



CHAPTER I:

Executive summary

- The recent improvement in Spain's GDP and employment figures confirms that the economic recovery is under way. This has been achieved in part through growth in the overseas sector, the reduction in the risk premium, and the return of foreign investment. But the strength and consolidation of the recovery will depend largely on reformist steps by the Government and on the way the European economy develops.
 - **The Spanish economy continues to demonstrate worrisome weaknesses:** the large public deficit, the increasing public debt, the incessant increase in spending for pensions, the high rate of unemployment, and a business and production structure that could be improved.
 - **The 2015 national budget reflects little interest in reducing the public deficit:** it counts on raising taxes instead of achieving a structural reform of public spending, which would speed up fiscal consolidation. This refusal to carry out real reforms through spending makes it impossible to further lower taxes and employers' contributions to Social Security, measures which would contribute to economic recovery and create employment.
 - **There must be an urgent reduction in the primary deficit and a structural reform of the Public Administrations** so as to be able to maintain and increase the quality of public services and substantially reduce their administrative costs.
- It is also necessary to improve the mechanisms of information, control and accountability, in both the Central Administration and the Local and Autonomous Administrations, so as to anticipate any possible negative fiscal slippages.
- It is necessary to go further in tax reform and present **new changes in the pension system:** there is concern about the Reserve Fund, which could run out in 2019.
 - There must be **progress in reforming the labor market**, with new measures to reduce temporary employment, establish a more flexible part-time contract, and promote youth employment.
 - It is necessary to improve the quality of our **educational system** and make the management of the **health** system more efficient.
 - **Finally, to make the Spanish economy more dynamic** it is necessary to guarantee legal security and provide new ways for financing companies. Companies must be larger, and measures must be taken to improve innovation and entrepreneurship, and eliminate bureaucratic, fiscal and labor obstacles.