

Felipe González Márquez, The Europe that Spain wants

Caption: In 1993, writing in the magazine *Política Exterior*, the Spanish President, Felipe González Márquez, outlines the substance of the Maastricht Treaty and its importance for Spain.

Source: *Política Exterior*. dir. de publ. Valcárcel, Darío. 1992-1993, n° 30; Volumen VI. Madrid. "La Europa que quiere España", auteur:González, Felipe , p. 7-20.

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Last updated: 05/07/2016

The Europe that Spain wants

Felipe González

THE Maastricht Treaty has given rise to a Europe-wide debate that cuts across the traditional left-right divide. This debate was to be expected and can have salutary results: it concerns a step in European integration that will involve major changes, a step that cannot be taken successfully without a full discussion that helps to create a broad consensus both within and among the Member States.

In Spain, there is very wide support for European integration. But that does not mean that an internal Spanish debate on the Maastricht Treaty is superfluous. In recent years, Spain's involvement with Europe has gone through two clearly distinct phases and is now entering a third phase that requires some clarification. In the first phase (1975–1985), Europe (i.e. the European Community) was a vision of the future in which Spain aspired to participate, and our efforts were bent on securing accession. That aim was achieved in 1986. In the second phase (1986–1992), Spain sought to ensure that its membership of the EC promoted economic growth and modernisation in Spain. As indeed it did. Now our involvement is entering a third phase, that of the Maastricht project. In this phase, Spain must maintain its aim of domestic economic growth and modernisation and must, therefore, ensure that it is among those countries that embark on economic and monetary union in 1997 (or 1999).

To move forward successfully in this third phase, we must create in Spain a consensus that welcomes debate and criticism and is strengthened specifically by them. This consensus is essential if we are to pursue Community integration at a time of slow growth, monetary tensions, internal debates in many Member States and threats of instability and conflict on the Community's borders. Consensus is also needed so that we can bring our macroeconomic variables into line with the terms of the Treaty — in other words, achieve convergence. It is good for a country to have a vision and face a challenge, as we do now. It is also good that we Spaniards should ask ourselves how the Maastricht Treaty will affect us. Maastricht requires Spain to make major commitments, as well as offering opportunities. I shall consider both these aspects in the following pages.

The Maastricht Treaty is essentially a programme of action for the rest of this decade, aimed at 'creating an ever closer union among the peoples of Europe'. The development of European Union involves various dimensions.

Economic and Monetary Union

The first phase in the move towards a single currency began on 1 July 1990 and has not yet ended. It consists in the liberalisation of capital movements and the formulation of national economic convergence programmes. The second phase will start on 1 January 1994 with the establishment of the European Monetary Institute (EMI). In the third phase, the mutual exchange rates of currencies that are to form part of monetary union will be fixed irrevocably; a single currency, the ecu, will be introduced; and the European System of Central Banks, comprising a European Central Bank and the national central banks, will be established.

But what will monetary union mean in practice? It means that we shall cease to pursue a monetary policy of our own. In other words, we shall no longer issue our own currency, set interest rates autonomously or determine our own exchange rate, i.e. devalue or revalue our currency. In exchange, if Spain were fully part of monetary union, it would participate in the taking of collective decisions on the union's monetary policy, in issuing currency and in determining interest rates and the exchange rate of the single currency.

Does not all of this mean a loss of sovereignty for Spain? In practice, the only European country with its own monetary policy today is Germany, which has the strongest economy and the most stable currency. It is the actions of the Bundesbank, the movement of capital and obligations under the European Monetary System that determine interest rates and the exchange rates of other Community currencies. By means of monetary union, a country like Spain will actually recover, not lose, sovereignty in various areas and share it with its Community partners.

Countries wishing to join the monetary union must, therefore, undertake convergence programmes which will align their inflation rates, deficits, debts and interest rates with those of the most balanced economies. Spain will have to make a series of efforts to attain the reference levels, but incentives will also be created for the development of a healthier economy and conditions favourable to sustained economic growth. In other words, it will be an opportunity to raise Spain to the level of the most stable and developed countries in the EC.

What if we do not manage to participate? On the purely economic front, missing the boat on the single currency would make the peseta unstable and reduce the economic prospects of the country as a whole and of financial firms and institutions. Foreign investment in Spain would probably fall. Economic growth would be slower, and the conditions for improving social benefits and public services would be less favourable. As a result, it would also be more difficult to make good — years after successfully ‘resitting’ the Maastricht tests — the ground lost in failing to complete the process now. If monetary union begins without us, we could suffer a national crisis of confidence that would undermine the enthusiasm and consensus that have driven us forward in recent years. Spain would forfeit some of its hard-won international standing and risk being marginalised. Ground that we have gained in the last ten years would be lost.

Social and economic cohesion

The idea that the process of Community integration should go hand-in-hand with ‘solidarity’ among the Member States was implicit in the EC from the outset and was given tangible expression in the structural (agricultural, social, and regional development) funds. In 1986, this principle was enshrined in a legal text, the Single Act, which established the social and economic cohesion policy. At Maastricht, that policy was strengthened by a protocol, successfully proposed by Spain, confirming the structural funds for the period 1993–1997 and establishing a new cohesion fund. States with gross domestic products less than 90 % of the Community average will have access to this fund, which will be used to finance transport infrastructure and environmental projects. Spain could benefit considerably. The European Commission’s proposed reform of Community finances for 1993–1997 would also work to Spain’s advantage in comparison with the present situation.

Nevertheless, the Community contribution should not be exaggerated. While countries such as Greece and Ireland have received net transfers from the EC of the order of 5 % of their GDP, the sums granted to Spain since accession amount to an annual average of 0.3 % of GDP: 1991, when net receipts totalled 0.7 % of GDP, was particularly favourable. Despite the agreements reached at Maastricht, Spain’s size means that we must continue thinking in terms of Community transfers that will have little effect on our economy. In other words, the Community cohesion policy will not solve Spain’s problems, but its absence would be very perceptible. Without Community cohesion, less would have been done to improve our infrastructure in the last few years, and it will be difficult to maintain infrastructure investment at around 5 % of GDP in the next few years. Since a large proportion of these investment projects concern Spain’s poorer regions, the cohesion of Spanish regions would also advance more slowly without Community cohesion.

New common policies

Progress was made at Maastricht in the drafting and defining of common policies and in the establishment of new fields of Community action. The Community’s social, environmental and R&D policies can be of particular benefit to Spain.

In the field of social policy, some measures (hygiene and safety at work, information of the workforce and workers’ participation, equal treatment for men and women) will, henceforth, be decided by qualified majority and others (social security, employment of third-country nationals, etc.) by unanimous vote. Wage issues and certain other matters remain within the national ambit. The United Kingdom has opted out of this chapter, which will apply only to the other Member States. On environmental issues, decisions will begin to be taken by qualified majority in many areas, although unanimity will still be required on certain issues of particular relevance to Spain, such as fiscal measures, town and country planning, land and water use, and measures

affecting each State's overall energy policy. The **multiannual framework programmes for R&D** will be adopted by unanimous decision but can be subsequently adapted by majority vote. Large European transport and telecommunication networks are planned, and each State will have to approve the plan for its own territory. Enhanced activities and projects are also envisaged for industry, development cooperation, public health, consumer protection, etc.

The increase in the number of common policies envisaged at Maastricht will require efforts to adapt certain Spanish policies. On the opportunities side, implementation of these policies will help to modernise the country's management, make its economy more competitive and improve social benefits and public services. In seeking a balance between efforts and opportunities in the most important areas, Spain has the security provided by the unanimity requirement and, where decisions are taken by qualified majority, the possibility of forming a blocking minority (for example, with Italy and Greece).

The common foreign and security policy

The common foreign and security policy (CFSP), which transcends the traditional Community structure, is a qualitative leap forward from European political cooperation (EPC). EPC was basically a framework for declaratory politics and cooperation among Member States. The CFSP not only makes cooperation more systematic: it is intended to result in 'common positions' and 'joint actions'. 'Joint actions', which may prove to be the touchstone for the success of the policy, are not, however, to be understood as 'unified' measures that individual States cannot reinforce if they so wish. The decision-making arrangements are harder to explain than to implement: the Heads of State or Government meeting as the European Council will establish general policy guidelines by consensus. The Council of Ministers will then, by unanimous vote, adopt joint actions and, again by unanimous vote, 'lay down their objectives, scope, the means to be made available to the Union, if necessary their duration, and the conditions for their implementation.' The Council will 'define unanimously those matters on which decisions are to be taken by a qualified majority.' It is understood that if a country abstains, that will not prevent unanimity. Joint actions will be binding on Member States, but if an action raises 'major difficulties' for a particular country, the Council of Ministers will 'seek appropriate solutions', which must not, however, 'run counter to the objectives of the joint action'. Although reference is made to a number of matters that might be covered by the CFSP, the policy is intended to be inclusive.

The Maastricht Treaty raises the prospect of a common European defence system, with WEU acting as the executive arm for any military measures which the Union may decide to take. The CFSP must be 'compatible' with Member States' NATO obligations and will be implemented 'in stages'. The first step will be formulation of a common defence policy. WEU, as 'an integral part of the development of the European Union', will 'draw up and implement decisions and actions of the Union which have defence implications.' It will develop both as the defence component of the European Union and as a means of strengthening the European pillar in NATO. The creation of military units under the command of WEU is envisaged. EC Member States that do not yet belong to WEU are invited to join it or to acquire observer status. European countries that are members of NATO but not of the European Community are invited to become associate members of WEU.

The CFSP means that Spain will have to adapt more closely to the general diplomatic system in Europe, but it will not be obliged to take action against its will or adopt measures that conflict with its history. On the contrary, the CFSP can lend extra weight to certain Spanish actions — in the Maghreb or Latin America, for example — by giving them a European dimension. Without the CFSP, most Community countries would be even more inclined to ignore problems in those regions. The development of a common defence policy culminating in a common defence system will oblige us to step up the modernisation of our armed forces and improve their resources and training, thereby increasing both national and European security.

European citizenship

For the first time, the Community has taken on board the concept of European citizenship, which Spain had already proposed. The intention is that membership of the European Community — originally conceived only in terms of the rights of economic operators — should bring additional benefits for citizens of EC Member States. European citizens will now enjoy freedom of movement and residence throughout the territory of the

EC; they will be entitled to vote in municipal and European elections and to stand for election in the constituencies in which they live; and they will have the right to petition the European Parliament for the investigation of violations of EC regulations. An Ombudsman will be appointed by the European Parliament. In the territory of a third country in which the Member State of which he is a national is not represented, every European citizen will be entitled to protection by the diplomatic or consular authorities of any Member State.

European citizenship obliges Spain to grant freedom of movement and residence to citizens of other Community countries and, if they take up residence in Spain, to allow them to vote and to stand as candidates in municipal and European elections. We have already amended our Constitution to make this possible. No obligation is imposed with respect to citizens of non-EC countries. In exchange, Spaniards will enjoy those same rights if they reside in other Community countries and will benefit from Community protection in non-member countries. Henceforth, the possibility of petitioning the European Parliament or the Ombudsman directly will ensure that citizens' rights are protected in the process of European integration. European citizenship also means that Spanish nationals can count on consular assistance in places where there are no Spanish consulates and, when travelling abroad, will be treated with the ever-increasing respect accorded to bearers of an EC passport.

A total of 623 965 Spaniards reside in other EC countries. A total of 158 243 Community citizens are living in Spain. These measures are thus clearly favourable to Spanish citizens.

Justice and Home Affairs

In general, these matters remain within the intergovernmental ambit, i.e. they are governed by agreements reached by consensus, without a vote. The Trevi Group will continue to operate. In addition to measures to combat fraud, a coordinated immigration policy is envisaged. In 1993, the asylum issue will be reviewed and a decision taken as to whether the right of asylum should become a Community responsibility, leading to a common policy. With regard to visas, a policy on long-stay visas will be determined unanimously, while decisions on the issue of short-stay visas may, perhaps, be taken by qualified majority. A European agency, Europol, will be set up to assist the law-enforcement authorities of Member States, exchange information and monitor suspects. Its main focus will be on combating drug trafficking and organised crime.

This is a chapter which involves few additional commitments for the time being and offers Spain new opportunities for international cooperation in its fight against fraud and drug trafficking —criminal activities that typically extend beyond national frontiers and frequently involve supranational organisations that have to be combated on an international level.

Institutions

The Maastricht Treaty is also intended to make the EC more democratic. While the basic balance of institutional power has been maintained, all the main institutions are strengthened by the Treaty. The term of office of the European Commission has been increased to five years so as to coincide with that of the European Parliament. The first new-style Commission will start work in 1995. For the time being, the number of Commissioners remains unchanged. The European Parliament has been granted the power of co-decision on certain matters — including some on which Council has to decide unanimously rather than by majority vote — and of veto on others (ratification of treaties). The Commission, whose President will be appointed by the European Council, will be approved by Parliament. As we have seen, the Council of Ministers will be able to take more decisions by qualified majority. Better coordination of the work of the Committee of Permanent Representatives and the Political Affairs Committee will make the EC's external economic policy and the CFSP more coherent. The operational efficiency of the Court of Justice has been improved. An advisory body, the Committee of the Regions, has been set up, composed of representatives of Europe's regional and local authorities. Spain will have 21 Members. Members of the European Parliament and the national parliaments will hold regular joint meetings as a Conference of the Parliaments.

The Maastricht Treaty is neutral with respect to Spain's influence in the Community institutions, which remains unchanged.

Subsidiarity

The adoption of ‘subsidiarity’ — a new name for an old idea — confirms the principle that the Community or Union shall act only in those cases and areas in which a decision or action on its part is more efficient than a decision or action taken at a lower level. Decisions must be taken as closely as possible to those who benefit from or suffer their consequences. This principle applies to relations between the Community and the Member States. But, outside the framework of the Maastricht Treaty, relations between the component units of the States themselves (in our case, central government, autonomous communities, municipalities, etc.) should also be governed by subsidiarity. This principle will create difficulties for which political solutions will have to be found as they arise. It is to be hoped that its continuous application will make Europe’s various administrative levels more complementary.

If all the measures to which I have referred are put into practice — i.e. if the Maastricht programme goes ahead — they will lead by the end of the century to a European Union with the following features (leaving aside for the moment the question of enlargement):

— The ecu, as the single currency of those countries that are able and decide to take part in monetary union, will have become a reference currency not only in Europe but throughout the world, replacing the dollar in that privileged role.

— The single currency and single monetary policy will have increased price stability, productivity and trade, and, ultimately, growth and employment. The Union will have a range of instruments available for correcting internal economic and social imbalances and helping the most backward regions and States to catch up. The Community budget will increase steadily, though a rapid increase will not be easy to achieve.

— Common policies will be fully implemented by majority decision, which means that some major decisions affecting important national policies will be taken by the Community authorities, albeit with due regard for the principle of subsidiarity. Social and environmental standards will gradually improve, as will structures and public services.

— With regard to foreign and security policy, the Union will have the means required to undertake joint actions. Each State will, nevertheless, retain considerable autonomy, enabling it to pursue its own cultural and historical interests. WEU will have developed further and will function fully as an integral part of the European Union, in a manner compatible with maintenance of the strategic relationship with the United States, today embodied in NATO.

In view of these prospects, there is reason to fear that the defeat of the Maastricht project would unleash all the old nationalist demons and quarrels among States that have marked the blackest periods in European history. If we do not advance towards Maastricht, we are very likely to regress, since the existing tensions will make it very hard for Europe to stay as it is. The failure of Maastricht would probably lead to the renationalisation of many policies and the resurgence of internal conflicts within the Community. The Community/Union would be much less of a factor for stability.

Rejection of the monetary aspect of Maastricht, rather than the programme as a whole, could induce the European Community to transform itself into a much less structured entity, more like a free trade area or simply a single market. That would create a competitive environment in the European Economic Area in which there would be no compensatory mechanisms for the weaker countries. For a country like Spain, the need to make our economy more healthy and competitive would be even more acute and the conditions for achieving such an improvement even more adverse. We might not be able to count on help from the Cohesion Fund.

In short, implementation of the Maastricht programme will give rise to a European society globally defined in terms of stability, democracy, economic efficiency and social solidarity. Rejection of Maastricht would bring the risk of growing tension and inequality among the European nations.

Spain and Maastricht

By signing the Maastricht Treaty, Spain has undertaken to help pursue the programme for Europe which the Treaty maps out. It has also set itself the objective of being part of the first group of countries to implement full monetary union. In order to do so, we have to reach macroeconomic convergence with our more advanced partners, improve the microeconomic competitiveness of our products and services and increase social solidarity. It means achieving a steady increase in economic growth while making our firms and government more efficient and ensuring fair social redistribution. That is not a naive fantasy induced by pro-European fervour: it is the result of rational conviction, confirmed in part by the experience of recent years, as to what is possible and what is best for the Spanish people as a whole, especially the most disadvantaged. If this programme is to bear fruit, the government and the other administrative authorities, the business community, the unions and the people as a whole must all pull together.

The convergence plan

Spain's convergence plan is designed to achieve sustained and sustainable economic growth that will bring our figures for per capita wealth, employment, infrastructure, public services and social protection more rapidly into line with the Community average. It therefore contains measures designed to meet the inflation and deficit criteria for membership of the monetary union laid down in the Maastricht Treaty. In other words, it sets out to correct the imbalances in the Spanish economy so that it can once again grow and generate employment at a sustained rate, reflecting its real potential. Employment will grow as the economy grows. The plan also provides for structural measures — maintenance of infrastructure investment at a rate of 5 % of GDP — without which Spain would be unable to make up its deficit; for greater flexibility on the labour market, in terms of both functional and geographical mobility of the workforce, and for enhanced professional training. It includes measures to deregulate and liberalise sectors that operate with imposed prices, monopoly positions and restrictions on the exercise of certain professions, as well as steps to reform public administrations, public companies and the public health system.

Some people decry the plan as utopian. It is true that the government cannot guarantee the implementation of each and every one of its provisions. Nonetheless, those measures that lie within its power will be applied systematically. As for those that are influenced by the international economic situation, the grave difficulties of the present moment — 1991 was the first year since the Second World War in which world output dropped, and 1992 will be even worse — must not cause us to abandon our objectives. We are in only the 11th month of 1992, and we are talking about a five-year plan. Finally, factors that are not in the government's hands must also be taken into account, by which I mean cooperation or obstruction on the part of the economic and social operators and support or rejection by the public. The greater the support and cooperation, the easier it will be to achieve the plan's objectives.

Competitiveness

If the Spanish economy is to grow, it must become more competitive. And that requires effort and reform in both the public and the private sectors.

A modern economy needs an efficient administration. When the public sector accounts for 43 % of GDP, the debate about 'more or less' in the public sector must take second place to a debate on how to improve its management. The government has launched a plan to modernise public administrations, both centrally and at all other levels. It naturally includes reform of public health care and the National Employment Institute (INEM).

The government also proposes freezing, in nominal terms, the volume of public funds channelled to businesses for the duration of the convergence programme. The National Industrial Institute (INI) has separated into two categories those businesses that must ensure their own future by competing on the market and those that, for social or political reasons, will receive financial support from the State.

Above all, the public sector must look to the future and help to build it. The two highest priorities are development of the country's infrastructure and continued improvement of the education system so as to meet our present and future needs.

But, in the final analysis, competitiveness is the responsibility of the firms themselves. To become competitive, they must adapt their structures, production processes and products to the new circumstances. This involves a wide range of action, such as technological innovation, in-house training, improvement of product quality and design, good after-sales service, improvement of commercial networks abroad, and mergers that create companies large enough to compete on the international market. Clearly, all this requires more investment.

The trade unions will also have a great deal to say, when it comes to facilitating or impeding measures to achieve greater competitiveness.

Social equity

Through Maastricht, the convergence plan and the other measures referred to here, the government aims to make Spain richer and more efficient. But it is also seeking to make it a fairer place socially by reconciling growth with redistribution. A fairer Spain is being built slowly, but the gaps between social sectors and between regions are closing. In the last few years, growth has affected the whole population: everybody has benefited, except for a few marginalised pockets. Spain today is a considerably richer and somewhat more egalitarian society than it was ten years ago. Sometimes, those who benefited most were those who had less to start with. At other times, those who did best were those with greater resources or more initiative. The longer that growth is sustained, the more equitable its results will be. Apart from the improvement in individual incomes, the State now provides anyone in need with greater social protection and better public services than in the past.

In Spain today, expenditure on social protection (unemployment benefit, health care, pensions, family assistance), including the contributions of the autonomous communities, local authorities and other social welfare providers, amounts to over 21 % of GDP. The Community average is 25.7 %. In this area, Spain lags behind to the same extent as in relative wealth (its per capita GDP is 79.2 % of the Community average). In the last ten years, Spanish expenditure on social protection has grown by at least three percentage points, while that of Germany, for example, has fallen by more than three points and British expenditure by two. Equivalent French expenditure grew by half a percentage point over the same period. In social terms, too, Spain is moving closer to the large European countries, i.e. it is becoming a fairer country. And the same applies to regional disparities. We are one of the few Community countries in which regional disparities have been reduced over the last five years. Maintenance and reinforcement of the trend towards greater equity is a fundamental part of Objective 97.

The Europe that Spain wants

We joined the EC because we believed that it was the best way to make Spain freer and more secure, richer and more equitable, and to increase its influence. A few years on, we can fairly say that we are making progress in that direction. So now the question is: what kind of Europe will help us make further progress? That is the Europe we want, a Europe that promotes:

Growth and redistribution. The establishment of the single market and monetary union will promote growth in the Community countries. But how will that growth be distributed among them? In the short and medium term, the Community cohesion policy must help the less privileged countries to catch up. Without a policy of solidarity, the Community/Union might well eventually break up. But realism dictates that redistribution within the EC must have a limit in the longer term.

Common policies and subsidiarity. Not only must the Community adopt more common policies, it must equip itself with the means to carry them out. However, 'centralisation' must not mean 'Europeanising' action that can be taken at national, regional or local level. The principle of subsidiarity should govern all aspects of

Community development.

Internal democracy. The Community's democratic legitimacy is both national and European: it derives from national elections and the governments that emerge from the elected parliaments, and from elections to the European Parliament. This twofold legitimacy must be strengthened by increasing the powers of scrutiny of the European Parliament and of the national parliaments. If we wish to move towards shared sovereignty, greater proportionality will be required in the representation of Member States, especially when the Community is enlarged.

External policy. A strong and stable Union is needed, first and foremost, as a solid nucleus for a Europe that has been in turmoil since the end of the Cold War. It must include Eastern Europe and form close ties with the South (Spain's priority being a common policy towards the Maghreb and Latin America), helping those regions to achieve political stability and economic prosperity. The Union must be able to rival the United States and Japan both economically (for which it needs the single market and the single currency) and politically (for which it needs a fully operative common foreign and security policy).

Enlargement. The EC that Spain envisages must not remain a private club for the rich, but it must also resist the temptation to enlarge for enlargement's sake. It must offer membership to countries that are both willing and able to adopt the Community *acquis* and embrace its political goals, while accepting a measure of flexibility where it is essential and developing integration structures and accompanying measures that prevent further segregation. This means that enlargement cannot be envisaged until the Community's institutional structure and budgetary resources for the next five years have been settled, i.e. until the Maastricht Treaty has entered into force and the financial perspective for 1993–1997 has been approved.

A European model. All of this will produce a Europe capable of developing and sustaining its own model of society, one based on a harmonious balance between freedom and democracy and between economic efficiency and social solidarity.

Felipe González is Spain's Prime Minister.