

The economic crisis and its management in Spain

Andrea ÉLTETŐ*

Abstract

The long pre-crisis period of growth and employment creation in Spain was based mainly on the construction sector. This, facilitated by cheap bank loans created jobs for the millions of immigrants arriving in the country. The crisis made the Spanish economy sink into a deep recession in 2008. The aim of this article is to describe the Spanish crisis-management in the past years. The extremely high unemployment rate and the indebtedness made policy-makers to adopt austerity measures and realise the necessity of profound reforms. The biggest transformation processes began among the savings banks and on the labour market. The article concludes that these reforms should continue while it is necessary to find a new model for long-term growth. Endowments like the excellent infrastructure and successful companies, stronger export activity, international presence and innovation can provide the bases for such a durable growth.

Key words: Spain, economic crisis, unemployment, labour market, fiscal policy, competitiveness

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* Andrea Éltető is Senior Researcher Ph.D at The Institute for World Economics of the Hungarian Academy of Sciences 1014 Országház u.30, Budapest, Hungary; e-mail: eltetoa@vki.hu.