



SPAIN'S PRESIDENCY-BY-TURN: A LAST MINUTE RECOVERY?

The last two-month period began with an appraisal of the agreement between IMF, European Commission, ECB and Eurozone finance ministers to rescue Greece. It was late in coming, according to the Spanish press, which also attacked the lack of a European economic government and Germany's indecisiveness, seen as the primary cause for the delay (1). Of course, much was also said about the other two key issues: the crisis of the euro and the question Spanish solvency, which according to some is not all that different from Greece's, while others express a more optimistic view.

The ECOFIN commitment to a rescue fund aimed at ensuring Eurozone financial stability was seen as an "historical step" capable of calming the markets and bridging the gap between complete monetary union and a non-existent political union. Clearly it requires regulation, supervision and promises from the governments, Spain's above all, to cut public spending (2). This explains why *El País*, in response to measures adopted by the Zapatero government (public wage cuts, a freeze on pensions and cuts in public investment) aimed at reducing public debt by eight points of GDP in four years, appealed to the unions to act with caution and not to resort to a general strike, thus marking a shift in favour of the government's position (3).

1. Criticism for Merkel

As for Merkel's behaviour, her defeat in the elections in North Rhine-Westphalia was interpreted in an *ABC* editorial as a sign of dissatisfaction from the German electorate not so much with the situation inside Germany as for the state of affairs in Europe. And therefore symptomatic of growing euroscepticism (4). A distance from Europe which was confirmed, according to Lluís Bassets, writing in *El País*, by the unilateral economic measures adopted by Germany as a mark of the split in the French-German axis and the need for a new architecture of the European Union (5). Elsewhere there was support for Germany and Merkel expressed in the form of the traditional parable about the cicadas and the ants, where the cicadas are the countries that are unable to manage their own

economies, such as Zapatero's Spain, and the ants are the virtuous countries that are weary of supporting the spendthrifts (6).

2. Spain in the EU 25 years on

The 12th of June was the anniversary of the day in 1985 when Spain became fully integrated in what was then called the European Community. Celebrations were held in institutional offices, but the media was less excited, despite the fact that it coincided with Spain's presidency-by-turn. It could not have been otherwise, wrote Basterra, marking the occasion in *El País*, given the record unemployment, the economic and political crisis and a government in disarray which is directly responsible for a loss of standing on the international stage. Speaking of the remarkable progress made by Spain since that time, with a seven-fold growth of *pro capite* income and the extraordinary modernisation of its infrastructure, Basterra pointed to the need for the European model to adapt to the 21st century (8), as warned by the Committee of Wise Men chaired by Felipe González (7), unless it is to fall into decay and become nothing more than a theme park full of cathedrals and museums.

A broader view was adopted by the economist Juan Velarde Fuentes writing in *ABC*, who went all the way back to 1957 and the process that began then with the creation of the Interministerial Commission for the Study of European Economic and Economic Communities (CICE) and led to Spain's request for full community membership by the foreign affairs minister Marcelino Oreja on 27 July 1977, and the final signature in 1985. This prompted radical structural reforms in Spain's economic policy on at least three levels: customs tariffs, with the abolition of Europe's economic borders in 1993; currency, with the creation of the European Monetary System, which absorbed the peseta in 1989 and led to Spain's Eurozone membership, once it was able to produce accurate macroeconomic figures (1998); and, lastly, politics, with Spain becoming a part of Europe's institutions. In view of the crisis which has affected all three areas, Velarde Fuentes cites the latest economic literature (but not only) highlighting the thorny issue of Spain's agricultural policy, and its apparent lack of direction, warning against the risks of depending too heavily on a common fiscal policy to the detriment of reforms to the monetary system, as indicated also by Olivier Alonso (9), and attacks the weakness of an economic union that is not supported by political union. A triple crisis, therefore, which the economist

calls upon the Spanish people to work together to solve lest the dream of Schuman, Adenauer and De Gasperi should fail (10).

3. The debate on Spain's presidency-by-turn

The debate surrounding the performance of Spain's presidency started early and reflected, at least as far the press opposed to the government is concerned, the doubt and scepticism with which the semester began. Zapatero is said to have transferred his lack of vision and an ad hoc approach from domestic affairs to the European sphere, and to have dithered over adopting appropriate measures internally to the point of needing to be roused from his dreams of grandeur by wake-up calls from Merkel, Sarkozy and even Obama. It has been, in other words, a humiliating debacle (11).

Of an entirely different nature were the comments regarding the outcome of the European Council on 17 June, which an editorial in *El País* said were fruitful with regard to the measures adopted for banks and financial transactions, the first green light for closer coordination of budgetary policies, the 2020 Agenda and the support for austerity plans adopted by Mediterranean countries. Despite doubts regarding the outcome of the measures, taking that first step was seen as a sign of revival by an EU which in recent months had proved disoriented and lacking in coordination. The same editorial viewed the publication of the results of the stress tests for banks required by Spain as further contributing to restoring a degree of calm in view of measures such as the new tax on banks and financial transactions expected to be announced at the upcoming G20. The editorial concluded by highlighting the support given by the 27, Sarkozy and Merkel in particular, to Spain's austerity plan and the praise received by Zapatero for the overall conduct of the semester (12).

The same view was expressed the following day in an article by the ambassador Carlos Carnero, who used the football metaphor to say that the people of Europe had won a resounding victory against the jackals (the pessimists and eurosceptics). He tells us that rumours of Spain being under siege, of a bankrupt country and a Council preparing to step in to rescue it, were unfounded. Also that important decisions were made by the Council – the first goal – such as an agreement on the 2020 growth and employment strategy and greater economic and budgetary policy coordination, to add to the measures adopted in February to aid Greece and the European Financial Stability

Mechanism with its reserve of 750,000 million euros. The second goal was scored when steps were taken to ensure greater financial system transparency in the future, both within and outside the EU, with proposals of a tax on international financial transactions, the implementation of the financial supervision package created in 2009 and the publication of European bank stress tests. Lastly – third goal – the open support given by Europe's leaders to the measures adopted by Spain's government aimed at balancing the public accounts and promoting growth and employment. The end of the ambassador's article was entirely given over to singing the praise of Spain's presidency, which, despite all the challenges it faced, from Haiti to volcanic ash, as well as the economic and financial crisis, managed to meet nearly 100% of its targets (13). Almost as an antidote to Carnero's enthusiasm, the following *El País* editorial gave the Spanish presidency-by-turn a "pass", an average between the "fail" in respect of the expectations and the "good" owing to the situation within and without the EU.

Out of the many international summits scheduled for the semester, the only ones that were successful, according to the editorial, were the ones with Latin America and Morocco, whereas the postponement of the summits with the USA and the Mediterranean Union were viewed as a serious setback. The editorial also points out, however, that the blame is not only the Spanish government's, since Europe's international irrelevance had already been made apparent at the climate summit in Copenhagen and was further cemented by the replacement of Javier Solana with Baroness Ashton. The question of social and citizenship policies also failed to yield any noteworthy results: at most, there will be a European protection order against gender violence and some advancements on the health front; nothing, however, has been done to implement decisive measures to tackle unemployment. The editorial, however, does point to significant results on the economic policy front. Although action was taken late, especially where Greece is concerned, monetary union was nevertheless completed and economic union was outlined. Key elements are the methods of financial supervision, checks on speculation funds and rating agencies, the drafting of a more rigorous Stability Pact and the 2020 Agenda. Institutional progress was also extraordinary, because, although it is difficult to visualise, both the crisis and the measures taken to counter it, however provisional, have been gigantic (14).

On the other hand, a negative view was expressed in *ABC* by Yanke, according to whom, although the term of the "heart-stopping presidency" ended on the reassuring note of assurances by Sarkozy and Merkel and the support of the OCSE and the IMF, none of this mitigates in any way the gravity of Spain's problems, which persist, despite Merkel's praise. Hence the attack on the Zapatero government and its efforts to portray the problems as coming from "outside", from speculators who attack, debilitate, undermine faith in Spain and push up debt interest at a time when market distrust is not all that different from the Spanish people's lack of faith in Zapatero (15).

A similar view is expressed in the same paper by Luis Ayllón, who compares the initial bombast with the disappointing results, a lack of leadership on the question of Greece and in foreign policy, not compensated in the latter case by the outcome of the summit with Latin America, nor the agreement with Central America, nor the revival of talks with Mercosur (16).

The final straw was the results of a poll carried out by the DYM institute for *ABC*, in which 48% of those interviewed disapproved of the performance of president-by-turn, and 13% abstained (17). Numbers which, however indicative, cast doubt on the reality of a last-minute recovery of Spain's presidency.

(1) *Salvavidas para Grecia*, *El País*, 03-05-2010; *Dolorosa cura para Grecia*, *ABC*, 03-05-2010;

J. P. Quiñonero, *Europa, regiones, crisis*, *ABC*, 08-05-2010

(2) *Blindar el euro*, *El País*, 10-05-2010

(3) *Sería un error*, "El País", 14-05-2010

(4) *Alemania y Europa*, *ABC*, 10-05-2010

(5) Ll. Bassets, *La vieja pareja*, *El País*, 10-06-2010

(6) H. Tertsch, *Angela Merkel y nosotros*, *ABC*, 13-06-2010

(7) A. Missé, *Felipe González llama a refundar Europa*, *El País*, 08-05-2010; *Reactivar Europa*, *El País*, 09-05-2010

(8) F.G. Basterra, *Los 25 gloriosos*, *El País*, 12-05-2010

(9) O. Alonso, *Reforma del euro y racionalidad económica*, *Cinco Días*, 06-06-2010

(10) J. Velarde Fuentes, *España en Europa, 25 años después*, *ABC*, 11-06-2010

(11) I. Camacho, *El salvador de Europa*, *ABC*, 17-05-2010

(12) *Europa recupera pulso*, *El País*, 18-06-2010

(13) C. Carnero, *Europa, 3; chacales, 0*, *El País*, 19-06-2010

- (14) *Aprobado en la UE*, El País, 20-06-2010; on a similar tack the subsequent J. I. Torreblanca, *Adiós a las presidencias*, El País, 28-06-2010
- (15) G. Yanke, *Respiro y alergia*, ABC, 20-06-2010
- (16) L. Ayllón, *España concluye una presidencia gris, con muchos objetivos y pocos resultados*, ABC, 22-06-2010.
- (17) M. Bianchi, *Los españoles suspenden a Zapatero en su presidencia de la Unión Europea*, ABC, 28-06-2010