

THE ECONOMIC PROSPECTS OF CATALONIA'S IDENTITY IN THE TWENTY-FIRST CENTURY

by Joan Costa-Font*

The field of economics gradually reveals how certain behaviours are learnt, whether socially or generationally. When said behaviours contain a desire for self-determination, then social identity comes to be called national. For the purposes of research it is possible to observe spatial identities, which slowly express the value and characteristic conduct of a territory and which are the result of intergenerational and intragenerational social interaction that has allowed the culture to survive over time.

The economic characterisation of the Catalan identity

This article examines national identity in a nation's economy. I will try to analyse how the role of spatial identity goes beyond political order, and into the mechanisms of the economy. This is to say, the socio-economic effects it has on the demand and motivation of the population, as well as to the offer and capacity for the differentiation of products. A nation's identity is represented on the outside via some defining products, such as 'German design', 'American science', 'Dutch butter', 'Italian pizza' and so on. In all these examples, the national qualifier provides an adjective which signals added value by offering higher prices, higher tariffs and the equality of conditions. A good or a service that carries this additional element of identity ends up being fi-

nancially rewarded. In other words, identity encompasses information that signals the quality of the product, and all things being equal, individuals have a less elastic demand, which means they are prepared to pay more per unit.

Identity and public policy

Besides the individual value of identity, it is important to acknowledge that there is a collective value as well, and most identities can be conceptualised as club goods, as they have both properties of public and private goods. It overcomes the distinction between public and private goods, which is often held by private goods when they contain elements of a public good. Generally, identity can be understood as part of a country's social capital, which allows it to cooperate and carry



out actions that individually may not make any sense. Social identity is the result of the sum of individual conducts in time, that have carried on over time. Nevertheless, both social identity (national) and the institutional structure that underpins such identities are in constant interaction in that one may determine the other (France and the French Republic, for example).

One of the functions of public powers is, therefore, to guarantee the recognition of the identity of the area in which they institutionally exercise their authority. As I shall argue later, in

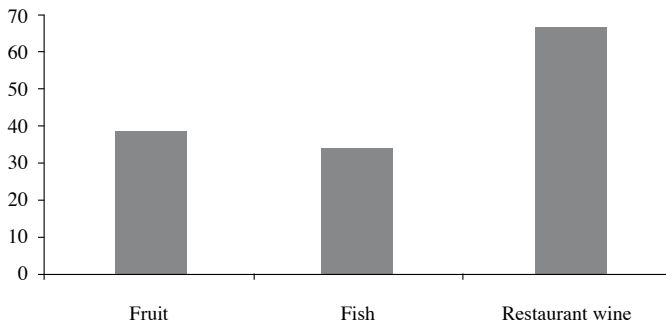
as far as national identity has properties of a public good, actions that lead to improvements in identity suppose an externality that benefits to every member of the club at the same time. This means that the result of the promotion of identity is a game from which all benefit.

The importance of the promotion of identity is especially relevant in a globalised world where increasingly the barriers to the exchange of information (the essence and basis of markets) are steadily shrinking. As a result, the spatial and geographic differences are not now

a reflection of distance in transport time, but rather end up relaxing the differences in social values in respect to the past of each community (they reflect differences in historical processes). Clear examples can be found in Catalonia in attitudes towards public intervention in the economy, individualism of a community nature and openness to foreign markets.

Finally, without wishing to define the Catalan identity, it is worth saying that the historical lack of an institutional structure (the lack of an independent state), identity promotion becomes harder to motivate extrinsically (with immediate tangible rewards), and instead it has been compensated for by a greater degree of social implication in the inter-generational maintenance of the Catalan identity, namely by intrinsic motivations. Catalan identity, perhaps because of the influence of commerce in exchanges with the outside world, has been a very dynamic one, and is particularly difficult to summarise in a few words. Figure 1 shows how a very significant proportion of the population can identify the Catalan origin of certain products. It is interesting to note that of the three products in the survey, the Catalan origin case of wine is clearly apparent.

Figure 1.
Question: In the following situations; indicate how easy you find it to identify agricultural products of Catalan origin



Source CEO: Omnibus, November 2007

The economic value of identity

Spatial identity generates a chain of effects in the demand for goods. As a result, nowadays there is a bulk of evidence which links lifestyle (eating habits, consumption timetables and so on) not so much with individual decisions, but rather as the given result of collective acts, which organise and share or spontaneously accept a particular identity. Simultaneously, identity also has an effect on the offer of products, given that consciously or unconsciously individuals adapt the products and services they offer to their identities. The products and services reflect the characteristics of the origin of the individuals behind them, in that this becomes a vital tool for differentiating them from their competitors. This is the case of Italian designer or gastronomic goods, for example, and in general terms the denominations of origin and certificates of origin and so on.

Identity motivation as a non-monetary payment

Motivation is one of the main mechanisms through which spatial identity operates, although it is not easy to observe. In market economies and forms of economic reasoning, one can reasonably assume that the principal motivation of economic agents is the maximisation of profit or utility (extrinsic motivations). However, it is progressively being recognised that individuals not only act to attain higher salaries and higher prices, although this evidently may be one of the main operating principles of economic activity. While this does occur, individuals also have intrinsic motivations such as satisfying other, less tangible ideas, but equally satisfactory as they bring cognitive benefits, and sense of well being. One of these forms of intrinsic motiva-



tion lies in satisfying the expectation of one's identity, whether personal or social and ultimately national. If a particular activity supposes the betraying of values on which a society is based, it is possible that a conflict may occur between extrinsic motivations (to earn more) and intrinsic motivations (identity).

In terms of an organisation, whether state run or private, identity is the source of cohesion in that it allows individuals who feel part of the group to be prepared to sacrifice time and money in order to form part of a particular group. A feeling of belonging to a group motivates the existence of reciprocity and reduces the costs of transactions by not having to explain things which make up the collective inheritance of an organisation, such as the significance and meanings of words. This idea has been supported by some recent research by

Akerlof and Kranton (2005) who have seen the debate on identity as a mechanism that incentivises economic effort, although they do not mention 'the nation' per se.

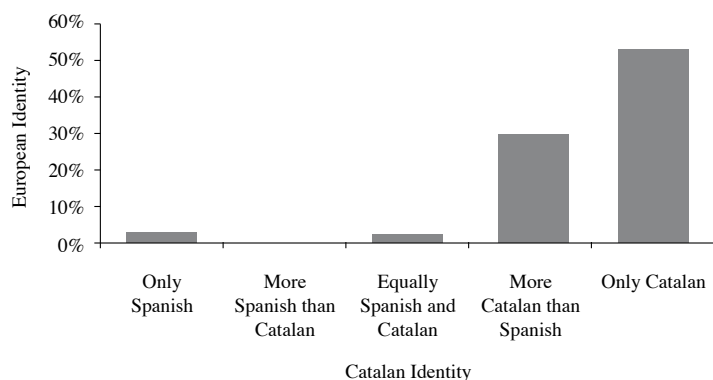
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National and supranational identity

Spatial identities (or national when there is an underlying aspiration to a state structure), understood in a broader sense, can encompass a broader reach than that of their territorial limits, and



Figure 2.
European identity
and Catalan national
identity
Source: opinion poll,
2004, *Institut de Ciències
Polítiques i Socials*
(ICPS)



NB: European identity means the percentage of people who say they are more European than Spanish or only European.

be more or less consistent with universalism. Catalan identity is an example of the latter. As shown in Figure 2, one can conclude that Catalan identity is constructed in conjunction with European identity. This is in contrast with Spanish identity in Catalonia, which on the contrary defines itself in terms of closer spatial scales, arguably more parochial. In effect, while almost no one who considers themselves Spanish sees themselves as 'more European than Spanish- or only European', 57% of those who define themselves as 'only Catalan' at the same time define them-

selves as ‘only European’ (Costa-Font et al, 2006).

Conclusions

As globalisation advances, individuals increasingly need collective identities that act as protective arrangements underpinning common understandings and interests. Hence, it is possible to state that spatial identity takes on a key role in influencing the preferences of the population, and accordingly their market and institutional demands, as well as a means of channelling the quality of products. Simultaneously, in the framework of the possible constitution of a state, Akerlof and Kranton’s recent economic theory (2005) allows us to state that a state that incorporates Catalan national identity at its centre would be able to provide the population with greater cohesion and thereby a means of non-monetary payment for certain actions that up to now have benefited the Spanish state.

In the context of consumption decisions, identity is an experienced good that can be consumed through the interactions with one country’s goods and services, and is exemplified by its ability to add additional value to these goods. It is increasingly evident that the value of goods reflects a collection of mechanisms that are transmitted through social interactions and creates social norms. Simultaneously it is a mechanism in the hands of companies to differentiate themselves from their com-

petitors above and beyond the price of the product. Hence, public authorities have an important role to play in providing support to these actions which improve, in the case of Catalonia, the identity of Catalan products and allow them to extract more international value from these products, such as wine, cava, the restaurant business, tourism, education and so on.

IDENTITY POLICIES HELP THE PEOPLE OF CATALONIA TO HAVE AN INTEGRATED PLACE IN THE GLOBAL WORLD

The objective of policies which promote identity is ultimately to help the people of Catalonia to have an integrated place in the global world. As with all goods that share public good properties, an increase in the prestige of Catalonia, implies an improvement for all without harming anyone within the community (or what technically can be called the club). On the contrary, the increase in economic value of Catalanism becomes an asset in the hands of the Catalans in order to extract more value from the globalisation process. Finally, in the case of Catalan identity, evidence shows that national identity has a key role in attaining certain collective actions and values, such as universalism, as the project of Catalonia goes naturally hand in hand with the European one.

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