

**SPANISH AND EUROPEAN REPORT 2021: WAGES, PRODUCTIVITY,
QUALITY OF PUBLIC SECTOR AND CITIZENS SATISFACTION**

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Abstract: In this Report on the Economy of Spain and Europe in 2021 we include reference to some of the main problems of the Spanish economy, such as the stagnation of the average real wage and productivity in the period 1995-2021. We present a summary of the main causes of this stagnation compared to some of the main OECD countries: the United States, Germany and France. We highlight the importance of recovering the level of real industrial production per inhabitant of Spain, which has decreased especially since 2008. The difficulties of recovery, apart from the current crisis caused by the pandemic of 2020 and the shortage of some products of international trade in 2021, they are mainly due to a lack of support from the industrial policies of Spain and the European Union. This lack of support, contrary to citizen demands, is due to insufficient quality of democracy in both cases. Spain presents a level of satisfaction with the Government that is lower than the European average, and far removed from the countries with the highest level. This is due to the fact that the objectives of democracy and harmony that citizens expected from the Spanish Constitution of 1978 have deteriorated due to various errors in the Spanish electoral system that contribute to partisan tension. Spain has lost positions in economic development and quality of life, but it has human resources and the ability to improve. We highlight some of the main measures that can drive such development.

Keywords: Spanish Economy 1950-2020, Productivity by sector, Comparisons of Spain and OECD countries, Spanish Regional Development Report 2021

JEL Codes: L52, O18, O41, O52

(There is also a version, of this Report, in Spanish at [Ideas.Repec](https://ideas.repec.org/p/usc/economet/guisan.htm))

1. Introduction

The purpose of this report is to highlight some of the main socio-economic problems in Spain, compared to several European countries and the United States, as well as some problems that affect all the countries of the European Union.

Many of these problems have been brewing over several decades. In the case of Spain, the biggest problem is the lack of sufficient political consensus to activate quick and effective solutions. In the case of the European Union, there is a democratic deficit in its organization, with excess dependence on the governments that have greater power and lack of sufficient attention to the concerns of citizens.

All countries have some of the problems that we are going to comment on here, the difference between countries is that some immediately face possible solutions while others perpetuate the problems with their inaction and in some cases, even worse, carry out demagogic changes that instead to diminish the problems aggravate them.

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Some of us think that the rigidity of the electoral system in Spain is one of the causes of the lack of success in solving problems, concentrating decision-making in the party leadership and exercising great political control of the media and a marginalization of reasonable proposals emanating from society. Many politicians do not represent the demands of citizens but occupy the space that other people and institutions should have.

In section 2 we analyze the differences in wages, productivity, employment and income in Spain compared to other European countries. The stagnation of real wages and productivity for the period 1995-2021 is a consequence of the lack of enough policies to foster economic development.

Section 3 analyzes some indicators of citizen satisfaction, which show the concerns of many sectors, or the majority, of the Spanish population compared to other European countries. We observe less satisfaction with the quality of government in Spain compared to the European average. We analyze some interesting indicators of citizen perception of Public Sector management, which show the great importance that this management should have in quality of life indicators, since for more than a third of citizens it is very important and for more than 77 % is important (with a score greater than or equal to 7 points out of 10).

Section 4 refers to workers, managers and politicians in the public sector in Spain. There is a high level of quality in the personnel of many public services but there is often mismanagement on the part of some management bodies. Management is highly dependent on political power and we analyze the problems that this implies due to the lack of quality of democracy.

Section 5 summarizes the main conclusions, highlighting the importance of the quality of the public sector to improve the economic dynamism and quality of life of citizens.

We include an Annex on citizen demands for improvements in the quality of public management in Spain and another Annex with management problems and quality of life in the European Union.

2. Economy: wages, productivity and real production per inhabitant.

Evolution in 1960-2019

Guisán (2021) presents an analysis of the evolution of industrial production in Spain in the 1900-2020 period, showing that, after significant initial difficulties for industrial take-off, it achieved intense growth in industrial production per inhabitant in the 1960 period. -1975, and also very positive but more moderate growth in 1975-1995. However, since 1995, the industry and other important variables of the Spanish economy have lost dynamism and especially since the international financial crisis that began in 2007 and 2008.

In the following graphs we compare Spain with France and the United States, in the period 1995-2010, and we observe a value of Industrial Production per inhabitant (QIH) lower than France and the United States. Regarding the average productivity per worker (PM) we observe a lower value in Spain.

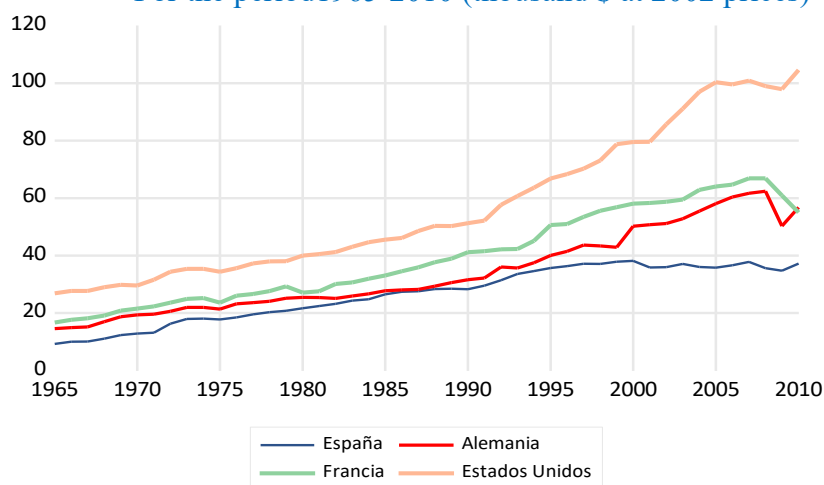
Table 1 shows the evolution of industrial production per inhabitant in Spain compared to France, Germany and the United States, in the period 1995-2015, and figure 1 shows the evolution of the real Average Productivity of the Industry in 1965-2010 .

Tabla 1. Producción Industrial real por habitante (\$2000)

	Spain	France	Germany	USA
1995	2252	3445	4732	5596
2000	2712	3809	5218	6282
2005	2644	3716	5551	6398
2010	2067	3321	5818	5584
2015	1912	3334	6452	5900

Source: Elaborated by M.C. Guisan from OECD Statistics.

Gráfico 1. Productivity in Industry (mean real production per worker)
For the period 1965-2010 (thousand \$ at 2002 prices)



Source: Elaborated by M.C. Guisan from OECD Statistics. Countries: Spain (España), Germany (Alemania), France (Francia) and the United States (Estados Unidos).

In the period 1995-2005, the four countries in table 1 experienced an increase, but in the period 2005-2015 there was a significant decrease in Spain (27.7%), more moderate in France (10.3%) and the United States (7.8%), while there was an increase in Germany (16.2%).

Graph 1 shows the stagnation of the Spanish PMI in the period 1965-2010, in comparison with the increasing evolution that this variable showed in Germany, France and the United States. We observe that in the period 1965-1995 the average productivity of the Spanish Industry evolved in a similar way to that of Germany, somewhat lower than that of France and much lower than that of the United States. In the period 1995-2010, there was a stagnation in Spanish productivity while those of the other three countries continued to rise, with a decrease in 2009 that later recovered.

Taking into account that the real Production per inhabitant (PH) can be expressed as the product of the Average Productivity per worker (PM) and the Employment Rate (LTH), it is necessary that at least one of the factors increases so that PH increases. In the case of Spain, there has been stagnation both in the level of Productivity per worker and in the employment rate and, therefore, in PH in the period 2005-2015.

Empirical studies of the economy of industrialized countries during the last decades of the 20th century and the first two decades of the 21st century confirm the theories of Kaldor, who attributed a great positive impact on other productive sectors to industrial productivity.

The total production per inhabitant in real terms (that is, at constant prices) is equal to the product of PM (PM=GDP/POP) and LTH LTH=(LT/POP), being GDP real gross domestic product, Pop is population and LT total employment:

$$PH = PM * LTH$$

Table 2 shows the evolution of the Production per inhabitant (PH), the Average Productivity per worker (PM) and the Employment rate (LTH) of Spain, in comparison with France, Germany and the United States, in the period 2000-2019

Table 2. Production per inhabitant (PH), Productivity and Employment rate ((PH and PM in thousands of Dollars at prices of the year 2000. LTH = employed per 1000 inhabitants)

Variable	Country	2000	2005	2010	2015	2019
Real Production Per inhabitant (PH)	Germany	22.7	23.3	24.7	26.4	27.8
	USA	34.6	37.6	37.8	40.6	41.8
	Spain	14.3	15.4	15.1	15.4	17.0
	France	22.5	23.7	23.8	24.5	26.0
Mean real productivity Per worker (PM)	Germany	50.2	51.7	52.6	53.7	54.1
	USA	70.2	78.6	83.3	86.6	89.7
	Spain	37.9	36.0	38.5	40.5	41.8
	France	55.9	56.8	57.6	61.7	64.3
Rate of Employment per one thousand People (LHT)	Germany	459	452	471	492	510
	USA	485	480	450	464	461
	Spain	378	430	393	383	406
	France	390	388	396	397	405

Source: Elaborated by M.C. Guisan, in this Report, from OECD statistics.

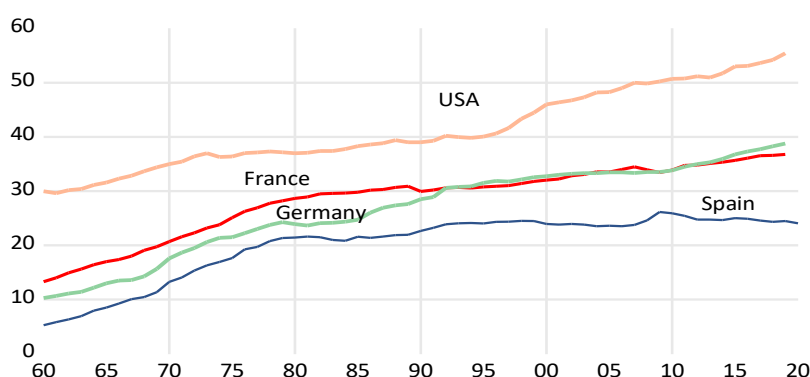
The employment rate in Spain is similar to that of France, but with lower real Productivity per worker and therefore lower value of Real Production per inhabitant. To get closer to the PH level of Germany, Spain needs to increase both the employment rate and productivity per worker.

Productivity per worker has a positive impact on real wages, and production per capita has a positive impact on real per capita income and therefore on real consumption and real investment per capita.

To achieve these objectives, Spain needs to increase its industrial production per inhabitant, since as indicated in Guisán (2021 a, b) it has lost real industrial production, both total and per inhabitant, in the period 2007-2019. Besides the country needs to offer more support to Research and Development (RD) activities, and to remove the excesses of bureaucracy and other problems of the public administration in order to favor economic initiatives for development.

Graph 2 shows the evolution of the Average Salary Cost (including social security contributions in the case of European countries), at constant prices and Graph 3 shows the evolution of the Average Labor Productivity in both countries.

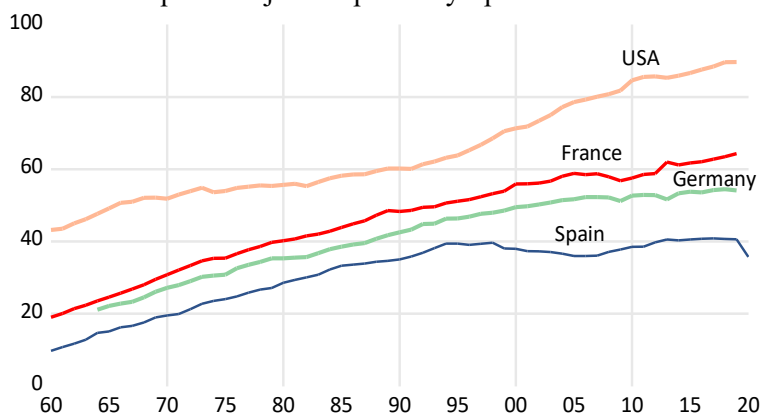
Graph 2. Average real wage cost in 1960-2019
(thousands of dollars per worker at 2000 prices and exchange rates)



Source: Elaborated by M.C. Guisán from OECD statistics and other sources.

Note: Germany data before and after the unification include West and East Germany.

Gráfico 3. Productividad Media real del trabajo en 1960-2019
(miles de Dólares por trabajador a precios y tipos de cambio del año 2000)



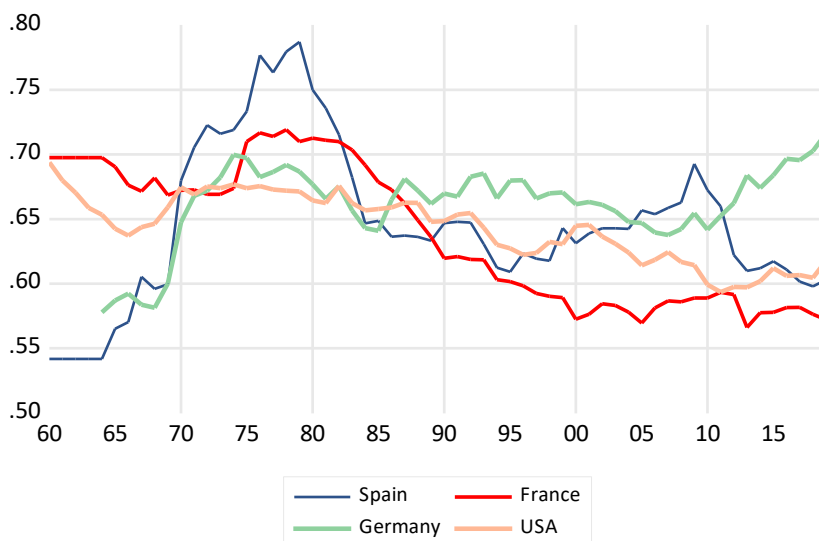
Source: Elaborated by M.C. Guisán from OECD statistics and other sources.

Note: Germany data before and after the unification include West and East Germany.

Evolution of the wage / productivity ratio

Graph 4 shows a strong increase in the Salary Cost / Productivity ratio in Spain in the period 1965-1980, exceeding the values of the other countries in the graph in the decade 1970-1980. A decrease is observed in the 4 countries for the period 1980-2019, except in the case of Germany, where after a stagnation in 1980-2000 there was a decrease in 2000-2010 and an increase in 2010-2019.

Graph 4. Salary Cost / Productivity Ratio, 1960-2019



Source: Elaborated by M.C. Guisan from OECD statistics and other sources.

Note: Germany data before and after the unification include West and East Germany

Situation in the years 2020 and 2021

After the loss of real production and employment in 2020, as a consequence of the pandemic, the expected recovery in 2021 has encountered greater difficulties than expected, due to the Energy, microchip availability, container costs and of other activities that are holding back the industrial recovery of Spain and other countries.

Some of the problems are aggravated in Spain by the paralysis of effective solutions derived from the difficulties for political cooperation, partly caused by the rigidity of its electoral system.

Other problems have arisen and been aggravated by the lack of economic and scientific advice taken by the institutions that make decisions in the European Union, which has led to significant lack of foresight as a result of excesses of globalization and excessive relocation of industrial activities in the European Union.

We have reached a point where both Spain and the European Union as a whole need to improve their policies, recovering lost values, defending the quality of life of its inhabitants and making development compatible with the environment protection and the cooperation with other countries for international development. In Annex 2 we include supplementary information on quality of life in Europe.

3. Citizen satisfaction with the Government in Spain and in the EU

3.1. Democracy and efficiency deficit in the European Union. There is a feeling of dissatisfaction among many citizens with the management of many aspects of the EU, as the European Barometer shows and we have indicated in previous studies. In the Annex we include some aspects whose management should be improved, such as industrial policy, employment policy and the policy to support scientific research, not only in Experimental Sciences but also in Economics and Social Sciences and others that contribute to improving the quality of life of European citizens.

3.2 .. European Social Survey: Delgado (2015) presents a table, based on the European Social Survey, in which the opinions of citizens on democracy in Europe are indicated. The general rating on the importance of living in a democracy is high, with 8.39 points out of 10 in the case of Spain and 8.50 in the 27 countries of the European Union as a whole. In general, their assessment of whether they believe that their country has a true democracy is lower, with an average of 5.51 points in Spain and 6.30 in the EU27 as a whole.

Therefore, a democratic deficit in citizen perception of the quality of democracy in Europe is observed. Regarding satisfaction with the functioning of democracy in their countries, the rating in Spain is only 3.99, well below the average for the EU27, which is 5.23.

3.3. QoG (Quality of Government) Index: Charron and Lapuente (2019) have published Government quality indicators in 28 European countries in 2013, with an index that ranges between -2.5 for the most negative cases and 2.5 for the most positive cases. . Spain is ranked 19, with an index value of -0.325, which on a scale of 0 to 10 is equivalent to 4.35 points. The first positions corresponded to Finland, Sweden and Denmark. Finland obtained a score of 1,446, which on a scale of 0 to 10 equals 7.89 points.

3.4 AEVAL Survey on the Public Sector in Spain: The Quality Observatory of the State Agency for Evaluation and Quality of Public Services carried out in 2007 an interesting study on the public perception of problems in the Spanish Public Administration, based on a joint survey by AEVAL and the CIS (Sociological Research Center).

Table 1 of that study indicates a very interesting piece of information, which is the percentage of respondents who attach great or little importance to public services. It often happens that the indicators of happiness and quality of life do not include quality and satisfaction with public services in the indices, and to miss that information is a mistake since the public sector quality is very important for the majority of the population.

In the survey published by AEVAL, 76.7% of citizens consider that in a score from 1 to 10, the importance of public services has a rating equal to or higher than 7. In addition, 35% of citizens, which is almost half of that 77 %, gives it a maximum importance (with marks of 9 and 10 points).

Graph 4 of said study rates, from 1 to 10, several characteristics of the General Administration of the State, with 1 being the most negative situation and 10 the most positive for citizens, with the following results:

Not gives confidence (4.77), *Rigid* (4.42), *Opaque* (4.45), *Non-participative* (4.84), *Careless about service* (5.09), *Slow* (3.89), *Ineffective* (5.33).

We note that *slowness*, *stiffness* and *opacity* are the most negative aspects. The most positive are *concern for service and efficiency*, albeit at modest levels of 5.09 and 5.33 compared to 10 points. The human factor possibly makes both characteristics better in some cases than the general approach of the bureaucracy. In general, there is not a sufficient interest of the administration leaders to achieve this quality of service, but some workers have a positive attitude to provide a good public service and this contributes to improve the assessment of citizens.

Table 2 of said study shows the valuations of certain public services, in which the following stand out with the 5 top positions and a score between 5.97 and 6.52:

1) Citizen documentation (DNI, passports), 2) Holidays for the elderly, 3) Health care, 4) Public transport 5) Education.

It is surprising that Tax Collection appears in 6th place with 5.81%, in which case it would be necessary to analyze what percentage of respondents pay direct taxes such as personal income tax, or not and whether or not they have suffered from situations of stress due to lack of a friendly Tax Service. The reality, as we indicate in Annex 1, is that some sectors of the population have suffered important problems, not only with economic cost, but with great loss of time in unnecessary bureaucratic procedures and with psychological suffering due to a powerful system of fiscal management. Before inadequate rules or management errors, many affected citizens feel great helplessness and try to get a solution from the Ombudsman or by other ways.

3.5. Problems of public administration in Spain:

Greater citizen litigation against tax management in Spain: Recently, the increase in litigation with tax management in Spain in comparison with other OECD countries has been highlighted by many tax advisors and university teachers related with Fiscal Law or Public Sector Economy. There is a draft of European Taxpayer Statute but since 2015 that was formulated until 2021 it has not been approved and in the case of Spain it does not develop its objective of a friendly administration that helps taxpayers who strive to comply with the rules prosecutors. In the study by Ruiz-Huerta et al (2011), the trends of tax reform towards a European tax system are analyzed. In Annex 1, we include information on 2 Judgments of the Constitutional Court that have repealed unfair fiscal laws that caused great harm to citizens, such as the 1988 STC on personal income tax and the 2021 STC on municipal tax on capital gains from dwellings sales.

Ombudsman: We also include in the Annex, reference to agreements of the Ombudsman of Spain requesting measures to support citizens in the face of errors in fiscal management or in other administrative procedures as university evaluation bodies of research activity. It is important that politicians give prestige to this figure of the Ombudsman, responding to their reasonable requests in defense of citizens affected by impotence in the face of the arrogance of some Public Administration bodies.

Need to improve administrative procedures for citizen service: The impotence of citizens before, slowness, errors or lack of support from the tax administration also occurs in other areas of public administration. The procedures are generally insufficient and slow, as indicated in the Annex.

Rigidity, slowness and the frequent lack of appropriate channels for the resolution of citizen complaints is a major problem in Spain, affecting productivity and social dynamism. It is very important to achieve a reliable Public Administration and although many public workers provide positive attitudes, unfortunately, there is often a lack of incentives and support from managers and politicians.

Slowness of the administration of Justice: Mayoral and Martínez (2013) analyze how Spaniards value the quality of Justice.

4. Workers, managers and politicians in the Public Administration of Spain.

Workers: The professional quality of public sector workers in Spain is generally of a good level, and in some cases very prominent in international comparisons, as is the case of specialized services such as Education, Health and others that are recognized by the Spanish citizens and internationally. The functioning of the human factor in caring for citizens is uneven, in some cases it is good and in others it is not. Often there are many administrative obstacles and there is a lack of reasonable aid or incentives, from managers and politicians. to improve the quality of services.

Managers dependence on politicians: The managerial positions of the Public Administration need to increase their professionalism, and act with equanimity at the service of citizens regardless of the party that governs at all times. There is too much political dependence and this leads to changes in bureaucratic regulations and to repeat mistakes without evolving towards better management.

Managers, even when they are more political than professional, could improve their performance, if they had a higher quality in the political direction, which is not always the case. We have a problem of lack of harmony between the dynamics of the struggle for power of the political parties and the attention to the problems of the citizens that requires a political environment of greater democracy and harmony

Democracy and social harmony: The Spanish Constitution (CE) of 1978 was promoted as a vehicle for democracy and concord, but the so-called "fathers of the Spanish Constitution" were not fortunate in choosing the electoral system. On the pretext that many Spaniards did not have much political culture, they decided to greatly diminish democratic power and excessively increase the power of the political party leaders, giving rise to what is popularly known today as *Partitocracy*. After 43 years there is a social demand for increasing democracy and social harmony in Spain.

Accordingly to the Royal Academy of Spanish Language: Partitocracy is a political situation in which there is an abuse of the power of the parties.

Rigidity of the electoral system: The electoral system designed in the Spanish Constitution of 1978 is a proportional system of closed and blocked provincial lists. The list of candidates for Congress is designed by the people who control the internal apparatus of each political party. There is usually little or no internal democracy in the parties, since that does not suit those who control internal power. Voters can only choose the Party, but cannot choose from among the people who make up the list. If neither of the two main parties obtains an absolute majority, the one who manages to obtain the sufficient approval of the small parties, that can demand in return extreme measures of privilege, will succeed. The population has not the opportunity to choose among the two most voted parties and the Government power is got by more or less secret agreements among politic

Consequences of insufficient democracy: The people become a silent witness to political events. Your vote does not decide much. Most decisions are made in negotiations between the ruling party leadership and the small parties that support it. Citizens often feel defenseless against any abuse by politicians and bureaucratic managers. Initiatives to improve problems are often not heard. The media are often highly dependent on political power. The Administration has many mechanisms of power, such as the awarding of subsidies to the media and others.

The defenselessness of citizens occurs both in relation to the Central Government of Spain and to the Regional Governments, which enjoy a lot of power, since the State instead of *delegating competences* to them, subject to a clear control of Constitutional Rights of Citizens, has *transferred competences*, with hardly any control mechanisms, in Education and other activities. Many citizens feel powerless in the face of unfair rules from both levels of government. The local power of the City Councils is usually closer to the citizens and less arrogant.

Consequences of the rigidity of the electoral system:

1) *Democracy and social harmony:* The objectives that were expected of the Spanish Constitution: democracy and harmony, are increasingly distant for the majority of citizens. The leaders of the parties have frequently chosen permanent confrontation, both internally to preserve power in the party, and externally vis-à-vis the parties that are not essential for them to maintain their power. A high percentage of citizens express their dissatisfaction with this situation in surveys.

2) *Economic development:* Important actions to boost the economy such as support for Industry, Science, the quality of public management and productivity, are delayed year after year, without seeming to be a priority for the rulers. The consequence of this bad economic policy is stagnation, or little growth, in real per capita income, pensions and wages.

3) *Trust and efficiency of public administration:* Important actions to generate confidence in the public sector, such as clarity and fairness of administrative regulations, services to support citizens in paying taxes and other procedures, and arbitration or court mechanisms that resolve economic conflicts of individuals with the Public

Administration, or between individuals, in an agile and balanced way, many times they are not undertaken. When people feels that everything slows down, many citizens suffer and problems are not solved.

Most Spaniards want more democracy and harmony, instead of political arrogance and tension, but this will not be possible if there are not one or more political parties that lead adequate changes in the electoral system. A great Spanish philosopher, José Ortega y Gasset, has already said it: the quality of a democracy depends on an apparent minor aspect such as the election of the electoral system.

5. Conclusions

In this report we have made reference to several of the main problems affecting the economy and quality of life in Spain in 2021.

The deterioration of the economy in recent decades is due to errors in the industrial policy of Spain and the European Union, because with their excesses of globalization they have forced many European industries to compete at a disadvantage against delocalized industries. This has generated shortages, very noticeable during the pandemic of 2020 and also in this phase of attempted recovery in 2021.

Spain has lost economic positions, internal harmony and quality of life in many aspects. This occurs largely as a consequence of errors in the policies of Spain and the European Union. In the case of Spain, the main problem, which places citizen satisfaction with the Government below the European average in various surveys, is due to the increase in tension in political parties and the decrease in democracy quality and social harmony.

The Spanish Constitution of 1978 was supported by various political parties and by public opinion, which was promised to work for "democracy and harmony." Over time there were some advances in this regard but also important setbacks, such as the injustice of the Income Tax Law of 1978, derogated after the declaration of unconstitutionality by rulings of the Constitutional Court of 1988 (acceptance of the Appeal for Protection presented one exceptional citizen, Jesus Garcia-Gombau, expert in Law and Economics, who was able to fight against the bad fiscal rule for a long period 1980-1988) and the consequent derogation of the in year 1989.

There was a lack of sufficient support from politicians to the figure of the Defender of the People, which should be more considered by them, since it is an important factor to improve the confidence of citizens in the Public Administration. A "protective sky" is needed, that is to say, a reliable public administration that ensures the quality of democracy, harmony and governability.

We may not be able to achieve a political dynamic that seeks democratic quality, economic progress and trust in the Public Administration, but it is important that there are more and more Spanish citizens and politicians willing to support better governance with quality democracy and social harmony. . If that is achieved, we will boost the industry, create jobs, and improve real wages and retirement pensions.

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Anexo 1 sobre demandas sociales para la mejora de los procedimientos de Gestión Públicas en España

Anexo 2 sobre calidad de vida en Europa

Annex 1. Social demands for the improvement of Public Management in Spain

Here we indicate some brief references and in Entry 87 of our Spanish Economy Blog, we hope to include more comments and links to readings of interest.

Citizen assessment of public institutions:

Mayoral -Díaz and Martínez-i-Coma (2013), compare the evolution of the score between 0 and 10 points among various institutions related to security and justice. There is a loss of confidence in the Ombudsman. We believe that this is not caused by a poor performance of the Ombudsman's institution but by the scant attention that political parties, of different signs, which generally grant reasonable proposals that the Ombudsman requests to improve the quality of democracy and of public management.

Fiscal management:

On the issue of unconstitutional fiscal regulations that have caused serious economic damage and the impotence of affected citizens to get a repair for the damage, there are several Laws that have been declared unconstitutional, such as the 1978 Personal Income Tax Law declared unconstitutional by the 1989 Sentence, which made marriages be taxed much higher than unmarried couples, causing to middle class families a loss of many thousands of Euros, to the point that at the time it was published that those affected, around 13% of taxpayers had contributed around the 85% of the collection by income tax. Unfortunately the nullity was not accompanied by reparation.

In 2021 the fiscal rules on local capital gain regulations were declared unconstitutional since they charged non-real increases in the value of the land as surplus value, with a method that lead to positive increases even though the real value of the land had fallen as a result of the crisis in the construction sector.

Another important fiscal law that is causing a lot of damage is Personal Income Tax Law 26/2014, in force since January 1, 2015, which applies a method in which citizens who sell a home have to pay, in the income tax, an inflation tax, although if they have not obtained a real capital gain on the sale. The more time that passes since the enactment of the rule, the more tax is paid by inflation and it is desirable that at some point the rule is changed, by Government or by a Constitutional Court ruling. Several prominent jurists and economists related to the quality of fiscal management have expressed their dissatisfaction with the arrogance that dominates many administrative procedures in Spain related to fiscal management, We include more information at Entry 87 of our Blog on Spanish Economy.

More information at Entry 87: <https://economyaydesarrollo-eeg.blogspot.com>

Annex 2. Quality of Life in Europe

Some readings related with the problems of citizens dissatisfaction with EU policies:.

Guisan and Exposito(2018) analyzes the social unrest in the European Union (EU) as a consequence of the excessive austerity policies of the period 2007-2019.

In the Annex 3 of that study include some selected references to some debates on democracy and development in the EU such as the following ones:

"Eurobarometer of year 2014 on the public opinion about democracy in EU states: *"A majority of respondents are dissatisfied with the way democracy works in the EU in ten Member States, with absolute majorities in Greece (70%), Portugal (64%), Cyprus (59%), Spain (57%) Italy (54%) and Slovakia (50%) and relative majorities in Austria (47% versus 46%), Germany (46% versus 44%), France (44% versus 43%) and the United Kingdom (40% versus 36%) "*

They include also a reference to *The European Project in Crisis: Myths and Realities* Pierre Vimont ,November 17, 2017. IEMed Mediterranean Yearbook 2017 Pierre Vimont Senior Fellow Carnegie Europe.

"Vimont is a senior fellow at Carnegie Europe. His research focuses on the European Neighborhood Policy, transatlantic relations, and French foreign policy. In the face of all these challenges, the European Union seems helpless. It no longer protects, seeming to offer free rein to the in-depth evolution of the globalized world"

Michel Dévoluy(2016) states.

"Either we want a Europe that works democratically in the interest of its citizens, or we decide, like the British, to return to nation states. The inbetween, which we know today, is deleterious and leads to increased disenchantment and frustration. Here again it is necessary to clearly distinguish the euro zone, which requires a high degree of integration, from the rest of the Union. Reminding citizens of the benefits of peace and common European policies is no longer enough. In order to move forward, we have to prove that to turn on national sovereignty is an obsolete vision. In a globalized, uncertain, harsh and dangerous world, unity is strength. We are no longer in the 19th or even the 20th century. From now on, no European state will count, alone, against the economic and demographic behemoths. Very concretely, to make Europe is to recognize the interest and the need to transfer significant democratic power to a federal level. But why exactly? So that the euro zone is not managed by rules and experts, but by a democratically elected government (which implies the end of fiscal and social wars between states). For Europe to protect from unbridled international trade driven by greed (we must defend a social model proud of its solidarity). For Europe to have a unique and strong defense in world geopolitics (which implies a single foreign policy). For Europe to have a single immigration and protection policy at its borders (which implies a single body of customs officers)...."

Guisan and Exposito(2018) state: *"Negative consequences of austerity policies, Euro-Barometer and social unrest As we have shown in section 2, many individual experts and think tanks express their concern about the social unrest the lack of confidence in the European Union institutions in case of persistence of the austerity policies imposed in spite of the lack of citizens support to its negative effects.*

Indicators of quality of life: real production per capita and quality of Government

Table A1 shows the evolution of real Gross Domestic Product (GDP) per capita, in Dollars per inhabitant at constant prices and Purchasing Power Parities of year 2017). For the period 2015-2020, from WDI statistics of WB(2021). We have calculated the annual rates of growth: Rate 1 for the period 2015-2019 and Rate 2 for 2019-2020.

Tabla A1. GDP per capita (PH), PPP 2017 internationa \$.

Nb	Country Name	2015	2019	2020	Rate 1	Rate 2
1	Austria	52798	55833	52120	1.41	-6.65
2	Belgium	49449	51736	48204	1.14	-6.83
3	Bulgaria	19620	23192	22384	4.27	-3.48
4	Croatia	24562	28754	26465	4.02	-7.96
5	Czech Republic	36168	40981	38509	3.17	-6.03
6	Cyprus	34472	40227	37655	3.94	-6.39
7	Denmark	52893	57162	55820	1.96	-2.35
8	Estonia	31070	36437	35251	4.06	-3.25
9	Finland	44999	48563	47091	1.92	-3.03
10	France	43346	46018	42313	1.51	-8.05
11	Germany	51045	53809	51259	1.33	-4.74
12	Greece	28248	29723	27287	1.28	-8.20
13	Hungary	27499	32554	31008	4.31	-4.75
14	Ireland (*)	71558	86710	90687	4.92	4.59
15	Italy	40248	42663	38992	1.47	-8.60
16	Latvia	26621	30859	29932	3.76	-3.00
17	Lithuania	30748	37063	36732	4.78	-0.89
18	Luxembourg (*)	110446	113940	110261	0.78	-3.23
19	Malta	49449	51736	48204	1.14	-6.83
20	Netherlands	52974	56784	54326	1.75	-4.33
21	Poland	27797	33121	32238	4.48	-2.67
22	Portugal	31119	34880	32238	2.89	-7.57
23	Romania	23878	29858	28833	5.75	-3.43
24	Slovak Republic	28691	31888	30346	2.68	-4.84
25	Slovenia	33798	38945	37089	3.61	-4.77
26	Spain	37377	40804	36220	2.22	-11.23
27	Sweden	50929	52851	51003	0.93	-3.50

Source: Columns (1) a (3) from WB(2021 a). Columns (4) and (5) calculated by M.C. Guisan with compound interest formula. Rate 1 is the annual rate of growth for 2015-2019 and Rate 2 for 2019-2020. Note: (*) PH is a good measure of the real income per capita for private and public expenditure, with a few exceptions: Ireland and Luxemburg are special because the high values of PH are affected by location of important international firms and do not reflect exactly the real income per capita. Private consumption per capita shows that Luxemburg has the value of Belgium multiplied by a factor of 1.4, and that Ireland is very alike the value of France.

For the period 2015-2019 the rates of increase of PH were positive with 3 groups: 1) below 2 in 12 countries, 2) intermediate (between 2 and 4) in 7 countries and 3) high (higher than 4) in 8 countries. In year 2020 all the countries experienced negative variations of PH due to the economic problems arising from the pandemic of Covid-19.

Table A2 shows the evolution of an important indicator of quality of democracy and quality of government, that is the variable "Voice and Accountability" published by WB(2021 b) in the WGI statistics by Kaufman and Kravis. We include EU27 countries and also three non-EU countries of Europe, to the effects of comparison.

Tabla A2. Quality of Government: Voice of Citizens (values from -2.5 to 2.5)

EU27	País	1996	2000	2010	2020
1	Austria	1.73	1.93	1.82	1.66
2	Belgium	1.71	1.73	1.66	1.12
3	Bulgaria	-0.04	0.00	0.05	-0.07
4	Croatia	0.10	0.33	0.62	0.44
5	Cyprus	1.17	1.13	1.53	0.88
6	Czech R	0.62	0.65	0.91	0.96
7	Denmark	1.76	1.98	2.11	1.89
8	Estonia	0.61	0.74	1.09	1.34
9	Finland	1.72	2.12	2.23	1.95
10	France	1.25	1.71	1.47	1.25
11	Germany	1.72	1.89	1.52	1.36
12	Greece	0.84	0.63	0.50	0.44
13	Hungary	0.86	0.98	0.66	0.58
14	Ireland	1.67	1.67	1.35	1.48
15	Italy	0.84	0.77	0.47	0.40
16	Latvia	-	-	0.85	-
17	Lithuania	0.53	0.14	0.74	1.06
18	Luxembourg	1.96	1.97	1.72	1.84
19	Malta	0.93	1.10	1.19	1.04
20	Netherlands	1.94	2.07	1.78	1.85
21	Poland	0.68	0.61	0.63	0.38
22	Portugal	1.27	1.02	0.99	1.02
23	Romania	-0.29	-0.37	-0.14	-0.22
24	Slovak R	0.46	0.61	0.79	0.54
25	Slovenia	0.89	0.75	1.03	1.17
26	Spain	1.62	1.76	0.95	0.89
27	Sweden	1.92	1.96	1.97	1.72
Other European countries	Norway	1.95	1.90	1.88	1.94
	Switzerland	1.76	2.04	1.88	2.02
	United Kingdom	1.88	1.85	1.62	1.38

Source: Elaborated WGI indicators from WB(2021 b).. Note: Values may be transformed to a decimal scale, with a minimum of 0 and a maximum of 10: $y = 5 + 2 \text{ WGI Indicator}$.

In the period 2010-2020 we observe a decrease, of this indicator of Quality of Government, in 17 of the EU27 countries and also in the United Kingdom. In the case of Spain there was a significant decrease for the period 2000-2010, going from a value of 1.76 to 0.95. In 2000, moving from 10th to 17th position in the rank, from highest to lower quality, among the EU27 countries of table A2. For the period 2010 to 2020 there was not recovery but an small decrease from 0.95 to 0.89.

The countries of table A2 with the highest levels of this indicator of Quality of Government in year 2020 (higher than 1.8) were: Austria, Denmark, Finland, Sweden, Norway and Switzerland.

Poverty

Another indicator of interest for the design of European Union policies is the percentage of poverty. In the EU27 as a whole, this percentage decreased from 24% in 2015 to 21.9% in 2020. According to Eurostat data, the countries with the lowest index, equal to or less than 17% are: Austria, Czechia, Denmark, Finland, Holland, Poland, Slovakia and Slovenia. The highest rates are found in Bulgaria (43.4% in year 2015 and 33.6% in 2020) and Romania (44.6% in 2015 and 35.8% in 2020).

In countries with a high percentage of immigration, it is important to distinguish between the poverty of different groups of citizens (born in the country or living in the country for many years, or recent incoming people without work nor income). In the case of Spain, the AROPE data are interesting, which provide us information about the percentage for the Spanish population (similar to that of the EU27 average) and higher percentages for the immigrant population, especially in cases without work. Regulation of foreign aid is an important challenge for the European Union in order to support development policies in the countries of origin of the immigrants.

Indicators of Political Corruption

Usual concept of Political Corruption: Usually the indicators in the social media are limited to cases of bribery by politicians. The data of available indicators sometimes refer to "*perception of corruption*" and other times to "*experience of corruption*". There are countries such as Spain where perception is higher than experience, as it is a very media topic and many people are influenced by the media repetitions.

This type of corruption being bad (undue commissions, tax evasion, etc.) has an economic value of around 70 Euros per year of loss per inhabitant in Spain, an amount much lower than the damage caused by other types of political corruption such as applying unfair taxes in an unconstitutional way and not returning them which can amount to 7000 or more Euros per year for some taxpayers.

In general, it is observed that the countries with the highest indicator of Voice of the Citizens have a lower level of indicators of Political Corruption, both in usual concept (bribery) as well as in other wider types (decisions by politicians or the managers that lead to harm the rights of citizens who do not have many opportunities to defend themselves with a slow, stressful and expensive conflict resolution system).

More information at: <https://economydesarrollointernacional.blogspot.com>

Regional and Sectoral Economic Studies: <https://www.usc.gal/economet/eaat.htm>