

Nikhil Garg

Graduation Year: Sophomore

College: Business, Science

Major(s): Finance and ACMS

Minors(s): None

Scholar Group Membership: Hesburgh-Yusko

Did you received other funding for this project?: Yes- The Nanovic Institute for European Studies

Could you have completed this project without CUSE funding? No

More details on CUSE funding assistance? Without CUSE funding this project most certainly would not have been possible. Thank you very much to CUSE for it generous support.

Project Title: A Delicate Balancing Act: What the Economic Implications of the Upcoming General Elections Mean for the Spanish and European Identity Crisis

Project Location: Madrid, Spain

ND Faculty Mentor: Professor Joseph Buttigieg

Project Type: Research, Creative Endeavor

Why did you undertake this project/experience? Deepen your knowledge of a topic or issue, Career discernment and/or preparation, Internationalize your Notre Dame experience

Did your funded experience help you:

[Deepen your understanding of your coursework or field of study]: Very Much

[Discern your interests and post-bac goals]: Very Much

[Become confident in your ability to set and achieve your goals]: Very Much

[Gain a more nuanced view of local, national, or global communities]: Very Much

[Improve your written and verbal communications skills]:Very Much

Tell us about your experience.

The burst of the 2007 real estate bubble resulted in asymmetric shocks across Europe that debilitated most, if not all, peripheral, debtor nations—Spain, which experienced unprecedented economic growth on account of a strong manufacturing and construction industry prior to the downturn was particularly affected. Today, 8 years after the official burst of the housing bubble, Spain continues on its path of recovery, which has been retarded by political mismanagement, scandals, and corruption. In 2011, Spain experienced an electoral reversal in which Mariano Rajoy's Partido Popular (Popular Party or PP) replaced Luiz Zapatero's Partido Socialista Obrero Español (Spanish Socialist Workers' Party or PSOE). On December 20th, 2015, the Spanish people will again take to the polls to vote on a new government; this time, however, they will vote not in the binary, but instead be forced to choose amongst PP, PSOE, Podemos ("We Can"), and Ciudadanos ("Citizens"), the latter two of which are fringe groups, which emerged only in the last three years. Though the Eurozone refers to Spain as its poster child for the effectiveness of austerity and economic policies resulting in internal devaluation, high unemployment rates have disenchanted the general population. How this population chooses its

next government on December 20th will be vitally important for the future of Spain, as the economic choices of the impending coalition government will speak volumes to Spain's commitment to the Eurozone.

Though a variety of notable economists including Stiglitz, Summers, DeLong, and Krugman have made their individual assertions regarding the Eurozone Crisis (most call for greater fiscal integration and better coordinated/centralized deficit spending), only a limited amount of literature exists on the upcoming Spanish elections and their relation to the Eurozone Identity Crisis. Most international attention has focused on Greece, which, on account of its repeated failures in the economic and policy arenas led many to fear a potential "Grexit." I believe that studying the Spanish case is more representative of the typical peripheral European nation, as Greece represents an outlier in its negatives—not to also mention that the Greeks are culturally programmed to oppose austerity and other necessary, yet difficult fiscal reforms. Italy, Ireland, and Portugal either recently had, or will soon have, their own general elections, and I believe that by better studying the Spanish case, we can develop non-quantitative modeling tools to better gauge public reaction to financial and political disarray.

While in Spain, I interviewed a variety of economics professors, political and economic think tank members, and politicians. Through these interviews I was able to get a variety of different perspectives on the upcoming elections, and learned a great deal about the economic and political composition of Spain. First off, what is unanimously agreed upon is that the Eurozone Crisis opened the political market to outsiders (in 2011 and 2012 the "Indignados" movement coupled with the Spanish equivalent of "Occupy Wall Street" bred two new political parties), which are now going to play an unprecedented role in the elections. Ciudadanos is expected to be the kingmaker in the elections and is more likely than not going to enter a coalition with PP, which is expected to beat out PSOE by a narrow margin. The academic community agrees that this coalition government is best for Spain as another political reversal back to the left would result in the undoing of many fiscal, financial, and labor reforms that, though difficult, were successfully implemented by Rajoy's conservative administration.

What many Spanish intellectuals also assert is that the belief of a fractionalized Eurozone and European Union is a largely Anglo-Saxon belief. Numerous individuals I interviewed said that the Eurozone is in absolutely no threat of disintegration and any assertions to the contrary have a fundamentally uninformed perspective of the composition of Spain and Europe. What I found particularly interesting was the strong influence the Franco Regime, which fell in 1975, still has on the Spanish people. Franco is remembered for his brutality, oppressive conservatism, and intense nationalism that relegated Spain from the rest of Europe. Today, the Eurozone provides Spain the opportunity to be part of "a rich man's club" that has continued, and will continue, to benefit Spain. Though Spain suffered in the past seven years without any effective monetary and fiscal policy, most Spanish intellectuals suggest that the Eurozone Crisis was instrumental in further developing Optimal Currency Area theory. The Eurozone is expected to grow further integrated in the coming decades (maybe centuries) until, one day, it will become an institutionalized transfer union similar to what we have here in the United States.

Describe the impact this project had, both on you as a student-scholar and on the people you worked with.

This project has a significant impact on me as a student-scholar, as it has inspired me to further pursue this project in greater depth. This topic is fundamentally important to better understanding European dynamics, and I hope to apply again to various scholarship institutes in Spring and Summer to travel to other Eurozone countries. Though I am not required by my specific majors to write a senior thesis, I hope to dedicate myself to my project for the next two years so that I may write an official senior thesis in two years time. My research advisor, Professor Joesph Buttigieg, is also very excited by this project, and hopes to work with me in the future as well.

Describe how this experience is connected to your plans as a student or future professional.

As mentioned previously, I am very interested in developing this project into a more formalized senior thesis. I also had the opportunity to speak with several development bankers in the past, who all told me that for a successful future with the IMF, World Bank, or IFC, I need to have a fundamentally strong background in economics. As a result, this project had laid the foundation for me to better pave my path in the economics discipline, and I hope that, if I can continue this project over the next two years, I will be be able to apply to graduate programs in economics with a stronger background.

What advice would you give other students who are planning to pursue similar projects?

I highly recommend students begin planning their projects well in advance. They should not only immediately apply for IRB review if they are unsure, but they should also begin scheduling interviews with different professors, politicians, etc. even if they have not yet officially received the grant. By starting so early, I was able to interview almost ten different highly renowned economists and professors, which was very good for my research. I also recommend that students record all of their interviews, keep detailed notes and journals, and always be thinking how they can take their research to the next level. Finally, I would recommend that other students figure out how to best plan their trips in terms of time restraints--I highly regret not taking a stop in Barcelona/Catalonia as well, as I would have gotten another perspective from this other major financial and political capital. I could have easily condensed my time in Madrid to 4 days, and spent the remaining 4 in Barcelona.

