

# Mentalities, leaders and projects

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In late 2005, the savings rate was plummeting. The Spanish Savings Bank Foundation (FUNCAS) alerted that it was then the lowest in forty years. The rate was expected to be under 7% of available gross family income (AGFI) by the end of December, while it had been as high as 15% in 1965. The average debt of Spanish families was 50,000 euros. The director general of FUNCAS explained that if this trend continued, «it would lead to an explosive situation» (ABC, 3 November 2005).



Until mid 2007, the economy section in the specialised and general press alerted in rather catastrophist terms the level of debt of Spanish families. In late September 2006, the debt rate was 84.5% of GDP, having increased almost 20% within one year, according to the Bank of Spain. Only six months later, in mid 2008, in the light of the first signs of deceleration, the half-year report by Caixa Catalunya savings bank already predicted that the debt ceiling would reach its peak that year, at 143% of AGFI, reducing later slowly to 120% in 2016 (in the late 1990s, debt had been 80% of AGFI). However, exactly one year later, families had doubled their savings rate despite the deep crisis, or precisely because of it. According to the FUNCAS forecast (updated in October 2009), the savings rate on AGFI would reach 18.9% in 2009, compared to 12.9% in 2008. As to debt, the reduction Caixa Catalunya had predicted for 2016 one year earlier would already be reached between 2009 and 2010 according to FUNCAS, at 122.9% and 117.9%, respectively. To summarise: within less than one year, we went from a debt record<sup>1</sup> and the lowest savings rate in forty years to surpass the debt reduction forecast made for eight years later, reaching an all-time savings rate record.<sup>2</sup>

I took the fast evolution of these two figures, debt and family saving, to illustrate what appears to me as an obvious thing but goes against a certain sort of dominant discourse that usually confers very strong ethic components to individual economic decisions, attributing them to solid principles – or deep moral shortcomings – as if they were taken independently from the environment. To summarise, I intend to show that two of the economic behavioural patterns that are most often associated with basic life attitudes and values linked to a certain way of understanding the present and the future, like saving and planning for the future or spending more than one is earning, are intimately related to the rules of the game set by relatively circumstantial factors: interest rates, credit availability, extension of the mortgage amortisation period, cash availability of financial institutions, etc.

## Two of the economic behavioural patterns that are most often associated with basic life attitudes, saving and spending more than one is earning, are intimately related to the rules of the game set by relatively circumstantial factors.

The response to market conditions is certainly ornamented with a language full of rhetoric values as brokerage has been left in the hands of advertising. I still remember that advertisement of Caixa Catalunya that amidst the credit rush addressed the youth telling them «you see it, you want it, you have it», not only contrary to any notion of saving and foresight but especially encouraging a compulsive consumerist behaviour absolutely opposed to social responsibility usually attributed to savings banks. This advertisement is the exact opposite of older messages of these institutions, like the ones featured on the calendars of the Caixa d'Estalvis de Terrassa in the 1950s and 1960s, respectively: «*Today's savings are tomorrow's capital*» and «*What is saved does not need to be borrowed*». Let us be plain though: the Caixa Catalunya advertisement was not strictly «educating» in unrestricted consumerism –nor were the calendars in the mid 20th century educating in foresight– but it simply provided information, of course made up and simplified for communication purposes, on real possibilities of easy debt, even economically rational possibilities if looking at it from a strictly individual perspective or that of the institution's short-term interest.

All in all, what I am asserting is that mentalities, at least related to economic behavioural patterns, are today extraordinarily adaptable, without opposing any resistance to changing conditions imposed by the market. This is a great difference to other times, as the above-mentioned calendars show, in which the popular economic attitude, without any brokers, was directly overlooked by a certain religious culture and an explicit, homogeneous and stable public moral. In a certain way, what we are now

observing confirms Max Weber's prediction, who more than a century ago alerted in *The Protestant Ethic and the Spirit of Capitalism* that once the religious principles that laid the foundations of secular economic moral of capitalism «laid off the cassock», the modern economic order was «tied to technical and economic conditions of mechanical and machine production that today determines with irresistible strength the lifestyle of all individuals born into this system [...], and perhaps it will go on determining it to the day the last fuel ton is burnt out». <sup>3</sup> In a word: the market has managed to rip off any moral resistance from the economic behaviour of individuals, who are subject to it by an irresistible force determining their lifestyle.

**Mentalities are extraordinarily adaptable, without opposing any resistance to changing conditions imposed by the market.**

The consequence of this quick adaptability, bare from any moral principle or resistance, is that once a period of deep recession is reached, the behaviour adjusts quickly to the enforcement of economic laws, with an immediate consumption stop and savings measures adopted due to uncertainty. Some analysts even believe that we have gone too far regarding consumption. However, the thing is that radical change in economic behaviour rationality, once there is awareness of the depth of the crisis, cannot be attributed to any lesson learned, painful scorn or reflective attitude but to exactly the same rationale that had previously led to dangerous debt-making stimulated by the interest of the very financial institutions, among others. So if the rules of the game do not change, the likeliest to happen is that once the bad times are over, the behaviour changes quickly again.

It has been repeated once and again that the present economic crisis has been a consequence of this market without principles as Francesc Cabana described it in *La cultura de la cobdícia* (Cabana, 2009). I personally fully

share the description of the situation: the market, apart from restrictions set by some legislation, has taken over control aside any ethical self-regulating principle. This is the more significant if we consider that in our country, education of top business leaders is spearheaded by private business schools related with religious organisations, which are so prone to talking about values! Yet for this very reason, I am not so sure that the current turmoil is to be seen as a result of a previous value crisis external to the rules of the game in the sense that values attributed to economic conduct have for a long time not been the result of principles but of shameless interests accordingly disguised as moral values instead.

Be it as it is, there are two big questions derived from stating the volubility of our economic behaviour. First, it is good to know in how far economic rationality of our decisions has an influence on other bordering domains. The second question is whether there are possibilities of escaping this Weberian determinism that turns individuals into slaves of an irresistible force determining their lifestyles. As to the former, the issue affects especially education and overall welfare expectations in advanced societies as ours. The question is in how far the breakdown of the social lift, precisely when egalitarian policies have made the biggest ever progress in all domains, has been the consequence of unusually long economic growth, by which the likeliness of recession had disappeared from the life horizon of most people, and if the crisis is going to make the lift interesting and set it in motion again. I suspect it is.

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For instance in education, I believe that this is clearly noticed in a relevant change in attitude in the classroom and an apparent shift in



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strategies determining the curricular choice. Like parents have started saving desperately, their children are learning hard again. However, certain perceptions based on the threat of migration movements, crime figures, attitudes as to predictions for the future, demographic evolution and others are likely to change. Yet due to the reasons explained before, I do not think these are changes lasting long but they will stay as long as negative economic conditions persist, no matter how wrongly these changes are interpreted again as a shift in social and individual values.

### Values are not the driver of a society but its horizon.

Nevertheless, the second question is even more relevant. Is there any chance of taking a country away from this mere docile submission

to the ups and downs of economic cycles? Is it possible to guide the future without any need of being subject to amorality of a world, to come back to Weber, who saw it full of «heartless sybarites»? All in all, is it possible to think of an art of navigating that, despite the unpredictability of wind streams allows to make headway, albeit zigzagging, to any given horizon? Again, my answer here is yes. However, this possibility is not pinned down in the idea of an educational process focusing on values allowing a stable change of mentality into a specific direction becoming the mainstream, but in the existence of a network of leaderships at different scale acting by relatively autonomous standards but along one common direction. I mean that values are not the driver of a society but its horizon. The driver is the leadership guided by an agreed project in which everybody will win in the medium and long term and which is «told» in terms of values.

Yes, values are nothing else than the story interpreted by a given lifestyle, a system of «virtues» along available transforming forces and capacities. Put in different words, rather than a shift in mentality, what is needed now is a change in leadership.

Mentalities are too voluble today to be shaped. Leadership is needed, and especially a project that necessarily needs to be of political nature, ambitious, creating wide sympathy, defining a convincing general interest, allowing to go beyond turmoil determining too voluble

lifestyles. Expectations and opportunities of change are there, more in times of crisis than in prosperity. But is there any political project for the country worth it?

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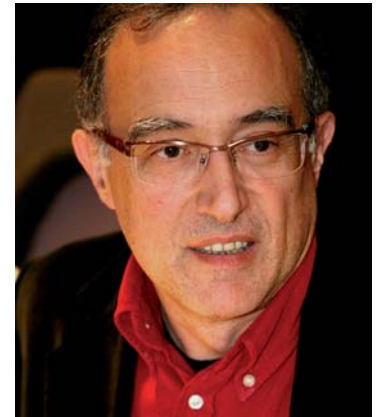
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#### Reference

CABANA, F. (2009). *La cultura de la Cobdícia*. Pòrtic. Barcelona.

#### Notes

1. *El Periódico*, 22 January 2007.
2. *Cinco Días*, 7 October 2009..
3. Excerpt from the Catalan edition published by Edicions 62 in 1984, p. 263