



UCM summer course, El Escorial 2012

Montoro says that the key to overcoming the crisis lies in the hands of entrepreneurs and SMEs

- The Minister of Finance and Public Administrations, Cristóbal Montoro says the Transparency Act will prohibit spending without a budget
- He believes financing is a priority, with credit that takes risks and not only funds well-established projects

9 July 2012. The Minister of Finance and Public Administrations, Cristóbal Montoro expressed confidence that the country will emerge from the crisis, which he said will be achieved through the efforts of entrepreneurs and small and medium-sized enterprises. He said that Spain is a country of entrepreneurs and that "this is the only way out of the crisis, through growth and job creation".

During his speech at the UCM summer course in El Escorial entitled "Building the Spain of 2020. Independent entrepreneurs creating jobs for others", the minister was unequivocal in his assertion that Spain is a country capable of being a leader in job creation and that it has the capacity to continue doing so, an assertion he backed up with figures from recent years.

He said that between 1975 and 1996, before joining the euro and after twenty years of democracy, Spain maintained a stable figure of 12.5 million people in work, which meant that not a single net job was created during that period. According to figures from the Active Population Survey (EPA) 18 million Spaniards are in work today, and this figure even peaked at 20.5 million people in 2007.

According to the minister, this shows that 8.5 million jobs have been created in Spain, something that "no other country in the world has achieved" and which can mainly be attributed to the efforts of SMEs and self-employed people. He added that SMEs and the self employed account for 80% of existing jobs today.

Speaking to an audience of young students, he said that the most pressing need at the moment is financing, credit that takes risks and not only goes to well-established projects, for when credit is restricted, as it is at present, those who are hit the hardest are SMEs and the self-employed who see their funding sources cut off.

For this reason, he said that one of the key measures to be implemented would be the reform of the banking system, to separate all assets damaged by the crisis and not only those affected by the real estate sector. A reform which, he said, Spain would not be able to carry out alone, with its own resources, and the country would therefore need to rely on support from our European partners.

Another of the reforms mentioned by the minister was that of the public sector, on which he said that progress had already been made with the Budgetary Stability Law, developed by the reform of the Constitution.

Montoro said that we will soon have a Transparency Act, which will prohibit spending without a budget, public fund managers who spend without a budget will be disqualified. "No public body will be able to spend beyond the limits of its budget, and public fund managers will be disqualified if they do so". He explained that if there is a need to spend, then changes will have to be made to the budget and the political consequences of generating a lack of confidence will have to be

assumed.

Combating fraud

The Finance minister said that combating tax fraud is another of the priority objectives for this government. He said that this measure would not be essential if the question of with or without VAT had not spread like a national sport when it comes to paying for certain goods and services.

According to figures quoted by the minister, Spain currently has the lowest fiscal burden in the developed world. In fact tax revenue has fallen by seven percent of GDP since 1997, equal to 70 billion euros.