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After bottoming out: a new European policy for Spain

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Theme[1]

After a decade of de-Europeanisation (2001-10), Spain has put the EU back at the centre of its national project but it must now also aspire to co-lead the integration process.

Summary

If Spain ever punched above its weight in Brussels, it now does the very opposite. It has genuinely lost influence and the crisis is not the only explanation. After a decade of growing distance between the European integration process and Spain's national political and economic project, the latest governments have certainly put the EU back at the centre of their agenda since 2010. This re-Europeanisation, however, should not be limited to a greater willingness to adapt to decisions taken at supranational level. Rather, it must also include a new strategy to bolster Spain's capacity to shape such decisions. To this effect, and in light of Spain's strengths and weaknesses, we propose here 10 recommendations to improve the country's influence. Given its privileged position as a medium-to-large state, Spain's potential weight could substantially increase if it is clear about what type of progress in integration it is interested in, and if it strengthens the internal mechanisms for drawing up its European policy. Similarly, it must prove capable of devising attractive proposals and forming alliances with the EU institutions and with other member states.

Analysis

In early 2013 three apparently unrelated pieces of news served to illustrate how far removed Spain is today from the engines driving the European integration process.

The first was the election of Jeroen Dijsselbloem as the new president of the Eurozone finance ministers, whom Spain decided not to support. The government knew it was acting alone and, moreover, it did not have fundamental objections to the Dutchman's suitability. Yet it preferred to make a symbolic protest by abstaining since it had been left without any Spaniard among the relevant posts involved in managing a crisis where the country's future is literally at stake: be it the Eurogroup, the European Central Bank (ECB), the European Stability Mechanism (ESM) or the various financial supervisors.

1 This analysis was published in Spanish as an article in the magazine *Política Exterior*, nº 152, March/April 2013 (www.politicaexterior.com/articulo?id=5112).

Days later, the European Council on Foreign Relations published its annual scorecard of the different states' contributions to the Common Foreign and Security Policy (CFSP). Spain again featured among the group of countries –together with Greece, Lithuania and Romania– lagging a long way behind the stronger leaders such as the 'big three', Germany, France and the UK, or even other middling members with significantly lower diplomatic and military capacities, such as Sweden, the Netherlands and Poland.

Poland was in fact the origin of the third of the crucial pieces of news which increased the sense of Spain's irrelevance in a matter of days. Its hyperactive Foreign Affairs Minister Radoslaw Sikorski, following David Cameron's speech on reconsidering Britain's EU membership, declared Warsaw was ready and willing to replace London as the third great European capital following Berlin and Paris. This desire is clearly rather bold, and yet it is less laughable than it would have been coming from Madrid right now.

The problem is not only a question of perception. Spain's loss of authority in Europe is objective and officially acknowledged as worrying. Recently, the Economy Minister, Luis de Guindos, admitted that Spain had hit rock bottom in terms of its presence in the common institutions. Despite the many limitations to measuring relevance by the number of nationals holding office, it is striking that the government was unable to secure any appointments at all once it had decided to consider these a priority. More serious still are the ever increasing complaints from high-ranking civil servants about the little attention –and even little respect– that other states grant to the Spanish position in decision-making. Last summer, to give a painful example, the Spanish negotiators debating the bank bailout details had to bear Finland's demands for tangible collateral guarantees. Such disregard would have been unthinkable only a short while ago and is unfair to a country which, despite its poor economic situation, has so far contributed a very significant share –around 12% of the total– of the Greek, Portuguese and Irish bailouts and the ESM.

The dominant explanation for this flagrant decline in influence naturally points to Spain's long recession, financing problems, very high unemployment and the effects of this on social and political stability. In other words, Spain is not that different to Greece and other countries experiencing a similar ordeal. In fact, nobody denies that in today's EU there is an economic divide between creditors and debtors which has served to consolidate the power of the former. Therefore, for Spain to regain the centrality it ought to have as the fifth-largest member, it must just overcome the current abysmal economic conditions and return to the path of successful growth or international weight that it used to enjoy, for example, 10 years ago. Under this interpretation, Spain would not need any specific European policy other than to choose the right path to economic recovery. Once the country achieves economic growth, the size it benefits from in institutions as a medium-to-large state would provide its lost influence.

This is the reasoning we contest here. The afore-mentioned examples themselves show that a member state's economic situation and diplomatic or institutional weight alone are not enough to explain its capacity for influence in Brussels. Sweden and the Netherlands are clearly beneath Spain in terms of votes in the Council, number of MEPs and foreign deployment, but they surpass it in leadership on many dossiers. Attributing this advantage to the fact that they are richer countries is insufficient. Ultimately, Poland and Italy –which are good for comparison given their similarities in GDP and starting political position, and their parallels with Spain in its risk premium trajectory– are listened to more attentively in Brussels, Berlin and Frankfurt. Even two small states that have received bailouts seem more adept at playing their cards, at least to get compatriots into key positions: the Portuguese hold the Commission presidency and the ECB vice-presidency, while the daily administration of the European External Action Service (EEAS) and the Commission is in the hands of the Irish.

If Spain ever punched above its weight in Brussels, it now punches considerably below it. Moreover, this feeling of irrelevance cannot be mitigated –or at least not entirely– by blaming it on the country's current vulnerability in the crisis. The theory upheld here is that the deterioration in Spain's position goes beyond the stigmatisation it suffers for the poor situation it shares with other peripheral states. There are specific reasons for Spain's loss of influence which cannot be attributed to adverse economic and political circumstances as much as to excessive self-complacency during the supposedly brilliant decade from 2001 to 2010. Explaining the primary origin of the current weakness could help the much-needed design of a new European policy for Spain, one which might allow it to better manage the current bitter situation and then guide its action in the medium and long term following several years of disorientation.

Europeanisation, de-Europeanisation, and re-Europeanisation?

As shown in a previous study,[2] three different phases in the development of EU-Spain relations should be distinguished: (1) the first 15 years from joining to full convergence with Europe; (2) the first decade of the 21st century, when Spain continued to reap dividends from its success but ceased to invest in the integration process; and (3) the current phase initiated in 2010, in which Spain has re-acknowledged the crucial importance of the European factor but without overcoming its previous strategic confusion.

In the golden period of Europeanisation (1986-2000), Spain behaved like a virtuous pupil in receiving the various European policies. From the 1990s, it started to reap benefits for its good behaviour with significant gains in funds for cohesion, citizenship and external action in the Mediterranean and Latin America. To use Tanja Börzel's terminology, Europeanisation in the sphere of adaptation ('downloading') was also reflected in the sphere of influence ('uploading'). As a corollary, many Spaniards ended

2 I. Molina (2011), '¿Década perdida? La política europea de España 2002 11', *Política Exterior*, nº 144, November.

up in important positions: the presidency of the European Parliament on various occasions, the first CFSP high representative post and an undisputed presence in the ECB executive committee. In 2001 this first phase reached its height: the Nice Treaty was signed, whose voting system encouraged Spain to think it had achieved the status of a large country; the September 11 attacks occurred, which contributed to fostering the illusion that Spain's new power meant it could aspire even to a special relationship with Washington; and on the final day of that year the peseta disappeared.

The following decade (2001-10), in contrast, was marked by a slow but clear process of de-Europeanisation. Spain had achieved the goal of political, economic, social and diplomatic convergence with the heart of the continent that it had set itself during the transition (or perhaps since the days of the philosopher Ortega y Gasset). And it was not to renew its already completed, and thus exhausted, European strategy. On the contrary, it entered into a spiral of disorientation which affected the three main dimensions of European integration: economic, institutional and foreign policy. In the economic sphere, the improvement in competitiveness which had guided the previous period now ceased to be so important and the government scarcely paid rhetorical attention to the Lisbon Agenda of structural reforms. Access to easy credit and the property bubble –which was paradoxically encouraged after the introduction of the euro, despite this being meant in theory to foster an economy at a deeper European level– redirected growth towards strong internal demand and a sector of little added value. This opened an ever increasing gap in productivity and the balance of payments.

Spain has also lost its way in the institutional sphere: both Aznar and Rodríguez Zapatero failed to understand the resilience of the Franco-German axis or the effects of the Eastern enlargement. While Aznar's last government unpleasantly blocked the European Constitution, Rodríguez Zapatero in his first government –rushing to make amends and showing too much enthusiasm for a treaty which never came to light– always travelled to the European Councils with ill-advised reluctance. Finally, this gradual cooling of interest was also seen in foreign policy: neither the troops on Perejil Island or in Iraq, nor the 'Alliance of Civilisations' or the Kosovo boycott brought Spanish diplomacy closer to Brussels.

In May 2010 the final phase started. Now nearing the end of its third year, it can be deemed one of sudden re-Europeanisation. As in the previous period, which also saw a change in party in 2004, its main features have not been affected by the last government changeover in December 2011. The final year and a half of the PSOE government and the first and a half of the PP put the integration process back at the very centre of their agenda. The problem is that by then, Spain's political and economic position within the EU had weakened so much that it barely had any capacity left to shape European decision-making. Spain has therefore had to accept a line marked by

certain specific interests –fundamentally German ones– which do not necessarily coincide with its own at the national level. In a highly vulnerable situation, the country has had to undertake reforms and painful adjustments which, in some cases, will be damaging not only in the short term.

Even the constitutional treatment of Spain-EU relations reflects this evolution in phases. In 1978, although membership was not yet guaranteed, the enthusiastic Europeanism of the Spanish political transition recommended the inclusion of article 93 which would allow a future transfer of sovereign competences. Later, in the golden phase of the 90s, the first constitutional reform was marked by a provision of the Maastricht Treaty on European citizenship which Spain –at that time able to contribute to shaping the agenda– had promoted. The attempt in 2005 to explicitly and solemnly codify Spain's EU membership in the country's Constitution was then thwarted, among other reasons, because this aim was subordinated to far more domestic questions which entertained the two main parties during the years of the bubble; this is an excellent illustration of the decade of de-Europeanisation. Finally, the hasty amendment of article 135 is the best metaphor of the current period in which Spain has again accepted the need to take up seriously the decisions adopted in Europe but has renounced having any influence. This reform exclusively associated the integration process with budgetary stability but not with the remaining values and aims that supranationalism implies for Spain.

How Brussels has a big impact at home, with Madrid barely affecting Europe

Europeanisation thus has two dimensions: a capacity for 'downloading' policies devised in Brussels to the domestic level, and skill at 'uploading' national preferences onto the EU decision-making process. In this respect, to use the play on words by Mendeltje van Keulen, the fact that Spain has been immersed since 2010 in a new phase of accepting how Europe hits home (ie, the impact of European priorities on Spain's political agenda) does not necessarily imply that it is also considering how home could hit Brussels (ie, how better to shape such priorities).

If the argument here is that Spain's loss of influence stems not so much from the current dire situation as from the progressive introspection between 2001 and 2010, then the re-Europeanisation process Spain has undertaken –albeit only as a decision-taker for the moment– could still show it the way to regain its capacity to shape decisions too. It is undoubtedly a step forward that the Foreign Affairs Minister now pays more attention to Berlin and Brussels than to Gaza and Baghdad, that the Economy Minister is more concerned with the fiscal union than with liberalising land and that the Prime Minister is aware that he is also going to be judged on his capabilities on the European scene.

But all this rests on a wholly insufficient premise. In fact, it is dangerous to confuse both spheres and make baseless claims –which also deepen the very damaging competition

and discord between the two main parties– that Spain can return to the heart of Europe simply because the government wants to. There have certainly been some glimpses of success, such as the recent budgetary negotiation, and positive advances when the Spanish position has benefitted from alliances with other states (at the June 2012 European Council) or greater harmony with the Commission and the ECB (also since last summer). Spain is also taking part, albeit not very actively, in some collective initiatives to devise Europe's institutional future (such as the G-11 driven by Guido Westerwelle of Germany) and its role in the world (such as the European Global Strategy promoted by Sweden's Carl Bildt).

Yet Spain must venture to do a lot more –especially faced with the prospect of key negotiations to shape Europe following the crisis–. By all accounts Spain is not currently in a good position to shape the future economic and monetary union (EMU) or political union, as shown by the cutting short of the implementation of the banking union or the not so anecdotal question of the exclusion of Spaniards from posts of responsibility. It does not really seem capable of leading any developments in European foreign policy either.

Strategic elements to reinforce Spain's capacity to shape the EU

There is no structural reason why Spain should be condemned to irrelevance in Europe. Despite the impact of the North-South political dynamic on its loss of power, the crisis is not the only cause of erosion and there is also considerable room to reverse this. In reality, Spain in principle has significant comparative advantages which most member states long for. These not only include its institutional weight or its extensive international presence, reflecting its valuable status as the fifth-largest state in an EU split into some 30 members, but also the possibility of fruitfully combining this quantitative potential with qualitative enhancers. Examples of the latter are Spain's global projection thanks in part to its language, its relative institutional and administrative stability, its committed Europeanism –which is almost intact among its elites and not too badly impaired among its population– or the firm place of its two main parties in the two main ideological families of the European Parliament.

At the moment it is difficult to assert any of these elements, but they can all be understood as strengths if they are articulated well and integrated into a new strategy of European policy that might substitute the one which expired in 2001. Such a strategy, as the very word implies, must renounce tactical ploys, swings in agendas and a reactive approach. The following 10 elements, by way of a Decalogue, could help to shape it:

1) Devise and defend a narrative specific to Spain: the spirit of regeneration is definitely better than self-indulgence, but that does not mean Spain should cease to have its own integration story. Especially if that helps balance the

intellectual rigidity with which, for example, Germany is tackling EMU reform. Loss of competitiveness and indebtedness are certainly two main causes which have pushed the crisis to an extreme in Spain, but it is also true that poor functioning of the euro and the ECB between 2001 and 2012 provides the third factor which is essential to understanding the current drama. Brussels and in part Frankfurt have now adopted a more balanced view, but Spain should learn to educate others on the issue of blame allocation and unfair externalities which it also suffers due to the behaviour of some central actors. The latter, biased towards their own national concerns, can put the EU's general interest at risk as much as or even more than the periphery does.

2) Identify which Europe suits Spain: the crisis shows that not all integration paths are necessarily positive for Spain. It must define the one which is best for its national project –which by and large must be able to survive changes in government– in order to know which way to steer negotiations. In the 1990s an EU which was demanding on economic matters (the Single Market and convergence criteria) and ambitious with the genesis of the CFSP helped Spanish governments to apply their agenda to modernise and open up to the world. Now, for example, a more integrated Europe prepared to take competitiveness and the 2020 Strategy seriously could also strengthen the steering capacity of a state wanting to transform its productive model.

3) Accommodate Spanish interest within the EU's general interest: once Spain has defined its interest it must fit it into the general agenda. The shaping capacity of a country the size of Spain, which can make itself heard but is not strong enough to impose its proposals, depends on its harmony with the Commission and the Parliament. The issues deemed failures in recent years (such as the post-Nice voting system and the single patent) have happened because Spain has not known how to relate its vision to that of Europe.

4) Make the most of institutional strengths by pushing for federalisation: the majoritarian character of Spanish democracy (two main parties, single-colour governments and a weak parliament) undoubtedly has negative effects, but it also offers comparative advantages which Spain must know how to utilise. Spain, which is also a pro-European country prepared to share sovereignty, wins in relative terms when the European Council, the Council, the European Parliament and the Commission assume power. In contrast, it loses out in an integration process which rests on national veto points such as parliaments or constitutional courts.

5) Take care with the quality of Spanish representatives: the energy employed in promoting Spanish candidates to high-ranking European posts could be used, without risk of frustration, to improve the quality and skills of the Spanish representatives who negotiate in Brussels on a daily basis and could frankly be improved. Drawing up lists with better candidates for the 2014 European Parliament elections is a good starting point. Meanwhile, nothing prevents Spain from supporting its officials in the Council with more means and better instructions.

6) Coordinate, coordinate and coordinate again: the position that Spain defends in the EU must respond to a general project –one implicitly supported by the large majority of society– and the priorities therein must be transmitted to sector policies. This requires strengthening the horizontal actors and forums which elaborate and monitor European policy both within the government (inter-ministerial bodies, the Secretary of State and the Permanent Representation) and between it and the autonomous regions (the Spanish Conference for EU Affairs), and in the Congress and Senate (Joint Committee).

7) Indulge friendships: Spain must forge alliances with states as well as with the Commission, cultivating empathy, especially at difficult times. Aznar made a mistake in neglecting the Franco-German axis from 2001 onwards, Rodríguez Zapatero was also wrong to abandon Poland in 2004 and the failure to shape a strong axis with Italy and Portugal has been a permanent error since Spain shares their vision on 95% of dossiers. With so much potential for alliances, staying isolated is inexcusable.

8) Turn internal fragilities into strengths: when the state lacks resources or defends an awkward position on a particular issue, it can make a virtue of necessity with a Europeanist discourse. If, as is currently the case, it must make cuts to development aid or diplomatic expenditure, then rather than ducking beneath the parapet it should lead the debate on the Europeanisation of development policies or the deployment of an ambitious EEAS. To give another more concrete example, if Spain is in the minority on Kosovo due to concerns about its own centrifugal tensions, instead of entrenching itself in its position and frustrating everyone else, it should help to resolve the conflict by asserting that Spain knows how to manage inter-territorial tensions.

9) Dare to know: Spain's European policy suffers a conspicuous lack of perspective and shortage of its own ideas. It must venture to generate thinking in the sphere of economic governance, political-institutional dynamics and external action. In comparison with other states, the think tanks dedicated to integration

are few and poorly equipped, they lack connection with universities, and there is hardly anything worthy of being called a policy unit in the government or the regions, or an advisory body for parliamentarians.

10) Don't lose sight of the citizens: in the current situation of general discrediting of politics and loss of confidence in Europe due to austerity, it is very dangerous to exploit the image of Brussels imposing cuts. Whether it be to shift blame or to suggest that adjustments would be avoided outside the EU, populist discourses do not help. The government and the opposition must ask questions of citizens treating them as adults, explaining sincerely and transparently the viable options, and anticipating the consequences of taking one or another. Despite everything, there is room for manoeuvre and Spain can acquire a greater role by being more active in Europe, not by being more resentful.

These 10 elements, like the Ten Commandments, can be summarised into two principles or greatest commands: think more Spanish but act more European. Although Spain has not defined a global model of integration adjusted to its national strategic preferences and it generates few ideas of its own accord, curiously it still behaves in a tactical and short-term way in many specific areas where it lacks a European attitude. It should do the very opposite: it should not be uncritical in accepting the big ideas produced by others, yet it should then behave selflessly in actively pursuing goals once they have been defined as European.

Conclusions

After years of slow de-Europeanisation –and the attendant loss of influence in Brussels– Spain must not only put the integration process back at the heart of its national project, but it must also dare to co-lead it. Despite appearances to the contrary, the extreme difficulty the country currently faces is not the only cause, and perhaps not even the main one, preventing it from exercising the leading role it ought to have as a medium-to-large country. A role which, to some extent, it enjoyed during the 1990s. Rather, it was the self-complacency generated by the years of growth which led Spain progressively to neglect the EU as a reference for its political, economic and external action agenda from the turn of the century onwards.

The debt crisis has served to make Spain bitterly realise the crucial significance that the European factor still has for its destiny. But although it has started to become a decision-taker again since 2010, it has not yet learnt how to become a decision-maker and position itself at the forefront of debates on the new governance of the euro or efforts to turn the EU into a global actor. The example provided by other countries with less objective weight (such as the Netherlands, Poland and Sweden) or which have also been heavily hit by the crisis (such as Monti's Italy and even Ireland) shows that the authority

of each member is in reality measured by its capacity to devise attractive proposals for the whole of Europe and to form alliances with other states and the common institutions.

The good news is that if Spain were to venture to dedicate more intelligence and political will to the integration process, it has various comparative advantages which would soon enable it to reposition itself as an influential member. But the bad news is that for now, Spain shows no clear signs of intending to abandon its low profile and design a proactive strategy for the coming years. If there is anything worse than hitting bottom, it is not knowing how to rise up again.

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