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Public Lecture

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The Basque in a Globalising World

Public lecture presented on 20 November 2002 as part of the 'Global Dimensions' Programme

Public Lecture (2002)
Juan José Ibarretxe, 'The Basque in a Globalising World'

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The Basque Country in a Globalising World

Juan José Ibarretxe

20th November 2002, London School of Economics

Lord Desai, Professor Gray, Professor Diamond, Ladies and Gentlemen

I am both honoured and immensely grateful to have this opportunity to give a conference in this authentic "temple of knowledge" which is today the London School of Economics. This is an institution which has deservedly become one of the leaders of the great British university tradition.

Moreover, the scenario for this speech could not be more suggestive: London, the world centre of the first globalisation of the 19th century; the "Centre for Global Governance", directed by the distinguished Lord Desai - a magnificent observatory of the most recent transformations of global capitalism; and finally, the voice and perspective, I will not say unusual, but certainly not common, of the President of a small nation, or, to be even more suggestive, of one of those emerging "regional states" of which Kenichi Ohmae speaks, also known as "global regions".

Professor Derek Diamond's intervention, on the conclusions of the comparative study of The Basque Country in the world, has greatly facilitated my task by giving you the background to the economic and social reality of my country. This allows me to speak about the evolution of this reality from a political perspective.

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Our small country of something more than two million people, and with a per capita income above that of the UK, is not an example of recent development; it has nothing to do with the Asian "tigers" or the recent Irish "miracle". Rather, on the contrary, it is an economy of old industrialisation. For this reason, I believe that the vicissitudes of our history offer a magnificent example through which we can examine the evolution of capitalism from what I would freely call the first globalisation to the second more intense version that we are living today.

Taken as an example, the Basque case can not only illustrate the phases of capitalism. The very origins of our industrial take-off show to perfection the accumulative character of a dynamic of development, based in great part on accident. The discovery in 1855 of the Bessamer converter, together with the richness of Bizkaia in non-phosphoric iron determined the Basque-British commercial axis, which allowed on a significant accumulation of capital, and the use of the returning cargo ships to import the coal which would make possible the birth of the Basque steel industry as the motor of industrialisation. Together with that pioneering steel industry came the ship-building sector and, progressively, a specialisation in metal and technology which lasted until the crisis at the end of the 70s.

That industrial take-off also benefited from significant English, French and Belgian capital: a good example of 19th century capitalism and that first phase of internationalisation. But the very industrial development led rapidly towards the second phase of capitalism of the nation states. At this point economics becomes politics, or rather the economic forces transform the political institutions.

The laws and customs of the Basque people, the Foral Rights, that is to say what we could call the authentic secular constitution of the Basque territories, were abolished by the Spanish state first in 1839 and then in 1876, as a consequence of the two Carlist wars, in which those in favour of the uniformity of the developing Spanish market imposed themselves. Thereafter, it could be said that economics and politics have had a difficult dialectical relationship which continues to condition our lives. The economic take off of the end of the 19th century was followed by high growth and large scale immigration from the rest of Spain. These processes reached their peak in what has been considered the golden age of western capitalism. For us, this coincides with the period from the Civil War of 1936-1939 to the great crisis at the end of the 70s. During this period, the Basque economy became the cutting edge of the State, and in terms of income was comparable to other developed regions of Europe.

But coinciding with that end of century take off, The Basque Country also became a scene of conflict. Although it enjoys some periods of stability, the underlying problem of the abolition of the foral rights continues. From time to time it surfaces in a clear

dissatisfaction with the model of incorporation of The Basque Country in the Spanish state.

This dialectic of economics and politics moving in different directions reaches its peak with the golden age of the economy. This coincides with the odious and long Francoist dictatorship, from whose political repression emerges the birth of ETA. What today is a terrorist group which practices a murderous violence in the service of political intolerance, was in its origins an organisation inspired by the liberation movements of the Third World with a clear Leninist stamp. Around it formed a political movement with appreciable political presence and electoral support, which despite a pronounced fall in the last elections, still secured 10.1% of the votes.

But I don't want to move on to the politics of the present without completing the stages of our economic development and with an examination of that close dialectic between economics and politics. Because, in truth, we moved from the peak of that capitalism of the nation state to a terrible crisis at the end of the 70s which had devastating effects on the Basque productive system: between 1975 and 1985 we lost nearly a quarter of employment (170,000 jobs) and GDP in real terms declined 2% in a decade.

And it is here that curiously the contradictory historic relation between economics and politics breaks down. The Transition to democracy in Spain after the death of Franco allowed, at the end of the 70s, the recovery of our self-government and our own institutions, thanks to which it was possible to rescue the deteriorated Basque productive system. For if in the 19th century it was the economic forces which contributed decisively to the shaping of the political institutions, in the 20th century it is the political institutionalisation born in 1979 with the Statute of Autonomy of Gernika which becomes the decisive factor in the resurgence of the Basque economy.

The Statute of Autonomy has permitted ample powers to intervene in areas such as education, infrastructure, economic promotion, innovation and much else. But, above all, it has to be said also that the new expenditure policies were possible thanks to the economic and financial autonomy which allowed us to recover the so-called Economic Agreement (Concierto Economico), an authentic remainder of sovereignty

by which the Basque institutions raise and administer practically all the taxes in the Basque Country.

The history of Basque self-government since 1979 is one of successful transformation, which has returned to us our privileged positions in the indices of development and welfare, as has been shown in the intervention of Professor Diamond, and which culminates in the fact that we are within the top ten countries of the world in the Index of Human Development.

In this successful transformation I would like to highlight, apart from the decisive role of public policies grounded in the territory and made possible by self government, two other factors of enormous importance. The first is the contribution of the growing process of openness to the outside. The incorporation in Europe in 1986 and the second phase of Monetary Union begun in 1994 have been salutary lessons for the Basque economy, which has responded magnificently to the challenge of internationalisation. Although for reasons of historical development, the Spanish market continues to be our principle market, the Basque economy has internationalised itself to such an extent that in only 8 years exports, principally aimed at countries of the EU, have tripled.

The second factor, linked to the first, is the adaptation of macroeconomic policies. Today, fully integrated in the Euro, we value very highly the protection from the financial instability so characteristic of this stage of globalisation. In The Basque Country, this is especially significant because we have suffered the waves of financial instability which occurred at the end of the 80s and beginning of the 90s, a period in which we experienced, unexpectedly, a sharp recession provoked by very high rates of real interest and a strong appreciation in the peseta.

As a consequence of all its past history, The Basque Country is therefore a Country on the march. A Country which feels comfortable and which progresses with success in the new international environment. But also we are a Country which wants to continue advancing, and therefore we demand the full implementation of the the Statute signed with the Spanish State in 1979 and which today, 23 years later, is still waiting to be put fully into effect, and, worse still, the current Spanish government has no intention of implementing.

Basque society wants to face up to successfully the rapid changes of globalisation and, above all, respond to the problem of violence which it has suffered for so long. Therefore the Basque Government, over which I preside, has put to the Spanish state the proposal for a new Political Agreement for Coexistence, which will allow us to broaden our capacity for self-government and establish a new model for the relations between Spain and The Basque Country, based on the principle of free association between The Basque Country and the Spanish State formalised through a new political Agreement which will be ratified freely through democratic consultation with Basque citizens.

Since I became President of the Government in 1998, my main objective has been political normalisation. Often, the political climate created by the inhumane blows of terrorism and the violence of persecution, makes it almost impossible to put on the political agenda any issue other than the defence of human rights and the fight against ETA. Moreover the grave injustice of terrorism has ended up triggering the temptation to an authoritarian response. That sadly is the strategy undertaken by the Spanish Government, and which is characterised by an ever less clear separation of powers, restrictions in the exercise of basic rights and the political exclusion of a significant part of the electorate.

Confronted with this authoritarian strategy, I am convinced that, together with the ethical commitment to the fight against violence and ETA terrorism, and to support for the victims of such violence and inhumanity, political normalisation in The Basque Country will come through a democratic commitment to enable Basque society itself to decide freely its political institutions. Following the ideas of John Rawls in his "Political Liberalism", it could be said that it is a question of channeling the expression of the pluralism existing in Basque society so that it can express itself as a "reasonable pluralism" in search of an overlapping consensus which would be compatible with different overall visions of each person's identity.

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This is the spirit behind my proposal for a new "Agreement for Coexistence" presented last September to the Basque Parliament.

The new political Agreement with Spain is constructed on three pillars: 1) the recognition of the identity of the Basque people; 2) the right of the Basque society to be consulted on its own future; and 3) respect for the legal-political jurisdictions in which the Basque people expresses itself. That is to say, respect for the decisions of the citizens of the Basque Autonomous Community, the Foral Community of Navarra and the French Basque Country.

When you are dealing with a political proposal formulated from within a people with a distinct identity and thousand year old history like the Basque people, one is used to the Spanish Government taking the easy option of branding it ethnicist, essentialist and, in particular, exclusive. And yet nothing could be further from the truth. Far from falling into the temptation of considering the Country and its territories as abstract objects, in the proposal for an Agreement as presented, those who express themselves are the citizens through the current political framework; in particular through the current democratic institutions.

In the same way, it can be said that not only are we dealing with an Agreement built on the principle of equality of the individual and respect for the democratic rules and procedures, but moreover respectful to minorities in as far as it proposes free association, not separation; shared sovereignty, not the domination by one side or the other; in short, "living together", not divorce.

We are dealing with an Agreement that seeks to achieve two objectives which have encountered enormous difficulties in the past and which have only very partially been achieved in the current framework. On one side, recognition of the Basque identity in its plurality, and on the other recognition of the powers and competences for its development in the new era of global capitalism.

This recognition presupposes: what in Basque we call "burujabetza", which is to say "to be master of your own destiny"; a double shared citizenship, as is now being proposed for the European Union, and an international projection of the Basque identity which has at the same time a symbolic value and an instrumental value related to the very powers and competences of The Basque Country.

As for the powers and competences themselves, given the experience of non-fulfillment of the existing Statute of Autonomy and the distortions of the Constitutional Tribunal, the new Agreement proposes a system of institutional guarantees for self-government in those matters which are exclusive competences of the Basque Government. These include those related to the preservation of cultural identity, management of infrastructure and natural resources, judicial power and its own sphere for economic and social policy (fiscal, labour and social protection).

It is true that this new framework of competences is not only about guarantees, but also implies an extension of what exists now. But we cannot ignore the significant ways in which the world has changed in the nearly quarter of a century since the Statute was approved, not only in relation to the European Union, but also the process of globalisation itself. If The Basque Country wants to engage successfully in the new environment, it cannot depend on a centralised management of basic infrastructures, social protection, labour market, research or the development of new technologies and the information society.

As Ed Soja, another Professor of the LSE, said recently in Bilbao, we now live in a world of multi-level regionalisation. The centralised governments of the traditional European nation states no longer enjoy a monopoly of political power. Political power is now shared at different levels and through different, interlinked, networks. We need to evolve new forms of governance to meet these challenges. By way of example, we have already seen how defence and foreign affairs, as well as global aspects of issues such as environment or trade policy, have migrated to the European level. Other policy areas, such as economic promotion, education, new technology or social policy, are more effectively dealt with at regional or small nation level. The ability to operate flexibly in these multi-level regionalised networks is essential to the continued ability to prosper, and indeed do politics at all, in the modern world. Constitutional, bureaucratic or territorial rigidity all risk exclusion from the new networks of power and knowledge.

This is reflected in the proposed Agreement for co-existence: free association with Spain; flexible networks with institutions, governmental and non-governmental, in Navarre and the French Basque Country; and the vocation to participate fully in the

global networks. It also underlies all my thinking on the future of the Basque Government and the Basque Country.

To give a graphic idea of what I mean, I refer you to the elaboration of principles which the Spanish Prime Minister Jose Maria Aznar presented in his last investiture as an objective of his government "to carry out an ambitious programme of investments to make Spain closer and more united to Europe ... which will place all the provincial capitals no more than four hours from the centre of the Peninsula (ie Madrid)". As one Basque deputy pointed out, this would bring The Basque Country closer to Africa than Europe. But what is most important is that the programme reflects a centralising logic with a radial view of infrastructure which is of no value in confronting modern times.

The Basque Country must give priority to a global logic and cannot ignore that it borders France and lies on the Bay of Biscay, through which we incorporated ourselves into commerce and progress, first in the Middle Ages and then in the 19th Century, as our history teaches us.

Furthermore, The Basque Country must be conscious that, as Manuel Castells warns us, we live in the network society, in which there are no centres but nodes. In this the Basque Country must aspire to constitute a node interconnected with other nodes on the global level to benefit from the flows of information and the creation of knowledge.

If you will allow me a recent example, the Guggenheim Museum in Bilbao is a good metaphor for what this positive strategy of adaptation to the network society presupposes in the cultural field: that is to say, the application of a global logic at the service of local development.

Always the global logic, but not always limited to the well-known cliché "think global, act local", suggested by the example of the Guggenheim, because in other fields we can say that it functions in the opposite sense "think local and act global". This is what has happened in the internationalisation of our industrial groups, of which the paradigmatic example is Mondragón Corporación Cooperativa, the principle cooperative group in the world which now invests in four continents.

In any case, The Basque Country needs a competition framework adapted to foment and support these strategies. As of today we do not have it. You may hear a certain official line that The Basque Country enjoys the greatest degree of autonomy in Europe or the world - thinking perhaps of fiscal policy - but no-one will tell you , for example, that the promenades of our beaches are controlled by Madrid; that the high-speed rail infrastructure that we need to link our country internally and externally has spent 15 years in the design phase because it does not fit the radial logic of closer links to Madrid; or that our ports and airports are controlled from Madrid, when all logic suggests that they should be the responsibility of the local authorities.

The competences are enormously important. But they are not everything. As I have said, and I meant it seriously, the recognition of the identity of the Basque people in a plurinational state is a fundamental key for achieving an Agreement for Coexistence. The framework of competences proposed produces a certain horror of a vacuum among the central authorities of the state, who see how the tentacles of their administration are disappearing to transform themselves into an autonomous reality. But it has to be recognised that that administration is also a State and that our proposal, apart from being legitimate, is more functional in confronting the era of global capital. "Small is beautiful and powerful"

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In the New York Times of 22 December 1917 our grandparents could read headlines like these: "Proposal that Quebec secede from Canada" "Ukraine in alliance with the Cossacks" "The Serbians of Hercegovina, Bosnia, Istria and Dalmatia were victims of Austro-Hungarian atrocities surpassing the human imagination"

Problems become entrenched if not tackled at the roots. I cannot resign myself to the thought that our grandchildren will have to witness this same repetition, above all when it is stained with violence and suffering. What history teaches us is what Karl Popper reminds us of in "The Open Society and its Enemies" when he tells us:

"If a dispute arises, then this means that those more constructive emotions and passions which might in principle help to get over it, reverence, love, devotion to a common cause etc have only shown themselves incapable of solving the problem

There are only two solutions; one is the use of emotion, and ultimately violence, and the other is the use of reason, of impartiality, of reasonable compromise."

The new proposal for an Agreement for Coexistence which I presented as Lehendakari in the name of the Basque Government aims at an open search for a reasonable compromise based in mutual recognition and the adaptation of the political tools to what we Basques need to prosper in the global society.

To those who, after almost 25 years and with all the problems of normalisation of Basque society, advocate not talking and little more than a petrification of the rules and institutions, I have to say that global capitalism is a time of interdependence, cultural diversity and historic change. In this sense, and following Stephen Toulmin in his *Cosmopolis*, the Agreement can in the end be understood as a part of a project of humanisation of modernity, which is already not satisfied with mere stability and permanence, but which rewards the active search for adaptability to situations and functions both unforeseen and unforeseeable.

"Time and again conflicts are resolved through shifts that were unimaginable at the start"

Nelson Mandela