI PECHO UN ESTANDARTE
CON LA ALEGRIA DE ESPANYA
CON MI PATRIA Y CON MI NOVIA
Y MI VIRGEN DE "SANI"
Y MI ROSARIO DE CUENTAS YO ME QUISIERA
MORIR

http://www.dailymotion.com/video/x6z865_juanito-valderrama-e-hijo-el-emigra_music#.UT29dDe3msY

http://www.youtube.com/watch?v=K7Ruc_NM8j0

Emigrantes antiguos y modernos



Many thanks for your attention