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THE INTEGRATION OF SPAIN IN THE EUROPEAN COMMUNITY

by

JULIO ESCUDERO

**A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfilment of
the requirements for the degree of
Master of Arts**

Department of Political Science

Carleton University

Ottawa, Canada

March 1990

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ABSTRACT

The accession of Spain to the European Community at the time when the Single European Act is being implemented could be said to have placed serious constraints on the European integration process. Spain's entry has brought about an unprecedented level of heterogeneity in the EC which could be argued will endanger the ultimate success of the 1992 project. The singularity of the integration of Spain becomes evident as Neofunctionalism fails to provide an appropriate theoretical framework for its explanation. An analysis of Spain's particular political characteristics contributes to a better understanding of the accession of Spain. The discussion then focuses on the effect of Spain's integration on the implementation of the Single European Act. The participation of Spain is evaluated at three levels: economic integration, European Political Cooperation and political integration. The involvement of the new member in the completion of the Internal Market will prove to be the main impediment to the favourable outcome of the Act. Finally, the paper contends that it is the Community's capacity to adapt to this new diversity that will determine the future of European Integration.

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INTRODUCTION

The recent admission of Spain and Portugal to the European Community (EC) is certain to introduce obstacles into the process of integration initiated in 1953. Economically, as well as in terms of their political traditions, both countries are vastly different from the other members, and so are their needs and concerns. The EC will find it difficult to reconcile the interests and goals of the newcomers into an integrated policy making system. The cohesiveness pursued for the last thirty years will be put to test.

Yet, the Single European Act (SEA) formalizes an accelerating process of economic integration that will culminate in 1992 with the establishment of a Single Common Market. Institutional reforms at the political and administrative levels and the convergence of foreign policies will soon have to materialize if further integration is to be achieved in Europe within the time frame laid down by the Single European Act.

The successful implementation of the Single European Act may be endangered as a consequence of this last enlargement. The divergent tendencies introduced by the new members will interfere with the achievement of the 1992 project. If such diversity is dealt with appropriately, the proposed reforms will be carried out successfully. If not, the act will represent one more vain attempt in the attainment of integration.

Of the two new members, Spain is the country whose impact on the European Community will be more noticeable for it is ranked

fifth in population and GNP among EC members and yet, it has only a per capita income of approximately half the average of the EC. No other member has brought into the Community such duality consisting of a large economy and population coupled with a low level of economic development. Although Portugal has a lower level of economic development, it will tax the adaptation capacity of the EC less because its population and economy are considerably smaller.

The purpose of this thesis is to examine the effects which the accession of Spain will have on the integration process in the European Community. The specific focus of study is the impact which Spain's admission will have on the implementation of the Single European Act and on the execution of the 1992 project. Once all this is analyzed it will be possible to draw some conclusions about whether the participation of Spain in the 1992 project is likely to lead to a more integrated Community, or whether, on the contrary, it will result in more diversity.

The Single European Act embodies three major areas: political integration, European Political Cooperation, and economic integration. When analysing the consequences which Spain's accession will have on the Act, it is essential to analyse the effects of this accession on each of these three areas. It will be argued in this paper that the impact will be positive in the first two areas because it will tend to promote further integration in the Community. However, the effect on the economic aspects of the Act will probably be detrimental to integration since the

structural policies of the EC are not designed to accommodate an economy with the characteristics of Spain. Furthermore, the economic reforms prescribed by the Act do not provide sufficient measures to adapt EC policies to a more diverse membership. The resulting economic diversity will spill over into the area of politics and will seriously endanger the success of the whole 1992 project. Consequently, it is essential that the EC reform its structural policies in order for the interests of all members to be considered and, in this way, provide more cohesiveness.

The following study is divided into five chapters. The first chapter deals with the neofunctionalist approach to integration and with how useful this theoretical approach is when studying Spain's integration into the European Community. First, a definition of the term integration is presented. Then a discussion on the main principles of this theoretical approach follows. It is important to remember the connection established by the neofunctionalists between political ends and economic means, and how this connection relates to the case of Spain's integration. Thereafter, the question which is pursued is whether this approach can be used to explain Spain's accession to the European Community. Chapter one is necessary because it establishes the theoretical basis for the discussion which follows.

In chapter two the evolution of the relations between Spain and the EC is studied. The purpose here is to present a background for a better understanding of the issues which may arise when the Single European Act is implemented with Spain as part of the EC.

When Spain first applied for membership, relations between Spain and the EC were restrained by the political incompatibility which existed between Franco's dictatorial regime and the EC's democratic principles. Once Spain's political transition culminated in a democracy and the Spanish application was approved in principle, the problems which arose were all of an economic nature. Although politically feasible, the enormous economic differences between both parties came to endanger the accession altogether.

The Single European Act and the significance which it will bring to the process of integration is discussed in chapter three. The effects of Spain's accession on the SEA will be analyzed in following chapters, and consequently, it is necessary to have a detailed knowledge of the document. The three areas which comprise the Act are examined separately. In addition, the impact which these areas will have on the overall process of integration will be studied. Finally, when discussing future implications of the Act, a preview of the issues which are to be analyzed when studying Spain's impact on the implementation of the Act will be provided.

The effects which the accession of Spain to the EC will have on the implementation of the Single European Act are discussed in chapter four. This chapter is divided into three sections, each one covering different sections of the Act itself. In the first section, the contribution of Spain to political integration will be studied, with particular emphasis on the decision-making in the Council of Ministers and in the European Council. The second section presents a study of the European Political Cooperation

mechanisms and the contribution of Spain to the coordination of the foreign policies of the Twelve. It will be argued that Spain's contribution to political integration and political cooperation is likely to be positive. The third section of chapter four examines the impact of the Spanish economy on the European Community and on the project of creating a market without frontiers by 1992. This will prove to be the most problematic area for the Community.

Finally, in chapter five a brief discussion of how to ensure the successful implementation of the Act is presented. Taking into account the fact that some of the effects of Spain's participation may be beneficial whereas others may be harmful, some recommendations for the successful construction of a more integrated Community, with Spain as a full partner, are presented in the final chapter.

CHAPTER ONE

NEOFUNCTIONALISM AND THE INTEGRATION OF SPAIN IN THE EC

It is widely agreed that the Neofunctionalist theory of integration is the theoretical approach which best explained the origins and early development of the European Community. This approach was also the most precise in predicting the initial stages which this group of West European countries followed during the 1950s and 1960s. Today, Neofunctionalism is still considered by many as the most accurate theoretical tool when studying the integration movement among developed countries of Western Europe.

However, it remains to be proved whether Neofunctionalism can be applied in order to explain the integration of those states which have significantly lower level of economic development such as the new members of the EC. The purpose of this chapter is to determine the usefulness of the Neofunctionalist theory of integration when explaining the integration of Spain into the EC. Can Neofunctionalist principles be applied to this case study? Should our answer be positive, could this approach be used to anticipate future trends in the integration process? These questions are treated in the following lines.

The first part of this chapter deals with the concept and theory of integration. The concept of integration is defined and the main elements of the Neofunctionalist theory of integration are presented. Thereafter, the main emphasis of the chapter is placed upon the applicability of this approach to the specific case

of Spain's integration. The point at issue in this chapter is whether the process of integration of a less developed country into this "club of rich countries" can be described and explained by means of the Neofunctionalist approach.

A. DEFINING THE CONCEPT OF INTEGRATION

The definition of integration found in the dictionary is: "the act of combining or adding parts to make a unified whole".¹ This, however, is too vague and does not contribute to the full comprehension of the concept as we would like it to be understood for our purposes. It is crucial to distinguish between two different types of integration: economic and political. Logically following from the above definition, economic integration could be defined as the act of combining or adding economic parts to make an economically unified whole. In other words, "the abolition of discrimination between economic units belonging to different national states".² Thus, the removal of trade barriers between states (economic parts) would form a new economically unified whole. In this manner, this process can be defined as economic integration.

Following the same procedure, the concept of political integration will be defined as the act of combining or adding political parts to make a politically unified whole. As in the previous definition, political integration is both a process and a condition. The defining characteristics of political integration are:

1. The relationship of political parts to a politically unified whole in a political system.
2. This relationship describes both an evolving process and a state of affairs, namely one involving greater unity or onenes.³

Consequently, integration involves the harmonization of particular governmental structures and policies, as well as the adoption of a common political authority (politically unified whole) by previously independent states (political parts) ⁴. Therefore, this process, as well as the condition which results from it can be defined as political integration.

Both processes and conditions, economic integration and political integration, can be easily confused, since most governmental activities and functions involve economic matters. For instance, a free-trade arrangement between two independent states, which does not involve the creation of supranational organs with the capacity to make decisions concerning such an arrangement, can be exclusively classified as economic integration. On the other hand, it is only when the integration of national economic systems comprises the establishment of such organs that it is possible to speak of both economic and political integration. Consequently, a precondition for political integration will be the existence of governmental bodies with some degree of decision-making autonomy. In other words, in order to be able to speak of political integration, the previously independent and sovereign states must renounce at least some of their sovereignty.

The theory which, during the 1950s and 1960s, dominated those studies dealing with political integration was Neofunctionalism.

Ernest B. Haas's study of the European Coal and Steel Community (ECSC)⁵ and Leon Lindberg's analysis of the European Economic Community (EEC)⁶ represent the foundations of the neofunctionalist theory of integration.

The Neofunctionalist theory of integration is based on the assumption that economic sectors are closely interconnected and that economic integration is inevitably linked to political integration. Based on this, the Neofunctionalist approach contends that the integration process must begin with the coordination of economic activities on a narrow and specific sector of the economic activity among the integrating parts. Decision-making power concerning this economic sector is then delegated to a supranational agency which will exercise complete authority over the sector in question. Eventually the area of domain of the supranational agency is gradually broadened to include other economic sectors. In this manner, this new center of authority will progressively supplant the states by building up its competence in each aspect of public life, as well as by increasingly undermining the independence of the nation-state. Therefore, the initially negligible surrender of national sovereignty leads, through small incremental steps, to the creation of a new center of political activity and, ultimately, to complete integration.

The crucial explanatory hypothesis of the process above-described was constructed around the concept of "spillover". It was also this same concept which gave to Neofunctionalism the independent dynamism which made this theory so appealing in Western

Europe. Neofunctionalists argued that if states integrate one sector of their economies, technical pressures will provoke the integration of other sectors. Since modern industrial economies are composed of interdependent parts, it is not possible to isolate one sector from the rest. Therefore, integration in one sector of the economy will necessarily bring about integration in other sectors. For instance, the integration of the coal sector will cause the integration of other types of energy such as oil and nuclear energy. Otherwise, a change by one state away from the coal sector to the oil sector or the nuclear energy sector would ruin all the calculations on which the rationalization of coal production was based.⁷

Furthermore, the Neofunctionalists also argued that economic integration would spill over into the area of politics. According to their theory, once an economic area is integrated, the interest groups operating in that area would exercise pressure at the supranational level of the organizations in charge of that sector. Then, they would become aware of the advantages of lobbying at the supranational level and of integration in that sector. In addition, they would find integration in their sector worked better if other sectors were integrated as well. Thus, it is only natural that these interest groups would become advocates of further integration. The necessity to work within the framework of supranational institutions would cause the redefinition of interests and activities of political actors and interest groups. It is the new supranational centre, rather than the previously

independent nation-states that would increasingly become the new focus of political activity. As well, values would undergo a change and national loyalties would give way to a new set of supranational ones. Finally, a new consciousness of the supranational political community would be generated, thus uniting the nations which originally joined. In conclusion, the economic integration of one sector of the economy would spill over into other sectors, and into political integration. Such is said to be the dynamic factor of neofunctionalism.⁸

Both Haas⁹ and Lindberg¹⁰ came close to assert the inevitability of the spillover effect. The dynamic factor of this process is the tendency for "certain kinds of organizational tasks most intimately related to group and national aspirations...to result in integration even though the actors responsible for this development may not deliberately work toward this end".¹¹ Therefore, movements of economic integration have important political implications even if the chief actors do not have political objectives when they launch them.

In their later writings, however, neofunctionalists retracted from any deterministic claims about the spillover effect. Starting from the mid-1960s, Neofunctionalism concentrated its studies on the conditions which triggered different probabilities of spillover, leading then to various levels of integration. Some authors, such as Lindberg and Scheingold, even ventured to offer alternative models for the integration process.¹² They affirmed that spillover was not necessarily the only possible process involved

in integrating systems. They developed five alternative models from which there only was one which resembled spillover. Thus, Neofunctionalism seemed to acquire a more flexible posture with relation to the integration process: the theorists concentrated on providing possible explanatory variables which resulted in regional integration.

Ernst Haas focused on the study of the conditions which had rendered the case of the European Community so successful.¹³ He outlined the existence of uniformity of characteristics in various domains of public life among the countries involved in this integration process:

"Today, ...,the thrust toward regional integration was made possible by a pervasive homogeneity among the countries of Western Europe in many of the ranges of social and economic life".¹⁴

Then, he continued to specify the areas in which such homogeneity was most relevant for integration. He outlined three main areas:

- 1.A pluralistic social structure.
- 2.Feelings and expectations of the major elite groups.
- 3.The bureaucratization of decision-making.

The first one refers to the increasing participation of the public in the decision-making process at all levels of the society and the economy. The similarity of democratic structures played a basic role at the beginning of the integration process. The second one deals with the fact that Western European elites developed a "commonality of outlook" and a pattern of interactions accross frontiers. Finally, the third point discusses how the similarity among European civil services greatly facilitated the achievement

of regional administrative decisions. Therefore, the structural similarities which exist among the integrative countries regarding their economies, societies and administrative organs, contributed to increasing interactions among these countries. These were the conditions present in Western Europe, which Haas considered to be fundamental for the explanation of the beginnings of the EC. He even argued that the absence of these would be counterproductive to any integration attempt: "...the absence of regional homogeneities in social and economic structure work against some of the very crucial trends which are involved in economic and political integration".¹⁵

Yet, these conditions were necessary but not sufficient for the outburst of integration. The "crucial impetus" was provided by the "converging economic goals embedded in the bureaucratic, pluralistic and industrial life of modern Europe"¹⁶. These converging economic goals are caused, in turn, by the structural similarities existent among the countries involved, as well as by their resemblance in terms of their levels of economic development. The latter is a condition of special relevance in the case of Spain and was also discussed in detail by Haas in another study.

In his book entitled International Political Communities, Ernst Haas gathered a similar set of factors which are required in order for regional integration to take place. He introduced the factor of uniformity in economic and industrial development: "...we are dealing with a very high level of economic development from the point of view of productivity, investment and consumption".¹⁷ Haas

stated that integration proceeds most rapidly when responding to socio-economic demands which arise from an industrial-urban environment. When levels of economic development are similar accross national frontiers, the types of expectations and demands are also likely to remain analogous and, therefore, similar levels of economic development greatly contribute to the plannification of common objectives and the attainment of common goals.

Other Neofunctionalist scholars have also developed hypotheses concerning conditions leading to integration by means of the spillover process.¹⁸ The majority of them offered models similar to the one introduced by Haas. The general consensus is that spillover is more likely to occur in an international system with strong, interconnected political and bureaucratic elites, developed socio-economic structures, ideological affinity among the political party systems, and with some degree of commitment among elites in common long term goals. Although theorists cannot find a common position with regards to which of these conditions has the greatest impact on the integration process, they all share the belief that the differentiation and complexity of a modern industrial society is advantageous to integration.

An additional study of the conditions which result in spillover is worth reviewing. Joseph S. Nye offered an exhaustive insight into some of the conditions mentioned by other scholars.¹⁹ Most interesting was the variable which he entitled "Symmetry or economic equality of units", which referred to two characteristics of the integrating economies: the size of the economic units and

the similarity in their levels of development. Nye argued that when studying developed countries, large differences in the size of their economies (measured in GNP) seemed to work towards greater levels of integration. On the other hand, less developed countries have a greater tendency to integrate when homogeneity in size of their economies is greater.

FIGURE 1. TRADE INTEGRATION AND EQUALITY OF DEVELOPMENT

Source: Nye, Joseph S. "Comparing Common Markets: A Revised Neofunctionalist Model" in Lindberg, L.N. & Scheingold, S.A. Regional Integration (Harvard University Press, Mass. 1971) p. 211

Nye also studied the relationship between the degree of integration of various international organizations and the degree of homogeneity of their economic units in terms of their level of economic development. The level of integration was measured in volume of intraregional exports as percentage of total exports. Homogeneity of economic development was expressed as the ratio between the highest to the lowest in GNPs per capita. Nye's results are plotted in Figure 1.

Nye concluded with what appears obvious in Figure 1: the more equal the level of development, the higher the regional trade integration. Consequently, Nye's empirical study supports what Ernst S. Haas and other Neofunctionalist had previously stated regarding economic homogeneity among those countries involved in the integration scheme. Homogeneity of economic development greatly facilitates the integration process.

Neofunctionalists were more interested in the process of integration than in the end-product resulting from this process. According to Haas, the process of political integration is supposed to lead towards the condition of political community, Political Community being defined as follows:

"a condition in which specific groups and individuals show more loyalty to their central political institutions than to any other political authority, in the specific period of time and in a definable geographic space".²⁰

In the mid-1960s, Haas's conception of political community, the end product of the integration process, materializes in the notion of supranationality as a distinct political form. The

concept of supranationality is therefore not to be confused with federation, confederation or intergovernmental organization. Supranationality will be a type of weak state, little more than a pluralistic system with minimal machinery for common decisions; a multi-group competitive national society where there is agreement on the means of resolving internal conflicts by peaceful methods.²¹

B. NEOFUNCTIONALISM AND THE INTEGRATION OF SPAIN

Neofunctionalist theorists did not research the possibility of a country like Spain joining the Community. At the time of Spain's first application for membership (1962), research in the field of Social Sciences was practically non-existent in Spain. The Spanish dictatorial regime did not allow free expression in academic circles, and the production of original research pieces was limited to those studies which conformed with the regime's views. Since Spanish universities did not have Political Science as an academic discipline, the possibility of Spain's accession to the European Community was a topic which had never been discussed from a theoretical perspective.

During the 1970s and 1980s the application and accession of Spain to the EC was studied from different perspectives. In Spain the return of democracy was accompanied by freedom of expression in the academic circles and a consequent flow of studies on the subject of the accession of Spain. Yet, these studies focused mostly on the implications of membership on the Spanish economy, as well as on other aspects of social life. Consequently, the

theoretical basis of Spain's integration into the EC has remained, once again, unaccounted for among the Spanish academic circles. Therefore, the question remains open as to whether or not the Neofunctionalist theory of integration is a useful tool when explaining the integration into the European Community of a country with the characteristics of Spain.

Haas, Lindberg and other Neofunctionalists constructed their original integration model based on the early experiences of the European Community. The initial formation of the Coal and Steel Community and its later expansion to the Economic Community were explained by the theorists as being the product of the spillover effect on the economic sector. The formation of supranational institutions with decision-making power was also understood to be a result of the economic integration spilling over into political integration. Thereafter, the conditions listed by the theorists as being the ideal ones for the development of integration closely resembled those which were present in the European Community at the time. Thus, the potential success of the Neofunctionalist approach when explaining an integration process largely depends on whether the social, economic and political characteristics of such process parallels those of the EC at all.

When comparing Spain to the countries that formed the EC in the 1960s, it is impossible not to notice the considerable differences which exist between Spain and the EC Member-States. These differences pertain to their respective levels of economic development, their socio-economic structures and, their political

traditions and structures. The EC members are industrialized countries with long-held democratic traditions and with solid socio-economic and political structures. On the other hand, Spain lags behind in all these aspects of social life. Its level of economic development is considerably lower, with a much higher portion of its population living in rural areas and being dedicated to agricultural production. Industrialization took place in Spain only in the 1950s and, today, industrial development is still limited to only a few areas of the country. The overall standard of living of Spaniards is also significantly lower than that of the citizens of the six original member countries.

In terms of democratic traditions and structures Spain is also different from the six original EC members. The social structures typical of traditional democracies are still non-existent in Spain. The population is not as mobilized and does not enjoy comparable levels of involvement and affiliation with mass organizations. Spanish elites are, although increasingly democratic, not as accessible and pluralistic. The overall socio-political situation of Spain is considerably less developed than that of the traditional West European democracies.

The integration of Spain in the European Community gives origin to a scenario which was not foreseen by the Neofunctionalist theorists: the integration of a group of developed Western democracies with a country with a significantly lower degree of economic, social and political development. The members of the EC closely resemble the model which Haas outlined as being ideal for

the success of integration via "spillover". They enjoy a high degree of homogeneity in their level of industrialization and in their complex socio-economic structures. Spain on the other hand, with its semi-industrialized economy and its emerging democratic structures, disturbs such homogeneity.

In this manner, the case of Spain's integration into the European Community is one which can be referred to as "integration in heterogeneity". It does not fulfill the conditions of homogeneity which were described by the theorists as sine-qua-non for the integration process to succeed. Therefore, the Neofunctionalist approach to integration does not embrace an integration process of the characteristics of Spain's accession to the European Community.

However, following the line of argument of the Neofunctionalists, it might be possible to shed some light on our case study. It could be argued, in this context, that the integration of Spain introduces an element of heterogeneity into the EC which renders the integration process considerably more difficult. The absence of complex interconnections among the different sectors of the Spanish economy represents a serious obstacle for integration to spillover from one sector to another. Similarly, the lack of sufficient pluralistic channels between the Spanish population and the Spanish elites interferes with economic integration spilling over into political integration. The economic benefits resulting from economic integration will not translate as easily into changes of public attitudes and loyalties toward the

new center of decision-making. Furthermore, the generally inferior level of development and complexity of the Spanish socio-economic structures will cause serious difficulties for Spain to correlate with the other Member-States. Overall, and following the Neofunctionalist line of argument, the lack of sufficient economic, social and political homogeneity between Spain and the rest of the EC would be harmful to Spain's integration.

CONCLUSION

The Neofunctionalist approach to integration does not provide a useful framework for the study of Spain's integration into the European Community from a theoretical viewpoint. The model of integration provided by the Neofunctionalists is based on a set of conditions which are not fulfilled in our case study. The high level of economic development and homogeneity in socio-political structures which is necessary for this approach to develop are disrupted when Spain is introduced into the scheme. Furthermore, by following the argument of the Neofunctionalists, we arrived to the conclusion that Spain's integration in the EC is bound to encounter countless difficulties which will render the integration process almost impossible.

Yet, the present course of events around Spain's accession seems to suggest that the Neofunctionalist approach does not offer sufficient explanatory power in a case such as this one. Other variables must be incorporated into the model. These variables can further illuminate a scenario of "integration in heterogeneity".

With different explanatory variables coming into play, the rigidity of the model's assumptions may be relaxed and a more useful model could be constructed. The following chapter offers a historical perspective of Spain's integration and provides some alternative variables which might contribute to a better understanding of Spain's integration.

ENDNOTES CHAPTER 1

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CHAPTER TWO

SPAIN AND THE EUROPEAN COMMUNITY

In this chapter the history of the relations between Spain and the European Community is studied. It is important to have an understanding of the past problems existing between Spain and the European Community in order to completely understand today's situation and to have reasonable expectations for the future. It is my point of contention that throughout the history of the relations between Spain and the E.C., a clearly marked linkage existed between economic matters and political matters. Political matters have always preceded economic matters in importance, and only when relations were politically possible, would these relations transcend into the economic sphere. Thereafter, economic considerations would become the focus of relations and a means to progress towards a political end. This linkage which exists between economic matters and political matters parallels the model for integration designed by Jean Monnet and is reflected by the neofunctionalist theory of integration which advocates that economic relations must be developed in order to achieve political integration. Thus, economic difficulties are surmountable once compatibility in the basic political system exists and a communion in political integration objectives is reached.

The history of Spain-EC relations can be divided into two periods: one of political incompatibility and one of political compatibility. The first one dates from the moment in which the ECSC was created, and finishes in 1978 when Spain approved a new Constitution and the political transition was considered to be completed. During this period, due to political reasons, relations

between Spain and the European Community were characterized by the impossibility of close economic and political relations. The second period, one of political compatibility, started with the completion of the political transition of Spain into a Constitutional Democracy. Once the political requirements were met by Spain, and once Spain declared its desire to join the European project, the relations between Spain the EC were dominated by economic considerations. Both of these periods will be studied in the following sections.

A. PERIOD OF POLITICAL INCOMPATIBILITY

After the Second World War was over, Spain remained the only dictatorship in Western Europe. The widespread dislike of Francisco Franco's regime caused the isolation of Spain, both politically and economically, from the international community. This isolation was reflected, for example, in the exclusion of Spain from membership in international organizations such as the United Nations (U.N.) and the Organization for European Economic Cooperation (O.E.E.C.). In addition, the first plans for the integration of Europe in the late 1940s and 1950s, with the subsequent formation of the three European Communities, were also drawn up without the collaboration of Spain. The reason for such isolation could be found in the obvious political incompatibility existing between the Spanish regime and those of the founding members of the European Communities, as well as those of other Western international organizations. After their victory on the

war against Nazism, the newly formed international organizations pursued peace and democracy and, therefore, they could not accept a regime such as the Spanish one, in which not even the basic liberties were respected.

Such political and economic isolation led to high levels of government protectionism over the Spanish economy. For example, the State was involved in price and wage policies, large amounts of investment, the creation of vertical syndicates, hard restrictions on foreign investment, and in the creation of high obstacles to foreign trade.

During the middle and late 1950s, important changes regarding Spain's position in the international scene took place. Namely, in 1955 Spain was officially recognized by the U.N. and, in 1959 it was accepted into the Organization for European Economic Cooperation (OEEC). In addition, various international agencies, such as the World Bank, and the General Agreement on Tariffs and Trade (G.A.T.T.), started to participate in the Spanish economy. These foreign influences, together with the inclusion of a group of liberals in the Spanish cabinet, resulted in the first consistent attempt to reform the Spanish economy: the Stabilisation Plan of 1959. This signified the end of a period of isolation and attempted self-sufficiency and the beginning of economic reform with timid openness and liberalization. This reform brought about large inflows of investment funds, mainly from the United States, rapidly increasing import and export markets,

and the resulting growing importance of the balance of payments for the Spanish economy.

Simultaneous to this economic reform, during the late 1950s, a number of political groups were clandestinely created. These groups were Socialists, Communists, Christian Democrats, Liberals, etc., and, although different in ideology, they made common cause in their opposition to the regime and in their belief in the European ideal as promoted by the Treaty of Rome. Their opposition to the regime was easily identifiable with the ideals of freedom and democracy which were being so strongly promoted in the European Communities. In addition, there was an increasing gap between Spain and the rest of Europe and thus, they tried to influence a policy of approaching the European Communities as much as possible.

On the other hand, Franco's regime also supported a policy of approachment to the Club of Rome. Their reasons, however, differed considerably from those of the opposition groups. The regime's reasons were largely of an economic nature and formed part of the general economic policy of liberalization which started with the Stabilization Plan. Of central importance was the inclusion of agriculture in the Treaty of Rome. During the 1950s Spain had a predominantly agricultural economy and, therefore, it would have benefited from membership in the European Economic Community (E.E.C.). In addition, the application by the United Kingdom for membership in the European Communities in 1961, rendered it crucial for Spain to obtain some kind of an agreement with the Communities,

given the great importance of British markets for Spanish agricultural products.

Consequently, in February of 1962, Spanish Foreign Minister Fernando Castiella requested the opening of negotiations with the European Communities, with the purpose of signing an association agreement which one day could become full integration or membership. He wrote to the President of the Council of the EEC, Maurice Couve de Murville, presenting three arguments:

1. Spain's historical ties to the rest of Europe.
2. The territorial continuity of Spain and the EEC.
3. The contribution which Spain could offer to European cohesion.¹

The reaction in Europe to Castiella's letter was, generally speaking, one of opposition to Spain's application. Labour unions and political parties of all tendencies argued that Spain was "politically inadmissible" and that any kind of agreement with Spain would be possible only after political reforms leading to a more democratic Spain would take place.² The Italian government, supported by the governments of the Benelux countries, insisted that an association agreement with Spain was completely out of the question. This was equivalent to say that only a non-preferential agreement would be possible. On the other hand, France and West Germany opted for offering something more than a merely commercial agreement. President De Gaulle saw a potential for the widening of French influence to the South if Spain joined the E.C. On its part, Germany saw in the Spanish application the possibility to

involve Spain in NATO, thus strengthening the defensive alliance. In 1964, the Commission opted for the commencement of an exploratory dialogue with Spain in which only economic matters were to be discussed, thus eliminating from the beginning any possibility of a political agreement.

The argument which most firmly opposed any type of association agreement with Spain was the one presented by the European Parliament in the Birkelbach Report,³ and the complete support of this report by the Italian government in 1964.⁴ The Birkelbach Report stressed the political conditions to be imposed, not only on Community membership, but also on association agreements. According to this report, a precondition for membership in the Community was to have a democratic regime. It also defined "association agreement" as being optional to European countries which met the political prerequisites for membership, but whose economies needed strengthening. This automatically excluded Spain as a possible candidate. Thus, in 1967, negotiations for a preferential agreement of a purely commercial nature started, this agreement being miles away from the association agreement which Castiella had in mind when application was submitted in 1961. In 1970 a commercial agreement was signed between the European Community and Spain. It was the loosest type of preferential agreement that the EC could offer, and it was announced to Spain that any further integration could only follow if there was democratization.⁵

The agreement set two stages in the creation of a free trade area between two sides. Only the first stage was dealt with in detail, while the content of the second one was to be elaborated later. Although the agreement was based on the principle of reciprocity, Spain was offered a more favourable treatment since higher levels of tariffs and wider use of quotas protected the Spanish economy. Spain reduced its tariffs by 25% to 60% on a wide range of Community exports, with most products' tariffs being reduced by 25%. The Community agreed to reduce tariffs on industrial goods, and to reduce duties on certain agricultural goods by up to 60%, with the exception of sensitive products such as textiles, clothing and footwear.⁶ However, with the first expansion of the European Community in 1973, in which Britain, Ireland, and Denmark became new members, the agreement had to be renegotiated. This negotiation was of vital importance to Spain, in order to compensate for Spain's loss of access to the British market.

However, when a final compromise seemed to have been reached, negotiations were brought to a sudden stop when Spain announced capital punishment for three Basque prisoners in September of 1975. The Nine pressured Spain for reconsideration of such sentences and the European Parliament adopted a resolution inviting the Commission and the Council of Ministers to stall negotiations with Spain. Such measures had no effect and the executions still took place on September 27, 1975. That same day the Commission declared its "deep regret and condemnation" to the Spanish government for

the latter not being sensible to the action taken by the Member-States and the Commission itself. Consequently, the Commission and the Council of Ministers agreed to suspend negotiations between the European Community and Spain, and expressed their wish that "a democratic Spain will find its place among the European countries".⁷

In all it can be said that during the period of 1961 through 1975, relations between Spain and the European Community were dominated by the incompatibility which existed between Spain's political regime and those regimes of the EC Member-States, as well as with the ideals of peace and democracy of the EC. Spain had the desire to join the European Community, largely as a means of liberalizing its economy and thus to prosper economically. However, the EC was consistent with the ideals of the Treaty of Rome and continuously manifested the political objectives for which the means of economic integration had been designed. Spain did not meet the basic political standards and therefore, it was not accepted into the EC. The execution of Basque prisoners in 1975 made evident the deep political incompatibility which did not even make possible the loosest type of an agreement.

B. THE POLITICAL TRANSITION OF SPAIN

After the death of dictator Francisco Franco on November of 1975, his successor, King Juan Carlos I, declared his willingness to move the country towards a democratic system. With this purpose, on December 15, 1976, a referendum was held in which

Spaniards massively supported the democratization process started by King Juan Carlos I and elaborated by the new government of Adolfo Suarez. Consequently, the first democratic general elections took place on June 15, 1977, and a democratic Constitution was passed by Parliament and approved on referendum by Spaniards on December 6, 1978. Thus Spain developed a parliamentary democratic regime, organized trade unions, and legalized political parties of all tendencies and, in this way, the country had overcome the political barriers which previously prevented accession to the EC.

The transition of Spain into a parliamentary democracy was characterized by the politics of consensus which existed among all major political forces of the country. This period has been referred to as "consociational"⁸ and ended in May of 1980 when the Socialist opposition proposed a motion of censure against the government. The most important political decisions of this period were based on agreement between the political leaders of the main parties. For example, there was the Moncloa Pact signed in October of 1977, in which political leaders of all tendencies agreed on a program of economic recovery and structural reforms, and, a year later, they also agreed on the ratification of the new Constitution of 1978.

Accession to the European Community was part of the same kind of consensus. All major political parties, including the Communist party, supported the political objectives of the Community, and declared themselves in favour of membership. Two factors help

explain this general agreement: the European option had been decided by the Franco regime back in 1962, so the rightist and conservative sectors of the spectrum were in favour of this policy. And secondly, the democratic opposition had also been in favour, although with the condition that parliamentary democracy be restored in Spain. Since the view of the democratic opposition was also shared by the Community, Europe became a symbol of democracy for most Spaniards. The Spanish people interpreted accession to the EC as the culmination of a long process of political openness and economic modernization.

All major political parties spoke of entry into the EC as being a priority objective. They hoped that entry into the EC would lead to the consolidation of a still insecure democratic regime. Although their economists were aware of the enormous problems of adaptation which would arise, the external pressures to adapt was one of the main reasons why entry had such unanimous support. The Central Democratic Union (UCD), party in power from 1977 to 1982, considered accession to be indispensable for the implementation of its modernization strategy. The transformation of Spain into a modern industrial state was considered to be a necessary condition for the fulfilment of the UCD's political aims, namely: the long-term safeguarding of a bourgeois democracy with a capitalistic economic strategy. The UCD considered the challenge of the Common Market to be the impetus needed in order to achieve an effective free-market economy in Spain. The UCD did not believe that such goal could be achieved otherwise or that the interests

established in the economic field, together with the traditional ruling class, would predominate.⁹

The Spanish Socialist Worker's Party (PSOE) which was the official opposition from 1977 to 1982, and which has been the party in power since 1982, also believed in a strategy of modernization, even if with different ends. For them, the European Community was not only an adequate framework within which to develop basic socialist principles, such as the control of multinational enterprises. It was also a dynamic factor for the safeguarding and strengthening of the democratic way of life at a decisive moment in the political development of Spain.¹⁰

Finally for the Spanish Communist Party (PCE), entry into the EC was a basic step to "turn Spain into a modern country".¹¹ It would bring about, they believed, an assimilation of social achievements, namely: equal rights for the worker, and a rise of the worker's share of the GNP. Therefore, all major political parties agreed in their final objective: Spain's entry into the Community would help to consolidate the new democratic regime.

This view was also shared by major interest groups such as the business community and trade unions. The business community was, generally speaking, in favour of accession; however, they expressed certain anxiety about the level of competitiveness and the likely effects of trade liberalization with Community countries. This is the reason why they pressed for long transitional periods after accession. The main trade unions, the General Union of Workers (UGT, Socialist), and Workers' Commissions

(CC.OO., communist), as well as farmers organizations, had a similar position to that of the business community, with the difference that they were interested in early accession, except for those farmers from sensitive sectors such as meat, dairy products and sugar.¹²

Thus, one of the basic values of the political situation of Spain during the transition period was its vocation to collaborate in the political construction of Europe. As Foreign Minister Fernando Moran clearly expressed:

"At the time of the transition from dictatorship to democracy Spain's Europeanism attained almost a metapolitical worth and constituted one of the facts on which the unanimity which permitted change was established...This Europeanism makes the transition to a serious democracy easier in the sense that this new democracy witnessed a coordination of interest and postures of the conservative Spanish democrats, opposed to Franco, of the elite of the regime who considered themselves modernizers and reformers, and of other political factions such as socialists and communists".¹³

According to the socialist Minister, the Europeanism of 1977, 1978 and part of 1979 was not a critical one. This Europeanism was the result of the creation of the new political class which succeeded Francoism, and which originated and developed around European themes and ideas. One of the reason for this non-critical Europeanism was a strong ideological accumulation, a consequence of the lack of channelling means for expressing ideologies, or lack of developed pluralism. It could be said that everybody was Europeanist. Europeanization was equivalent to modernization in social and political orders: it was a kind of life in which rationality was a constant.¹⁴ Hence, to Spain, the importance of

the European Community was primarily political. Membership in the Community meant the political respectability of the new system and the end of a long political isolation. In addition, membership would constitute the stabilizing factor in maintenance the democratic system. Even though it was widely recognized that economic integration would create great difficulties, political reasons were of crucial importance.

The non-critical unanimity about EC membership of the late 1970s which Moran refers to, became increasingly critical as accession negotiations proceeded. Criticism was caused by the less mythical and more analytical evaluation which the different political forces and social sectors made. As the accession negotiations followed their path and the need for compromise made Spain yield important concessions in some sectors of the economy, certain political forces seriously viewed the upcoming accession of Spain to the Community with disfavour. This general change in attitudes was also reflected by public opinion polls. The percentage of Spaniards who thought that it was a good thing for Spain to become a member of the European Community significantly decreased from 58% in April of 1980 to 48% in 1984.¹⁵

In all, once Franco had died and the process to democracy was initiated, accession to the European Community was a matter of primary political importance to Spain. EC membership would mean the strengthening of the new system, the possibility for Spain to abandon the old isolation, to modernize, and to integrate into the Western group of nations. Simultaneously, the European option was

an important part in the political consensus that facilitated the political transition. Such consensus for the European option disappeared somewhat only when accession negotiations started and concessions had to be made. In general, however, we can say that there was a common political will for EC membership in Spain.

C. THE SPANISH APPLICATION, COMMUNITY REACTIONS AND NEGOTIATIONS.

On July 28, 1977, only one month after the first general elections in over forty years, Spanish Foreign Minister Marcelino Oreja presented three letters from Prime Minister Suarez to the President of the Council of Ministers of the EC, Henri Simonet. In these letters, each of which was addressed to each of the three Communities, Suarez expressed the wish on the part of the Spanish government to apply for the opening of negotiations leading to the integration of Spain into the European Communities.

The very first response to the Spanish application was a cautious one. Henri Simonet stated that the negotiations would be difficult and time-consuming, and emphasized the effort which the Community would have to make in order to absorb a country with the economic characteristics of Spain. He even added that Spain's accession might paralyse the process of European integration and the operation of Community institutions.¹⁶

The Commission published a report on general considerations concerning enlargement in which the Commission reaffirmed the not-so-optimistic reaction of Simonet.¹⁷ In the "fresco", as the report was referred to, the Commission acknowledged that decision-making

procedures would deteriorate in a Community of Twelve unless its institutions and organs were decisively strengthened. In addition, concern was expressed in the "fresco" about the heterogeneity of the economic structure of Spain, when compared with those of the Nine, and about how enlargement would be carried out without weakening the Community. It was also recommended in this document, that the appropriate measures be taken so that progress towards economic and monetary union not be interrupted. Finally, this report advised that an affirmative reply be given to the applicant states (Greece, Portugal, and Spain) since there were matters of high political importance at stake:

"When Greece, Portugal and Spain, newly emerging as democratic states after a long period of dictatorship, asked to be admitted to the Community, they were making a commitment which is primarily a political one...The three countries have entrusted the Community with a political responsibility which it cannot refuse, except at the price of denying the principles in which it is itself granted. These principles are enshrined in the preamble to the EEC Treaty, where the founders of the Community, 'being resolved...to preserve and strengthen peace and liberty, called upon the other peoples of Europe who share their ideal to join in their efforts'. The Heads of State and Government have recently solemnly proclaimed their faith in this ideal, which requires the Community to give a positive answer to the applicant countries".¹⁸

Thus, the Community's reaction to Spain's application was, in general terms, affirmative and conscious of the political implications that this one involved. However, it was also one of concern, when considering the difficulties which were about to develop in the economic sphere.

The reaction of the different Member-States varied considerably from country to country, depending on how they

perceived Spain's accession in relation to their own individual interests. West Germany was the most enthusiastic supporter of the Spanish entry.¹⁹ West Germans had investments in Spain and a healthy trade surplus that was expected to grow with free trade. Furthermore, West Germany saw political democracy as the way towards stability in the Mediterranean region. Greece, however, was opposed to Spanish membership from the beginning. Its economic interests ran opposite to those of Spain in many ways. Greece was a net agricultural exporter and wanted the Common Agricultural Policy (CAP) to be extended to cover its Mediterranean products. As well, Greece had asked for favourable treatment from the EC which might have only been possible if Greece were the sole country involved. However, if to be fair, this special treatment was also applied to Spain and Portugal, it would become too costly for the EC.²⁰ The official attitude of Great Britain seemed to be mildly favourable to Spanish entry. Yet, this could be attributed to the fact that the U.K. had always been the least supportive of European Union and, thus, the more diverse the EC became, the more its original ambitions of integration would be diluted. France was originally a supporter of Spanish entry to the EC, seeing this as a way of increasing the latin influence and reorienting the focus of the Community towards the South. Only when negotiations started did France become aware that what they had in common could well provoke rivalry. France's agricultural lobbies mounted a successful campaign to create fears of Spain's agricultural potential. During the eight years of negotiations, France put up

the most obstacles to enlargement. A satisfactory ending was only possible thanks to an improved French attitude, as represented by President Mitterrand.²¹ Finally, Spain found in Italy an advocate of the Spanish case. Although conscious of a possible rivalry in the agricultural sector, Italy was also aware of the opportunity to acquire an intra-Community ally in the struggle for a more equitable balance between the northern temperate and the southern Mediterranean regions in the formulation of Community policies. Thus, each Member-State was concerned about its own economic interest, but none of them could deny the positive political consequences which enlargement would bring about.

The accession negotiations formally started on February 5, 1979, and it seemed clear from the first session that there would be two economic problems very difficult to solve: the integration of Spain into CAP, and employment and industrial concerns. Firstly, the integration of Spain into CAP was welcomed by many of the northern Member-States, but viewed with apprehension by France, Italy and Greece. For instance, Greece threatened to veto the enlargement unless the Nine agreed on a plan to assist Mediterranean farmers who could be hurt by competition from Spanish farm products. The EC members finally agreed on a package that would provide a total of 4.4 million European Currency Units (ECU) in aid over seven years for Greek, French and Italian farmers who were threatened by competition. This package was called 'The Integrated Mediterranean Programmes'.²² These countries produce many of the same Mediterranean products that Spain does, and many farmers feared

the lower cost of Spanish crops might capture their profitable northern markets. In general, the entry of Spain would increase the EEC's production of agricultural goods more than it would increase consumption.²³

Industrial and employment concerns constituted another area of disagreement. After forty years of protectionism, Spanish manufacturers were concerned that as tariffs were reduced, they would find themselves vulnerable before massive imports coming from other member-states. At the same time, several EC countries were concerned about the effect that migration of lower paid Spanish workers would have on their own domestic employment.

Economic matters definitely constituted the heart of the negotiations and, at times, the complexity of some matters, such as the dismantling of tariff barriers, seemed to jeopardize the negotiations. However, an event which was foreign to the negotiations seemed to remind the EC of the overriding political importance of Spanish accession. On February 23, 1981, Captain Tejero of the Civil Guard, accompanied by a handful of soldiers, took over the Parliament, which at that time was celebrating the oath-taking ceremony of the new Prime Minister Leopoldo Calvo-Sotelo. Only a few hours after, the attempted coup d'eta was kept under control thanks to an intervention by King Juan Carlos. This event did not have serious consequences, but it helped remind the EC of the political urgency of the Spanish accession. The European Parliament approved a resolution on March 11, condemning the

incident and demanding that the necessary measures be taken in order to accelerate the negotiations for the accession of Spain.

Another issue often linked to advancement in negotiations was the question of Spain's membership in NATO. Although Spain had been a member of NATO since 1982, the position of the newly elected Socialist government with respect to this issue was uncertain until 1985, at which time the government decided to hold a referendum on Spanish membership in the Alliance. Such a referendum appeared as a threat to Spanish membership in NATO given the widespread opposition to NATO by Spaniards. On its part, the governing Socialist Party was in the process of defining its position on the issue at the same time that the EC accession negotiations were taking place. In addition, several NATO members declared themselves in support of Spain's full incorporation into the Alliance, and linked it to Spain's accession to the EC. Together with the United States, West Germany was specially interested in the full entry of Spain into NATO. A German official, having lunch with a Spanish journalist, said that '...to sell olives freely in Europe and not to contribute to the common defense is not possible'.²⁴ In the same manner, did German Foreign Minister H. D. Genscher say in the Bundestag: "...we cannot intend to have Spain's contribution to the Western defence with the blood of her soldiers and close the doors of Europe to Spanish exports".²⁵ Thus, it was understood that Spain would only enter NATO if accepted as a member of the EC. This would have to be taken into consideration when deciding upon enlargement towards the South. By March of 1985, negotiations

in Brussels had reached a tentative overall agreement and it was approximately at this time that the Spanish government took a position of clear support for the membership in NATO, and advised Spaniards to respond correspondingly in the referendum due in the Spring of 1986. Although the pro-NATO campaign was not an easy one for Prime Minister Gonzalez and his party, and a victory could only be obtained guaranteeing the removal of American military bases from Spanish soil, Spaniards said yes to NATO in March of 1986.²⁶

An agreement was finally reached in the summer of 1985, and the Treaty formalizing Spain's entry into the EC can be summarized as follows: in agriculture, the elimination of import duties between Spain and the Community would take place over a seven-year period, starting from the official date of accession, January 1, 1986, except for some products which would require eight to ten years. Special transition measures were provided for fruits and vegetables, and supplementary trade mechanisms would be implemented in order to regulate intra-Community commerce. Thus, by 1996, Spain would be required to apply the common customs tariff to all imports from non-EC countries. With respect to quotas, Spain would keep its quantitative restrictions on some imports until 1995, but in other cases the restrictions had to be removed by 1992.²⁷ The articles concerning trade in manufactured and processed goods provided for the gradual elimination of customs duties over a seven-year period, and quantitative restrictions were removed by the time accession was made effective. Finally, in response to the demands of northern Member-States regarding labour migration,

restrictions on the employment of Spanish nationals will remain in force until 1993.

In all, it can be said that Spain's willingness to join the European Community was primarily a political initiative. Spain wanted to strengthen its new born democratic regime and thus modernize along with the rest of Western Europe. This is also how the Spanish application was perceived in the EC and, therefore the EC could not reject the Spanish application, thus, failing to fulfil the objectives for which it was created: peace and democracy. However, the complexity of the economic matters involved in the negotiations came to jeopardize the EC enlargement all together. At the end, the political objectives prevailed, even if difficult compromises had to be made at the economic level.

CONCLUSIONS

According to the Treaty of Rome, membership in the Community is formally opened to all European States which are democratic and ready to adopt the Community law, known as "acquis communautaire". The Treaty clearly establishes that the political objective of a European Union is to be achieved by means of economic integration. Accordingly, political considerations have dominated relations between the EC and Spain. At the time of the dictatorship, Spain's membership in the EC was not possible because of a clear political incompatibility between Franco's regime and the principles advocated by the EC. However, after the political transition of Spain into a democratic regime, transition which was made possible

largely due to the consensus of Spaniards on the European goal, Spain was perceived differently by the EC. The past political reasons became invalid and the Spanish application was in principle accepted. Once the political green-light was given to Spain's application, negotiations between the two parties reflected the fact that the problems to be overcome were of an economic nature. Such was the complexity of the economic aspect that both parties nearly lost perspective of the ultimate political goal and the accession of Spain was jeopardized by economic considerations. Fortunately, the parties realized how important membership in the Community was for Spain's political development and how unrefusable the Spanish application was for the Community. To conclude, in spite of the fact that negotiations had a basic economic character, political considerations prevailed over economic ones. The decision to welcome Spain in the EC was the exercise of political will.

ENDNOTES CHAPTER 2

1. For further information about this letter, see V.P. Sarradell Espana y la Europa comunitaria. (Universidad de Navarra, 1973) pp. 111-118

2. Among others, the groups which demonstrated in this sense were: the International Confederation of Free Unions (ICFU), which said no to Spain as long as the spirit of democracy and freedom was not respected; the Congress of European Federalist Movement (CEFM) which also condemned any possibility of access or association of Spain in the EC; the Socialist Group of the European Parliament, the European Organization of the International Confederation of Christian Unions, and the Congress of the European Movement. They all agreed that only democratic countries could become members of the EC. From Sarradell, Espana.

3. Assemblée Parlementaire Europeene, Documents de Seance, 1961-62. Document 122, 15 January 1962: 'Raport fait au nom de la commission politique sur les aspects de l'adhesion ou de l'association a la Communauté' M. Willi Birkelbach, Rapporteur

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15. Index to International Public Opinion 1982-83, 1984-85
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19. The Economist. 'Survey: Spain' March 1, 1986. Insert Material
20. *Ibid*.
21. *Ibid*.
22. Commission of the EC The Integrated Mediterranean Programmes. European File (Luxembourg January, 1986)
23. Commission of the EC The Second Enlargement of the European Community. European Documentation. (Luxembourg 1979) p.15, and Mr. Barrett, Official Journal of the European Community. no. 2-316, p. 92. Sept. 12, 1984. For more details on the effect of Spain's agriculture on CAP, see The Economist. Sept. 28, 1985 pp.74-75
24. El Pais. (Madrid June 12, 1985) p.3 of Insert Material
25. *Ibid*.
26. For further discussion about the relationship between Spain's membership in NATO and Spain's membership in the EC, see The Economist. Feb. 23, 1985, p.46; April 16, 1985, p.43; and March 21, 1986, pp.43-44
27. European Committees Instruments Concerning the Accession of the Kingdom of Spain and the Portuguese Republic to the European Communities. June 12, 1985. Arts. 75 (1,2), 77, 81-85 and 131-153. See also Commission of the EC A Community of Twelve: welcome to Spain and Portugal. European file. (Luxembourg, Nov., 1985) pp. 11-14

CHAPTER THREE

THE SINGLE EUROPEAN ACT AND ITS CONTRIBUTION TO INTEGRATION IN THE EUROPEAN COMMUNITY

The latest attempt to relaunching the integration process in the European Community materialized in 1986 with the signing of the Single European Act (SEA). The contribution of Spain to Europe's integration and, specifically, to the fulfilment of the Single European Act by 1992 will be thoroughly studied in following chapters. However, it is first necessary to dedicate some time to studying the Act itself. It is important to analyze the circumstances which led European leaders to reform the Treaty of Rome for the first time. It is also important to have a knowledge of the contents of the Act. Finally, it will be essential to appreciate the significance of the Act within the context of the integration process in Western Europe.

In this chapter, it is argued that the Single European Act represents an important step forward in the historical context of European Integration. It will also be argued, however, that this Act presents a risk for the integration process of the EC, largely as a consequence of the recent accession of Spain. Thus, important reforms are necessary in order for greater cohesiveness to result from the implementation of the Act. Although it has been criticized for the lack of its far-reaching reforms, it cannot be denied that the type of political willingness which the European leaders showed when signing this Act has no precedent in the last two decades of EC history. However, such political willingness for European integration will have to persist during the years to follow. A serious commitment to continue the restructuring of the Community will be necessary if the 1992 projet is to succeed. This

will be a difficult task to carry out considering that it will require important concessions by the Member-States. Leaders who are more European-oriented and who are willing to sacrifice national interests for the common good are necessary. Only then will the Single European Act have originated a more integrated European Community, both politically and economically speaking.

The Single European Act originated partly as a response to the last enlargement of the European Community which included Spain and Portugal. Therefore, the analysis of the origins and contents of the Act will contribute to a better understanding of the role of Spain in its implementation and its successful completion.

A.ORIGINS OF THE SINGLE EUROPEAN ACT

The idea of forming a frontier-free Europe is not a new one. It is at least as old as the European Community itself. The Treaty of Rome envisaged the creation of a market free of restrictions on the movement of goods, persons, services and capital. In addition, it provided the measures to approximate laws for the proper functioning of the market, as well as for the harmonization of taxation systems. During the 1960s, the emphasis was centred on the formation of the common customs tariff, which was completed before the scheduled period. Afterwards, momentum was lost and the 1970s passed by without any major achievements being attained in this field. The advent of the economic recession, together with the lack of confidence and willingness on the part of political leaders, contributed to this lack of success. In this manner,

beginning in the late 1970s, the issue of reforming the European Community increasingly became a matter of debate. It can be said that there are two main factors which caused the debate of reform to become an issue of primary importance:

1. The continuous economic recession and the need for the EC to improve its position with respect to the United States and Japan.
2. The EC's second enlargement, which threatened to bring the EC's institutions to a decision-making deadlock.

First, the European leaders were concerned that unless the Community could make full use of the potentially vast single market which the Twelve constitute, the EC would continue to lose ground to its main competitors, the U.S.A. and Japan. Today, the EC is a fragmented market. The existence of frontier controls between Member-States, including tariff barriers, quotas and other protective measures, increases significantly the cost of economic activity. In this manner, and comparing the EC to the U.S. and Japan, some of the EC's most notorious weaknesses are: uncompetitive industries and low productivity.¹ Thus, the perpetuation of internal frontiers, of this uncommon market, or 'non-Europe', is one of the major factors which makes European business less competitive than its Japanese and American counterparts.² Therefore, if the EC is to compete in the world market effectively, a common economic network is a necessity for Europe.

Secondly, the enlargement of the Community, which was to include Spain and Portugal, was perceived as a threat to the already weak decision-making processes of the Community. Ever since the unanimity rule was adopted by the Council of Ministers, the Community's decision-making processes had become increasingly awkward. A common denominator was rarely found in those decisions involving some sovereignty concessions, and thus the process evolved into an "institutional inertia". The accession of new members with different needs and concerns from those of the original membership made it even more troublesome for the EC to reach agreements. Thus, it was feared that, unless accompanied by suitable reforms, the enlargement would result in the collapse of the EC's decision-making processes.

The European Council meeting in Copenhagen in 1982 concluded with the commitment that the completion of the internal market would be a high priority for the EC. This commitment was stressed again in Fontainebleau in June of 1984 when it was agreed that two ad hoc committees be set up: one which would investigate institutional reform and related matters and the other which would examine the realisation of a 'People's Europe'. These were known as the Dooge and Adonnino committees respectively. The Ad Hoc Committee for Institutional Affairs, as the Dooge committee was formally known, issued a report in which the creation of a homogeneous internal economic area was the chief priority. This priority was to be achieved through:

- a. The completion of the Treaty of Rome by means of:

- i) The establishment of a genuine internal market,
 - ii) Increased competitiveness of the European economy, and
 - iii) The promotion of economic convergence
- b. The creation of a technological community
 - c. The strengthening of the European Monetary System
 - d. The mobilization of the necessary resources.³

The Dooqe committee report also contained far-reaching thoughts on decision-making processes. It advised that the European Parliament be endowed with rights over legislative processes. In addition, the Council of Ministers was to change its voting procedure and to adopt, as a general rule, the qualified-majority rule. Finally, unanimity was to be required only for new political projects and for the enlargement of the Community.⁴

In Milan, the European Council agreed to set up an Intergovernmental Conference. Its task would be to specify in detail the reforms proposed by the Dooqe Committee Report, to the point where they could be acted upon. This Conference took place in June of 1985 and proved to be very constructive. All the participants agreed on the fact that their interests would be best served by improving the effectiveness of EC decision-making.

Finally, the Heads of State and Government of all the Member-States asked the Commission to present concrete proposals in order to achieve a fully unified internal market by 1992. Thus, in June of 1985, the Commission published a White Paper setting out the necessary programme together with a clear timetable for action.⁵ This White Paper was comprehensive and sought to create an

integrated and coherent economic framework. It attempted to identify all the existing physical, technical and fiscal barriers which interfered with the free functioning of the market. On December of 1985, the Luxembourg European Council achieved sufficient momentum in order to adopt a package of amendments to the existing treaties, package which constituted the Single European Act.

B. THE CONTENTS OF THE ACT: A CRITICAL ASSESSMENT

The Single European Act contains the first major amendments to the Treaty of Rome since the adoption of the latter in 1957. The SEA was signed in February of 1986 and came into force on July 1st, 1987. In sum, the Act achieves two main objectives. First, it amends aspects of EC decision-making and second, it aims for the creation of a truly internal market without frontiers by December 31st 1992, which, with a population of 320 million, will be the largest in the world. In the Act, the Member-States express their preoccupation with achieving internal cohesion in order for the Community to put global programmes into practice effectively. Finally, integration is a constant theme in the Act. Expressions like "speaking ever increasingly with one voice" and acting "with consistency and solidarity"⁶ reflect the integrationist tone of this document.

Title one of the Single European Act, entitled "Common Provisions", commits the Member-States to "making concrete progress towards European unity".⁷ Title two covers provisions by amending

the treaties which established the European Communities. Title three contains provisions on European cooperation in the sphere of foreign policy. Finally, title four contains the general and final provisions. There are two sections in title two: the first one covers institutional issues, and the second one covers "Provisions relating to the foundations and the policy of the Community", which itself is divided into six subsections. These subsections cover the completion of the internal market, the EC's monetary capacity, social policy, economic and social cohesion (by which is meant problems arising out of economic disparities between the centre and the periphery), research and technological development, and the environment.

TABLE 1: THE STRUCTURE OF THE SINGLE EUROPEAN ACT

TITLE I: Common Provisions

TITLE II: Amendments to the EC treaties

-Section I: Institutional Provisions

-Section II: Foundations and policy of the Community

Subsection I - Internal Market

Subsection II - Monetary Capacity

Subsection III - Social Policy

Subsection IV - Economic and Social Cohesion

Subsection V - Research and Technological Development

Subsection VI - Environment

TITLE III: European cooperation on Foreign Policy

TITLE IV: General and Final Provisions

The contents of the Single European Act will be discussed in more detail in the following lines:

a. The Institutional Reform

The institutional reform of the European Community focuses on two goals: to obtain a more efficient decision-making mechanism, and to democratize more the making of decisions. Firstly, a more efficient mechanism was attempted by substituting the unanimity rule in the Council of Ministers for a more frequent use of the qualified majority vote. In the past, the unanimity requirement rendered any decision-making a complex and lengthy process. Progress was frequently slowed to the pace of the most reluctant Member-State. The accession of Spain and Portugal rendered decision-making in the Council of Ministers even more cumbersome. The inclusion of new members with such different interests and concerns limited even further the operational ability of the EC institutions.

The SEA includes measures for the resolution of such institutional difficulties. In order to speed up the process, it provides for the adoption of the qualified majority rule when taking measures which have as their goal the establishment and functioning of the internal market. The Act also formulates a wide range of exceptions for which the unanimity provision remains in force. For example, matters such as fiscal harmonization, monetary integration, and the free movement of people, remain to be decided

by unanimous vote. Therefore, although it is true that the adoption of the qualified majority rule could have been implemented in a wider number of policy-areas, it is also fair to admit that it is a significant step in the right direction, and that it will greatly contribute to the fulfilment of the internal market.

The second major aspect of the institutional reform embodied in the Act is the enhancement of the powers of the European Parliament. On the one hand, the approval of Parliament is necessary if any future enlargement or association agreements of the Community is to take place. Secondly, the Single European Act provides a new "cooperation procedure" which allows the European Parliament to have a greater input into the Community legislative process. This cooperation procedure is designed to facilitate greater formal contact between the Council and the Parliament in the course of EC decision-making, thus enhancing the Parliament's influence, although not necessarily its formal powers. Yet, this procedure is not to be applied to all instances of EC decision-making, but only to those areas related to the Single European Act. It establishes a system of two readings when drafting legislation. In the first reading the Commission submits its proposal to Parliament. Parliament's committees then examine the proposal and make recommendations about such proposal. Then, the Commission and Parliament cooperate to produce a revised proposal, which goes to the Council of Ministers. If the Council can reach a 'common position' by qualified majority vote, the Council would then adopt the proposal. Amendments to the proposal can only be made on the

basis of unanimity. In the second reading, the Council transmits its amended proposal back to Parliament. The Parliament may (i) approve it, in which case the Council just adopts the proposal, Parliament may (ii) amend it by absolute majority or (iii) reject it by absolute majority, in which case the Council may act only if unanimous.⁸

Therefore, the cooperation procedure provides closer links between the European Parliament and both the Commission and the Council. Such links materialize in the first and second reading of proposals, as these pass from the stage of Commission initiative to their adoption by the Council. Consequently, the Council has to adopt legislation in cooperation with the European Parliament. The fact that, in order to adopt a piece of legislation which is rejected by a majority of parliamentarians the Council must reach unanimity, calls for close cooperation between both bodies. Yet, although the power of influencing legislative decisions has increased significantly for the European Parliament, it is also true that its purely legislative powers have remained practically insignificant. The Single European Act enhances Parliament's influence, but not necessarily its formal powers, and consequently, the Council retains the upper hand in the final decision-making. Therefore, the overall effect of the cooperation procedure is positive in the fact that it enhances the influence of Parliament, as well as its dialogue with the other Community institutions.

b. The Foundations and Policy of the Community

The central theme of the Single European Act is the creation of an internal market among the twelve Member-States of the European Community. The Treaty of Rome already provided for the creation of a Single Market in Europe. However, thirty years after its signing, multiple obstacles for the free movement of goods, capital and people remained in place. The Act aims at the elimination of all remaining obstacles to the free movement of goods, services, people and capital within the European Community, and in this manner, create a truly internal market by 1992.⁹

This initiative was taken in response to the increasing demand to modernize the economy and to improve its efficiency in order to be able to compete with U.S. and Japanese products in the world market. In addition, other tentative benefits were to be drawn from the creation of this internal market. A study sponsored by the Commission¹⁰ which was to evaluate the economic effects of the 1992 program predicted that the creation of a unified market would add about 5% to the Community's Gross Domestic Product (GDP). Furthermore, this program would add about 2 million new jobs, and keep average consumer prices 6% lower than a divided market. The creation of a single market would also contribute to technological development, with companies operating in a Community-wide market better able to travel to other EC countries without facing police checks and other formalities at national borders.¹¹ Thus, the Single Market clearly creates opportunities for the entrepreneurial sector by offering the advantages to be gained from an economy of

scale. European firms will save 12,000 million ECUs per year, an amount which they spent only when crossing internal Community borders.¹² Therefore, the creation of an internal market among the twelve members of the EC is expected to improve the production efficiency of European firms, thus making them more competitive, and substantially improving the living standard of European people.

The Single European Act also deals with a number of policy issues which, in one way or another, will be affected by the creation of the internal market. Among the areas which interact with the internal market, and the EC considered worth including in the Act are: the EC's monetary capacity, social policy, economic and social cohesion, research and development, and the environment.

Only limited and very tentative measures were dedicated to these areas. However, one of them has absorbed an extraordinary amount of attention and both the Commission and the European Parliament considered it to be of critical importance. This is the issue of economic and social cohesion.¹³ The essential objective of economic and social cohesion is the reduction of differences among these regions of the Community and the improvement of economic conditions on those areas which are "least favoured". Such discrepancies already existed before the Single European Act was conceived. Yet, the creation of a unified market threatens to exacerbate them. Since the single market will lead to a more competitive environment, companies, sectors, regions, and economies will need to adjust to the new environment. This adaptation implies different degrees of effort on the part of the various

economies concerned. For example, less developed regions will need to make a greater effort in order to be able to compete on equal terms with the rest of the Community. Thus, in order to soften the impact produced by the creation of the internal market, these regions need some economic and social assistance. For this reason, the Community intends to reduce existing disparities among its various regions and achieve economic and social cohesion in order to guarantee their harmonious development. In other words, the term cohesion refers to the principle of producing economic cohesion by reducing the gap existing between the rich and the poor and by giving Community support to the economically disadvantaged or to peripheral states, as well as reconverting areas of industrial decline.

Nevertheless, the successful accomplishment of economic and social cohesion will depend on how this issue is approached. The Act does not provide the legal, economic, or other type of means needed in order to carry out such a task. It is now up to the different decision-making mechanisms, and ultimately up to the Council of Ministers to introduce such means. It has been suggested by the European Parliament, on its report about the SEA,¹⁴ that an appropriate reform of the structural funds be carried out with this purpose. In addition, the report suggests that sufficient budgetary resources need to be dedicated to cohesion, as well as to the development of new common policies in the field of research, technology and the environment. It remains to be seen whether or not such developments will occur so that economic

and political integration will continue to progress in the EC, as a consequence of the implementation of the Single European Act.

c. European Political Cooperation

European Political Cooperation is the coordination of foreign policy by the members of the European Community. It has been a practice since 1970 and it has had a very informal character over the years. For the first time since this practice was adopted, European Political Cooperation has come to be a part of the Treaties constituting the European Community. Title III of the Single European Act, 'Provisions on European Cooperation in the sphere of foreign policy' codifies this practice among the Member-States on an intergovernmental basis. In this manner, this codification represents an acknowledgement of the status quo rather than any radical new departure. In the Act, the Member-States commit themselves "to informing and consulting each other on any foreign policy matters of general interest so as to ensure that their combined influence is exercised as effectively as possible through co-ordination, the convergence of their positions and the implementation of joint action".¹⁵ Thus, the Member-States are bonded to seek consensus on foreign policy issues and to try to speak with "one voice" in those international organizations in which not all EC states are represented, such as the West European Union (WEU) and NATO. Nevertheless such bond is not a legally binding one. Article 31 of the Act states that all the provisions of Title III (related to cooperation in foreign policy) are exempt

from the control of the Court of Justice. This means that the members' obligation to inform and consult each other cannot be the subject of an action brought before the Court of Justice,¹⁶ and that actual cooperation on foreign policy will continue to be based merely on the willingness to cooperate on the part of the Member-States.

The Act partly incorporates both the Commission and the European Parliament into the EPC mechanism. It states that the Commission "shall be fully associated with the proceedings of Political Cooperation",¹⁷ and consequently, the Commission will now be integrated as a co-decider. The Act also compels the Member-State holding the Presidency to regularly inform the European Parliament on foreign policy issues which are being dealt with, and to take into consideration the views of Parliament on such issues.¹⁸ This is a new feature and can be considered to be a very positive one because it formalizes the participation of the only popularly elected body in the coordination of foreign policy.

An issue which has traditionally been a sensible one in the framework of EPC is security, for it has revealed serious divergences among the Member-States. Remarkably, for the first time the members have affirmed in a legal text that "they are ready to coordinate their positions more closely on the political and economic aspects of security".¹⁹ If the Community is ever to form a definite foreign policy identity, defence issues are an essential part and should be included.

Finally, the Act sets up a new Secretariat which is to assist the Presidency of the EPC in preparing and implementing its activities, and to provide administrative back up. This Secretariat has been working since the beginning of 1987 under the authority of the rotating Presidency of EPC and of the EC Council. Its function is to reduce the administrative burden and to ensure continuity in EPC when another country holds the Presidency.

The formation of this organism does not involve any changes in the presentation of proposals or in the formulation of the decisions in foreign policy. The country holding the Presidency continues to perform the same duties of setting agendas, proposing joint actions and drafting common statements. Similarly, foreign-policy decisions continue to be taken on the basis of the unanimity by the Twelve Foreign Ministers. Thus, the role of the Secretariat is merely one of administrative support. It performs record-keeping duties, facilitates communications among the twelve capitals, and overall, it fulfils the task of a small bureaucracy.

The incorporation of European Political Cooperation to the Single European Act can be said to be, generally speaking, a positive step in the direction towards a future integrated foreign policy, but it is still a timid one. On the one hand, the commitment on the part of the Member-States continues to be political rather than legal. Had this one been legal, the degree of commitment would have been enhanced, and the level of achievement in the area of foreign policy coordination would have been considerably greater. This could have been reinforced by a

Secretariat, which, rather than a mere record-keeping organism, would have had the functions of an independent body of the type of the EC Commission. But, given the provisions of the Act, the only sense of obligation which members will have is the fact that decisions are to be taken unanimously. In addition, the influence of the Community institutions over political cooperation remains very minor. This is exactly how EPC used to operate previous to the implementation of the SEA, and, thus, not much progress has been achieved in this area.

On the positive side is the fact that the functioning of the EPC mechanism under the new scheme will be reviewed five years after the implementation of the SEA. This might mean that a new dynamism is going to be generated. An indication of such dynamism could be the fact that new policy areas, such as defense, are being included in the EPC agenda. Consequently, a loose political agreement which overcame one of the latest taboos of national sovereignty at the beginning of the 1970s has become a firm structure with somewhat binding effects. If it renders positive results for the Member-States, this commitment might become a legal one and what today is called "foreign policy cooperation" might one day become "common foreign policy". However, for the time being, the Member-States continue to have the ultimate word in foreign policy in the European Community.

C. THE SINGLE EUROPEAN ACT AND THE INTEGRATION PROCESS IN WESTERN EUROPE

In general terms, and keeping in mind the historical perspective of European integration, it would be fair to say that the Single European Act is a significant advancement for European integration. European integration had experienced a difficult period during the 1970s and 1980s, and was in need of a new impulse, a new expression of political will in order to make progress in the integration process. The Single European Act has become such an expression. It represents the commitment of the twelve governments to continue integrating, and the indication that European Union continues to be the ultimate objective of the EC, however distant this objective may seem.

This important step forward is largely due to the economic benefits which are expected to arise from the formation of the internal market of 1992. This internal market will provide a solid base that will increase the prosperity of the Community as a whole and will enhance the EC's role in the world markets. Such a tempting perspective could not be rejected by the EC's members, even if it involved renouncing to a minor degree of sovereignty. Thus, it seems that economic integration, and the profitability which this one represents, continue to be the driving force of European political integration.

Keeping in mind the overall positive contribution of the Act, there are a few criticisms which cannot be ignored. One criticism which is most often heard comes from those who had greater

expectations about the contribution which the Act would make for European Integration. For example, the Dutch second chamber agreed that the SEA was essentially a minimalist document.²⁰ Similarly, Pierre Pescatore, former judge of the European Court of Justice, argued that the Single European Act provides nothing new to the European Union project. He says that the objectives of the Act are the same as those of the Treaty of Rome, only rephrased.²¹ Certainly, the Act can be criticized for not improving on monetary cooperation and for failing to eliminate the "Luxembourg compromise". In particular, one of the Act's chief weaknesses is its lack of improvement over financial and monetary integration. Unfortunately, this issue is still perceived as crucial for the preservation of national sovereignty.

But perhaps the most worrying aspect of the implementation of the Single European Act is the issue of cohesion. The achievement of the internal market will be accompanied by the rearrangement of the current distribution of resources. Such rearrangement threatens to exacerbate existing differences between regions and thus, convergence and integration will be jeopardized. Deep concern about this issue has been expressed by the Commission in the White Paper directed to the Council,²² by its President, Jacques Delors²³, as well as in the European Parliament debate about "Making a success of the Single European Act".²⁴ As a consequence of the last enlargements of the EC, to include Greece, Portugal and Spain, countries with a considerably lower level of development than the other EC members, this problem is further increased.

Thus, Delors refers to one of the biggest problems facing the future as: "...the tension between the north and the south of Europe, which is being talked about so much at the moment".²⁵ Similarly, Mr. Baron Crespo, MEP, said that the "Cohesion policy is, from all points of view, a significant element in the Community's future".²⁶ Therefore, one of the issues which will be crucial for the success of the Act is the resulting relationship between richer and poorer countries, and how the EC will deal with the divergence which the Act is likely to cause in this field.

The issue then is how to deal with this problem before it reaches a breaking point. President Delors has put together a plan of measures which should be implemented so that the problem of social and economic cohesion does not impede the 1992 project from succeeding. His plan is based on three main points:

- 1.The reform of the Common Agricultural Policy (CAP)
- 2.The reform of the structural funds
- 3.The reform of the EC budget

It is common knowledge that the EC is encountering increasing problems when trying to protect its farmers. CAP has become too expensive and therefore it must be modernized. Today, the Community spends more on storing agricultural surpluses than on achieving cohesion. It is spending more on its cows than on creating employment, more on cereals than on research. The longer the CAP reform is postponed, the more resources it will drain from other, more necessary, Community policies. Secondly, more resources allocated to the structural funds are necessary.

Finally, the budget, which is the reflection of the political objectives of the EC, should also be augmented. The reform of Community policies, together with the creation of new policies, will require more funds. Today, a discrepancy exists between the SEA's policy goals and the financial resources designed to realize them. Taking also into consideration the cohesion problem, it is the most competitive countries that must contribute in relation to their greater capacity. In the words of President Delors: "...the more competitive countries would be greatly mistaken if they thought they could have the large market without paying the price of cohesion...what is needed is Community spirit, otherwise the Europe of Twelve will fall apart".²⁷

Ultimately, it is the political willingness of the Member-States that will determine a successful outcome. Since qualified majority voting is now being used for all matters related to the SEA, a consensus should be easier to find. Thus, success at the institutional level will be crucial in order to carry out the different reforms which are planned, and which are necessary for the successful completion of project 1992.

D. CONCLUSIONS

The Single European Act represents a very important step forward for the integration process in Western Europe. Its reforms, both in the economic and political arenas, will serve as the impulse for further integration which the European Community so much needs. Among these reforms is the formation of a Europe

without frontiers which is bound to bring about economic benefits which will make Europeans realize the advantages of integration. Success at this level will depend largely on the well-functioning of decision-making mechanisms. With this purpose, institutional reforms are being also carried out. Therefore, the adoption of the qualified-majority rule for matters related to the formation of the internal market, will greatly accelerate decision-making in the Council of Ministers. In addition, the greater participation of the European Parliament will democratize this decision-making process, and will contribute to increase this process's transparency.

However, there is a risk involved in the implementation of the Internal Market. Namely, the dramatic increase of the differences of economic development among the various regions of the Community. Free competition is likely to produce greater benefits for those areas with highest levels of economic development, while poorer regions will irrevocably lag behind. Such development would inevitably generate greater difficulties for the Council of Ministers to reach any decisions. The drawing of proposals which are interesting to all members will become an increasingly cumbersome task. This would certainly oppose the main goal of the SEA which is to promote further integration among European countries, and could very well, as President Delors said, increase the tensions between north and south to a breaking point. It would be quite ironic if a measure which was taken in order to alleviate the heterogeneity caused by the last enlargement could

in fact worsen this heterogeneity and endanger the purpose of the Act. This is the reason why the implementation of a cohesion policy is so crucial.

To conclude, the Single European Act is an appropriate measure towards the goal for European union, but it cannot be mistaken with the goal itself. A number of measures must accompany the implementation of the Act. These measures are the reform of the Common Agricultural Policy, the reform of the Structural Funds, and the reform of the Budget. It is mostly the Budget reform that is most crucial for a good cohesion policy, and, thus, for the success of the 1992 project. In this manner, the result will be a more integrated Community. Otherwise, the increase of tensions might put the same existence of the EC at risk.

ENDNOTES CHAPTER 3

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CHAPTER FOUR

SPAIN AND THE SINGLE EUROPEAN ACT

This chapter is dedicated to the study of the effects which the accession of Spain to the European Community will have on the implementation of the Single European Act. The analysis of such effects will be divided into three different sections. Each of these sections will be covering one of the three areas which the Single European Act attempts to reform: the decision making process, the coordination of foreign policy through the European Political Cooperation mechanism, and the creation of a single market by 1992.

The question to be examined in this chapter is whether Spain will contribute positively to the advancement of European integration as proposed in the Single European Act. In order to answer this question it is first necessary to discuss Spain's impact on each of the three areas previously mentioned. In this manner, the impact of the Spanish role on the decision-making process is first examined. The first section focuses on the study of the decision-making in the Council of Ministers. This one continues to be the organism with ultimate decision-making powers. Consequently, any influence which Spain might exercise on the decision-making in the European Community must necessarily take expression in the Council of Ministers. Therefore, the role which Spanish representatives will play in such organism, as well as the implications that such role may have on political integration, will be analyzed.

The second section of this chapter deals with the effect of Spain on the European Political Co-operation (EPC) mechanism. For the first time EPC has been institutionalized and included in a legal document of the European Community. Such formalization of EPC is expected to bring about a more decisive role of the "high politics" approach to integration. In addition, the influence which Spain will exercise over the activities of EPC will be discussed. Finally, the overall effect that Spain's accession will have on EPC, as a means of achieving European integration, will be studied.

The third and final section of chapter four examines the consequences of Spain's participation in the economic part of the Act. The Act includes measures for the creation of a single market without barriers for the free circulation of goods, services, capital, and people. Such an ambitious project will dramatically alter the economic appearance of Europe. This section analyses how Spain's economy will be transformed by such a change. In turn, the repercussions which the participation of the Spanish economy will have for ultimate success of the Single Market by 1992 will also be examined.

A. SPAIN AND POLITICAL INTEGRATION

The effect which the accession of Spain to the European Community might have on political integration in Western Europe will be the focus of study in this section. It will be maintained that Spain's participation in the decision-making processes of the European Community will positively contribute to the successful implementation of the section of the Single European Act which provides for further political integration.¹

First, the political attitudes of Spaniards towards integration will be examined. Public opinion polls will be consulted, which will determine the position of Spaniards with respect to the European Union project. Then, these attitudes will be compared to those of the rest of Europeans. This will provide the means to determine where Spaniards stand on European integration.

The official position of the Spanish political elite will also be evaluated. Statements by members of several Spanish governments will be examined. Their feelings on political integration are crucial for it is them who have a real say in the daily workings of Community organisms. It is also them who will attempt to influence the making of decisions within the framework of the

Council of Ministers and of the Council of Europe, thus accounting for most of the impact of Spain on European Political integration.

i) Attitudes towards political integration in Spain.

The support for European integration which can be found to exist in Spain today dates its origins from the time of the dictatorship. During the 1960s, large political sectors of the regime viewed the EC as a solution to Spain's economic backwardness. The opposition was also attracted by this European world in which democracy and modernity were constants in the social, political and economic spheres. The European option symbolized the repudiation of the dictatorial regime and of the internal isolation which accompanied this one.

When Franco died and the political transition began, a consensus concerning the European option existed in Spain. Political forces of all tendencies, as well as the Spanish people in general, favoured Spanish membership in the European Community. This consensus was one of the factors which most contributed to the successful political transition of Spain into a democratic regime. Simultaneously, a consciousness existed among the political elites that membership in the EC would represent an important endorsement of the new regime by the international community. Therefore, EC membership was perceived as being crucial for the survival of the still fragile democracy. The EC embodied the solution to Spain's problems. Foreign Minister Fernando Moran clearly expressed the idea:

"We are all conscious that a unanimity of perspective exists in our country about the European option, since this one is the option which truly corresponds and provides answers to our specific needs. We all know that the solutions of Spain pass by Europe."²

The broad unanimity which exists in Spain about accession to the European Community is reflected in the results of several opinion polls. The most meaningful of these is probably the one which is regularly carried out by the Commission of the EC, and is called Euro-Barometre. In the poll carried out by the Commission on April of 1980 in which Spaniards were asked about their attitudes towards the Community membership, results were found to be clearly favourable to membership.³ Fifty-eight percent of Spaniards responded that becoming a member of the European Community was in general "a good thing". Thirteen percent responded that EC membership was "neither good nor bad"; and only five per cent responded it was "a bad thing". The remaining 24 percent were under the "don't know" category. In other words, taking into account only those respondents who were decided, it is found that more than 76 percent of these thought EC membership to be a "good thing". This figure can be compared to the 6.5 percent representing those respondents who answered that it was a "bad thing", and to the 17 per cent who thought EC membership was "neither good nor bad". Therefore, this evidence shows that there was widespread support for EC membership among Spaniards during the time of the political transition.

Such extensive support was even greater than that found in the European Community itself. On April of 1980 the nine Member-

States responded in the following manner: Fifty-five percent thought that EC membership was a "good thing", 22 percent thought it was "neither good nor bad" and, 15 percent thought it was a "bad thing". Eight percent did not know or did not respond.⁴ By disregarding the category of "don't know/don't answer", the percentages of decided respondents are as follow: over 59 percent thought that EC membership was a "good thing", over 16 percent thought it was a "bad thing" and, 23 percent thought it was "neither good nor bad".

The difference between the results obtained in Spain and those obtained in the EC can be better understood by studying the following table:

TABLE 2: ATTITUDE TO MEMBERSHIP IN THE EC (APRIL, 1980)⁵

	<u>With "Don't know/N.A."</u>		<u>Without "Don't know/N.A."</u>	
	<u>Spain</u>	<u>EC 9</u>	<u>Spain</u>	<u>EC9</u>
	%	%	%	%
A good thing	58	55	76.3	59.7
Neither good/bad	13	22	17.1	24
A bad thing	5	15	6.6	16.3
Don't Know/N.A.	24	8	-----	-----
	<u>100%</u>	<u>100%</u>	<u>100.0%</u>	<u>100.0%</u>

In Table 2 it can be observed that the degree of support in Spain was significantly greater than that of the members of the Community. Furthermore, the degree of indifference or rejection

for EC membership is considerably greater in the EC than in Spain. Such differences are more clearly observed when disregarding the "Don't know/no answer" category.

Consequently it can be concluded that support for EC membership was evident in Spain at the time of the political transition. It can also be concluded that such level of support was significantly greater than the one found in the European Community itself. Most remarkably, the level of indifference or rejection was twice as large in the EC as it was in Spain.

The widespread support for EC membership which was found in Spain at the time of the political transition was also expressed by the political elite. Numerous declarations by political leaders of different political tendencies revealed a strong willingness to become part of the European project. In addition, such participation is mostly expressed as enthusiasm and determination to cooperate in the political integration of the European Community. Marcelino Oreja Aguirre, a Christian Democrat and the first Minister of External Affairs after the dictatorship, expressed these ideas in his first address to the XXXIV General Assembly of the United Nations (1979). When referring to the Spanish application for membership in the EC, he declared:

"When making this decision, supported by all political forces in my country, the Spanish people have decided to join their common effort in the task of building a more comprehensive and united Europe..."⁶

Minister Oreja also spoke of the reasons for the Spanish application. He affirmed that the Spanish decision to join the EC

"...does not limit itself to commercial and economic aspects, but it goes further." He added that the European option "includes the political willingness to actively participate in the construction of Europe..." Finally, he maintained the willingness of the Spanish government to contribute to the furthering of European integration:

"It is not a question of integrating in a reality which is completed, final and crystallized, but we intend to join our efforts to those of the Europe which is being built, with which we want to cooperate in order to define its objectives, reaffirm its institutions and make use of its instruments of action to their full potential in the present international context."⁷

In this manner, Minister Oreja pronounced the intention by the Spanish government to join forces only with those EC Member-States that were working towards achieving the goal of European unity, and not with those who did not desire to accomplish further political integration.

Jose Pedro Perez Llorca substituted Mr. Oreja as Minister of External Affairs in 1980. In his address to the General Assembly of the United Nations of that same year, Mr. Perez Llorca reaffirmed the policy objectives of Spain towards the EC. He reiterated Spain's desire to become a member of the EC was primarily caused by political reasons:

"We are carrying out a policy of approachment towards Europe and of integration in its institutions because we believe in the values, the democratic methods of politics and, the historical role of Europe".⁸

Then, he reiterated what his predecessor had already declared a year earlier; the willingness on the part of Spain to be a participant in the construction of a European Union:

"For this reason we are willing to contribute with our confident effort to the common task of the building of unity in Europe through our complete integration in the Communities".⁹

With the electoral victory of the Socialist Party (PSOE) in October, 1982, some aspects of the Spanish foreign policy, such as its policy towards the Atlantic Alliance, seemed to take a radical change. However, the Socialist Government's policy towards the EC remained remarkably consistent with respect to those of former governments. Spain's membership in the EC continued to be the primary focus of Spanish foreign policy. As Foreign Minister Fernando Moran declared, membership in the EC represented the best guarantee for the stability of the democratic regime.¹⁰ He also reiterated the political reasons for the Spanish application, as well as the Spanish willingness to participate in the effort towards the achievement of further political integration within the Community.¹¹

In all, the Spanish political leadership enjoyed a consensus in its attitudes towards the EC. Membership in the EC was perceived as vital for the survival of the still fragile Spanish democracy. Therefore, politicians from the most representative political parties agreed on the political importance of Spain's accession. Furthermore, they seemed to coincide in their views of which route the EC should follow. All the foreign Ministers

declared themselves in favour of further political integration in Europe as well as in favour of the positive role which Spain should perform in the European project.

ii) Spanish attitudes towards the Single European Act.

This consensus prevailed when the debate about the reform of the EC started and the Single European Act was introduced. Despite the fact that Spain was to adapt simultaneously to its accession to the EC and to the implementation of the Act, support for integration did not diminish. On the contrary, the debate in the Spanish Parliament (October 2, 1986) which preceded the ratification of the Single European Act led to the general agreement that the reforms included in the Act were too conservative. For instance, Member of Parliament from Catalan minority, Miguel Roca i Junyent, qualified the Act as being of "Great Europeanist shyness". An MP from the Nationalist Basque Party, Anasagasti, criticized the Act for its lack of innovation in the area of foreign policy, for its insufficient recognition of the role of the European Parliament and for its continued use of the unanimity rule in the Council of Ministers. Finally, an MP from the Communist Party, Ramon Tamames, reiterated the lack of far-reaching measures of the Act, idea which had already been expressed by representatives of other political tendencies. Tamames expressed his concern over the lack of democratization of the Community: "All the Member-States of the Community are democratic, but the European Community is still not democratic".¹² Then he

condemned the continued use of the Luxembourg compromise whenever the Council of Ministers dealt with policies such as technology and the environment. In sum, all political parties except the governing Socialist party expressed criticisms towards the Act. They considered it to fall short of achieving far-reaching reforms. The vote was, however, of unanimous support with not a single negative vote. Therefore, the different political parties accepted the Single European Act as the minimum required in order to advance towards European unity.¹³

The unanimous endorsement of the Single European Act by the different political parties in Spain is consistent with a similar response by the majority of Spaniards. Public opinion has proven to be strongly supportive of the Single European Act as well as of the formation of a Single Common Market. In addition, Spaniards have pronounced themselves largely in favour of further political integration within the framework of the European Community. Some of the results of the polls carried out by Euro-barometre are presented here.

In the spring of 1988, Europeans from all Member-States were asked about their attitudes towards the formation of a Single Common Market by 1992. The results scored by Spaniards are the following: 58 percent responded that the Single Common Market was "a good thing", 19 percent said it was "neither good nor bad" and, only 4 percent perceived it as being "a bad thing". These results denote that Spain had one of the highest levels of approval among the twelve Member-States and that the results were also

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significantly higher than the Community average. The overall results from the twelve countries were: fifty-three percent of Europeans responded that the formation of the Single Common Market by 1992 was "a good thing", twenty-seven percent said that it was "neither good nor bad" and, eight percent responded it was "a bad thing". In this manner the Spanish support to the idea was among the highest in Europe, being only second to Belgium and Italy and being clearly more supportive than the average European.¹⁴ Furthermore, the majority of Spaniards approved the idea of going beyond the Single Market and advancing towards European unity.

Euro-Barometre also studied the degree of support which political integration enjoys in Europe. Two variables measuring the degree of support for political integration were selected. These were "Are you for or against a European government?" and "Attitude towards the unification of Western Europe". The first one, carried out on December 1987, measured the degree of support for a European government and reflected a clearly positive attitude on the part of Spaniards. Fifty two percent declared to be "for" a European government, whereas only 10 percent pronounced themselves "against" the idea. The scores obtained from the EC as a whole were support by 49% and of opposition by 24%.¹⁵ When comparing the results obtained in Spain to those obtained in the EC as a whole, it must be concluded that Spaniards are more supportive of a European Government than the average citizen of the European Community. Although the difference in percentage of respondents in support of the idea is not very substantial, it is

interesting to notice the difference in degrees of opposition. Only one in every ten respondents was opposed in Spain, whereas one in every four declared him/herself against it in the EC as a whole.

The second question measuring degree of support for political integration in the EC was formulated as follows: "Which of the following best describes your attitude towards the Unification of Western Europe?" The respondents were given five options: Very Much For, For to Some Extent, Against to Some Extent, Very Much Against, and No Reply. For interpretation purposes, both categories reflecting support for unification will be grouped into one, labelled 'For'. Similarly, both categories reflecting opposition will be grouped into one labelled 'Against'. The results obtained in Spain between March and April of 1988 were overwhelmingly in favour of unification. Seventy-three percent of respondents fell under the "For" category, whereas, only eight percent were "Against". These results represent both a very high level of support for unification, and a very low level of opposition. The scores obtained for the Community as a whole also reflected a high degree of support: 73 percent were in favour, and 14 percent against.¹⁶ Consequently, the results of the Euro-Barometre poll indicate a widespread support for European Union by Spain. Such support, is, once again, even stronger than in the EC as a whole.

Overall, two conclusions can be drawn from the results obtained by Euro-Barometre. Firstly, an overwhelming support exists in Spain concerning the political integration of the

European Community. Spaniards are almost unanimously in favour of further political integration, as measured by our three variables. Secondly, only three years after becoming members of the EC, Spaniards expressed a level of support for political integration which is even stronger than the average of the European Community. Table 3 offers a summary of these results. In two of the three variables Spain scored higher levels of support than the EC, being the third one a tie. Furthermore, the degree of opposition was considerably higher in the EC than in Spain. The consensus existing in Spain concerning European political integration is also reflected in the opinions expressed by all political parties when debating the Single European Act.

TABLE 3. ATTITUDES TOWARDS POLITICAL INTEGRATION IN SPAIN AND THE EC. (In percentage points)

	<u>SPAIN</u>		<u>EC</u>	
	<u>For</u>	<u>Against</u>	<u>For</u>	<u>Against</u>
Single Market	58	4	53	8
Euro. Gov't	52	10	49	24
Euro. Unification	73	8	73	14
Total	183	22	175	46
Net Support (for - against)	<u>161</u>		<u>129</u>	

Both the public at large, and the political parties expressed a widespread support for the Act. As well, the official policy of the Socialist Government with respect to integration in general, and to the S.E.A. in particular, is consistent with the general

attitudes of Spaniards. In this manner, Prime Minister Felipe Gonzalez and Foreign Minister Francisco Fernandez Ordonez are constantly expressing the will of Spanish people to achieve further political integration in the EC. Their message in different European forums embodies a clear pro-integrationist attitude. This message is also expressed in the Council of Ministers of the EC, and in this manner, Spain has become one of the most outspoken Member-States in favour of further political integration.

Shortly before the actual incorporation of Spain and Portugal into the Community, Prime Minister Gonzalez expressed the willingness of the Spanish Government "to play an active role in European integration".¹⁷ In fact, only three years after accession, Spanish representatives have demonstrated the seriousness of the Prime Minister's declaration of intention. Emile Noel, ex-secretary general of the Commission, clearly expressed this fact:

"...Spain has displayed a will today to play an active and innovative part in their (the Communities') development, and a capacity to defend its legitimate interests while respecting the needs of Community cooperation."¹⁸

Then he referred to Mr. Gonzalez as a strong advocate of European integration:

"You, yourself, Mr. Prime Minister, played an outstanding role, to which I was a modest witness, in the European Council, through the force of your convictions and the loftiness of your views. They transcended purely national viewpoints and went straight to the essential things--the defense of Community solidarity, recognition of common objectives and the securing of broader political commitments among our countries".¹⁹

Then, Mr. Noel underlined the attitude of the Spanish Prime Minister as being one which concentrates on the interests of the Community as a whole rather than limiting itself to short-term parochial concerns. In other words, a Europeanist attitude was denoted on the part of Mr. Gonzalez. This attitude was of the kind that will lead the Community to continue to advance towards a European Union. Mr. Gonzalez's Europeanism has been referred to not only by Mr. Noel but also by the media. For instance, the Spanish magazine Cambio 16 alluded to a speech pronounced by the Prime Minister in Brussels as a "splendid Europeanist speech".²⁰ Similarly, the journal European Affairs stressed the fact that "...Felipe Gonzalez..., is pushing hard for European integration".²¹ Therefore, Spain, as represented by its Prime Minister, seems to have adopted a determined pro-integrationist stand in the European Council.

There are numerous occasions in which Mr. Gonzalez has expressed this integrationist position. For example, on December 12, 1988, he declared that "Spain is willing to advance towards European Union, together with those who most want to advance, and as far as they want to advance." He then added his conviction that with the implementation of the Single European Act, "...we have reached the point of no possible return". In addition, he emphasized his opposition to those who conceive the Act as a mere free-trade document, a clear reference to British Prime Minister Margaret Thatcher's speech in Bruges last October. Mr. Gonzalez argued that the project did not involve the loss of members'

national identities. The project, he said, will produce "an exercise of shared sovereignty through the gradual merging of a new kind of sovereignty at the European level, with democratic institutions in which we will all be represented."²²

King of Spain Juan Carlos I had also pronounced himself in favour of European political integration. It is worth remembering that the King expresses a political opinion only on issues which enjoy a consensus among a great majority of Spaniards, and of all political parties represented in the House of Commons. This is the case of European integration, as it has been discussed. In a speech in the European Parliament on June 14, 1986, he said:

"I wish to solemnly reaffirm Spain's commitment towards the attainment of this future of unity, because no one is entitled to squander the inheritance that he has received".²³

More recently, in Paris on December 7, 1988, the King maintained that the dream of Spain is the one of "real construction of a united Europe".²⁴

Finally, Foreign Minister Francisco Fernandez Ordonez expressed the same idea: "Spain represents a wager for unity and integration. As opposed to those who think of Europe as a free-trade area, we are working for its unity."²⁵

The absolute commitment to integration which has been expressed by Spanish leaders is consistent with their attitude towards the Single European Act. The Act has been interpreted as an adequate instrument to relaunch the integrationist cause. It represents the means to achieve greater unity in Europe, thus guaranteeing the preservation of peace and democracy. The King

asserted this in his speech at the European Parliament:

"A Europe that is free, united and firm will be a factor for peace of incalculable consequences...For this reason, Spain signed the Single European Act and is prepared to ratify it promptly. Spain wishes to progress as far as possible in the long process of creating European unity."²⁶

Felipe Gonzalez has also manifested his confidence in that the Act will cause a momentum in the Community which will eventually lead to European unity. "A dynamics has been created that I feel is irreversible and must culminate in the full realization of unity among the individuals and peoples of Europe."²⁷ Parallel to this optimism, however, Mr. Gonzalez declared that the Act was no more than a good start in the appropriate direction: "...Let us none the less make an effort at confronting realism and analyzing the development of the Single Act as the indispensable minimum instrument for going forward with European construction."²⁸ He continued arguing that the 1992 project cannot stop with the creation of a free-trade area. A more intense sense of solidarity is necessary if a European unity is ever to be achieved. The creation of a single market must not limit itself to increasing levels of competitiveness. It must be part of a more ambitious framework of reform. Thus, policies dedicated to a greater economic equality within the Community must be pursued. Therefore, according to Mr. Gonzalez, an appropriate policy of economic cohesion is necessary. In this manner, Spain has been pressing for the development of such a policy and, largely as a result of this pressure, the idea of cohesion was included in the Act.²⁹ In all,

the Spanish Prime Minister has pronounced himself in favour of political integration, but he is also conscious that further economic integration is first necessary. This one is not perceived only in terms of greater levels of competitiveness, but as a means of bringing the European peoples closer together towards political integration. Economic integration is a means to achieve political integration which is the objective of the Treaty of Rome. This is not, however, how all other European leaders seem to perceive the Act. They appear to limit it to the attainment of greater economic benefits, thus ignoring what the goals of the EC have traditionally been. Mr. Gonzalez clearly established the difference between both:

"In my opinion, the deepest difference is between those who see this integrated common space as a mere free-trade area, and those of us who believe that it has to be something more, something much more, if we take our stance on the prospect of unity. In general terms, the something more is that we have to go forward in European construction with a common philosophy, as we are accustomed to do when it comes to building up our own country."³⁰

Then Mr. Gonzalez turned to the real problem which European political integration is confronting:

"The political will that is operating in the process of European construction is fairly far from the strength necessary to overcome the obstacles."

"The paradoxical thing is that most European political leaders are convinced of the need to make the idea that Monnet was talking about a reality. But there is a lack of mechanisms to develop it and the will is so fragile that in the Community we still go on operating at the lowest common denominator. This common denominator of our collective political practice is inexorably imposed by those who do not want to advance, and still more by those who do not believe that Monnet's idea ought to be made a reality."

"The basic point continues to be the absence of a decisive will by our rulers to provide effective, coherent means for the ends being proposed."³¹

In this manner, Mr. Gonzalez severely criticised those political leaders who lack the will to seriously and responsibly take to practice the original objectives of the Treaty of Rome. In addition, by identifying so clearly the reasons behind the lack of progress towards integration, Felipe Gonzalez placed Spain in the lead of those members who, in fact, want a united Europe. After such declarations, the Spanish government can be expected to adopt a stand where Community considerations are given priority over Spain's particular interests. This is not equivalent to the renunciation of Spain's interests but to their identification with those of Europe. Therefore, the commitment that Felipe Gonzalez made to the cause of European integration must be qualified as being one of primary importance.

iii) The Contribution of the Spanish Presidency to Integration.

For the first time since joining the Community, Spain held the rotating Presidency of the Council of Ministers during the first semester of 1989. It was an opportunity for the Spanish Administration to bring into action those integrationist ideals which Spanish citizens so strongly favoured and Spanish leaders had maintained for such a long time. It was also an important occasion to test the authenticity of such integrationist claims as

well as to assert the capability of Spain to make a substantial contribution to the materialization of a United Europe.

The speeches by the Spanish Foreign Minister and Prime Minister, which respectively opened and closed the Spanish Presidency, carried a clear Europeanist tone. In the speech before the European Parliament which announced the programme and objectives of the Spanish Presidency, Foreign Minister Fernandez Ordonez began by indicating:

"Let us transform our language and let us speak, from now on, not of Spanish priorities for the Presidency of the Community, but of Community priorities for the Spanish Presidency. The priority of the Spanish Presidency is called Europe."³²

He then continued by outlining the overall objectives which would be pursued under his direction. An effort would be made to progress in those objectives which are most urgent, like the completion of the Unified Internal Market. However, even those objectives which are perceived as being more important mainly in the long run, such as the Monetary Union and the European Union, would occupy an important position in the Spanish agenda. The importance of the European Union eradicates, he argued, in that they are "political compromises assumed by those who govern as a response to a necessity which is widely perceived as such by European citizens. We might disagree on some procedures, on the adequate schedule, but we are all obliged by an engagement which we have assumed voluntarily."³³ A few weeks later Prime Minister Felipe Gonzalez elaborated on these remarks before the same audience:

"For some people what matters is to advance in the White Book of the Single Market, and work only towards the accomplishment of a free trade area....For others, however, the Single Act must be developed harmoniously in each of its aspects: Single Market, Social Dimension, Citizens Europe, new policies, Political Cooperation, etc, and also harmoniously among these aspects. In other words, the development of the Internal Market without a parallel and complementary advance in the Social Space would lead to imbalances which would undoubtedly deviate us from European Union."³⁴

He then continued to ensure the commitment of the Spanish Presidency to pursue these goals during its first tenure, thus reasserting the position which has prevailed in Spain concerning European integration. The objective of this Presidency would be not only to promote the construction of the Single Market, but also to foment other spheres which constitute the modern welfare state and which would represent the basis of a United Europe.

The list of priorities for this presidential period, as presented by Mr. Fernandez Ordonez, revealed two main features. First, to continue advancing towards the completion of the Internal Market, and second, to foster those aspects of the Single European Act which go beyond the mere free-trade area, and which denote a more pro-integrationist position. As it was presented to the European Parliament by Fernandez Ordonez, the following was the list of the issues to be discussed:

1. Monetary Union and the Delors Committee report.
2. Fiscal Harmonization, necessary for the completion of the Internal Market.
3. Internal Market and cohesion policy which should always accompany it.
4. Citizens' Europe.

5. Social Europe and the approval of the European Social Charter.
6. Approval of prices for agricultural products.
7. Foreign Relations and Political Cooperation.³⁵

The approval of the Delors Committee report on Monetary Union constituted one of the top priorities of the Spanish Presidency. Spanish leaders declared that a European currency and a Central Bank would have an importance for a unified Europe, and perceive the Delors plan as a viable means to achieve these goals. In his inaugural speech Fernandez Ordonez stated:

"A growing sector existing in the European qualified opinion that favours the establishment of a single currency and a supranational authority as necessary components in the creation of an authentic internal market....The Spanish Presidency wishes to reaffirm its conviction that the Monetary Union constitutes an indispensable element in order to achieve European Union. In consequence, [The Spanish Presidency] is in favour of advancing as much as possible in the definition of the necessary steps to achieve Monetary Union."³⁶

Prime Minister Gonzalez confirmed this position during a press conference in Madrid:

"We are in favour of advancing in the Monetary Union, We do not believe it possible to build Europe without the coordination of monetary policies. It is one of the fundamental instruments for the building of Europe."³⁷

In spite of such categorical support for a European Monetary Union, the Spanish currency, the peseta, was not part of the European Monetary System when these declarations were made. The arguments which were given by Spanish Authorities regarding this matter referred to the absence of a competitive exporting sector in Spain with respect to the EC and to the lack of sufficiently

stable balance of trade. These arguments had not been challenged by the Commission or by any of the Member-States. In turn, Spanish Authorities had declared that the peseta would join "the snake" by the summer of 1990, just on time to meet the first stage of the Delors plan.³⁸

In preparation for the Madrid summit, which would come to close the Spanish presidential period, a symbolic gesture of Europeanism was provided by the Presidency. The peseta officially joined the EMS on June 16, 1989, in an attempt to give an impulse to the Delors plan which was being opposed mainly by Britain and, to some extent by Denmark and Luxembourg. Such decision was unanimously acclaimed by the press as: "the most important proof of Europeanism which any state can carry out".³⁹ Just one week before the Madrid summit on discussions concerning the creation of an economic and monetary union, Jacques Delors also valued the political content of the Spanish decision.

The Spanish Presidency was partially successful on the aspects of economic and monetary union. Although Britain continued to oppose stages two and three of the Delors plan, by maintaining that these interfere with national sovereignty, stage one was tentatively approved. The final agreement consisted of the convocation of an intergovernmental conference which will make provisions for the stages to follow in order to achieve the objectives of the Single European Act in monetary matters. The initiation of the first stage of the Delors plan, which will be accompanied by the liberalisation of capital flows, was scheduled

for July 1st, 1990. Thus, the tactical entry of the peseta into the "snake" contributed to the beginning of a long process towards economic and monetary union in Europe.

The second priority pursued by the Spanish Presidency was the discussion and approval of a European Social Charter. This charter was to include measures which would regulate different social aspects of the EC, such as : equality for women in the workplace, social security for immigrant workers, etc. The importance which Spain places on this issue was expressed by Felipe Gonzalez in Strasbourg:

"I am confident that in Madrid we will be able to advance with the formulation of a Declaration on the social rights of the Community.... The debate about the Charter of Fundamental Social Rights, the continuation of the social dialogue which has been firmly supported by the Commission, and the introduction of the report about hiring regulations are, in my opinion, important elements of the European social space which we will try to launch.... Yet, these are not all the aspects of this concept and, personally, I would like to progress most intensively in a plan to fight unemployment and in a programme for permanent vocational training.... I believe that the social dimension is part of an ethical interpretation of the building of Europe: that one which reminds us every day that we are building a Community of human beings fundamentally."⁴⁰

The Presidency prepared a document about the Community Charter of Fundamental Social Rights which was presented to the European Council meeting in Madrid. In such document, the view expressed is that when building the Single European Market, social aspects should rank as high in order of priorities as economic aspects. Consequently, both these aspects should be developed simultaneously. In support of his idea, Fernandez Ordonez argued:

"....social progress is not an automatic consequence of the elimination of obstacles,...on the contrary, the creation of a Single Market requires that particular attention be given to those social effects which most directly affect the daily life of all citizens. It is not about designing a programme of uniformity but one of coherence. As Felipe Gonzalez recently said, we are dedicating more attention to the merchandise and the capital than to the people."⁴¹

Therefore, during its Presidency, Spain attempted to foster the social aspects of the internal market with the objective of achieving a "social European space". A number of specific targets were pursued regarding the social aspect of integration. First, the improvement of human resources through education was considered to be a "fundamental" aspect of the economic and social development. Moreover, the Presidency invited the Commission and the European Council to focus on the prompt approval of measures such as the validation of professional qualifications, full professional mobility and, as a more comprehensive goal, the fight against long-term unemployment.⁴²

The Presidency also conceived the "social dialogue" to be a priority. It was considered that the Internal Market should be carried out within an atmosphere of "close cooperation between management and workers, so that technical and economic changes will take place in a socially acceptable manner".⁴³

Overall, the Presidency argued for a European Social Space which would include a set of sufficiently defined rights which must adopt the character of "legally binding", complying with the principle of "subsidiarity" and promoting social dialogue.⁴⁴ Felipe Gonzalez explained: "it is not my wish to impose my opinion on

anyone, but it is imperative to give a clear sign of our will towards advancement in the Social Charter".⁴⁵ This position came in conflict with the argument held by Jacques Delors, President of the Commission, who had expressed that the charter should be a declaration of "solemn rights", and therefore, not directly binding. Yet, the toughest opposition to Gonzalez' position came from Mrs. Thatcher, who agreed on the social dimension of the Single Market but, did not accept that social legislation be dictated from Brussels. The Spanish Presidency considered that fundamental social rights must be approved by means of a Solemn Declaration by the Heads of State as soon as possible. Eleven Member-States expressed support to the idea. However, the other member, Great Britain, maintained a firm opposition, thus blocking the efforts which the Spanish Presidency had placed on the improvement of social aspects of the Internal Market.

Another issue which held an important position in the Spanish agenda was the approval of directives leading to the completion of the Internal Market. This is the aspect of the SEA which attracted most attention. Everyone demonstrated interest in the completion of the Market by the scheduled deadline. While holding the Presidency, Spain made a considerable effort in this area and over 10% of the directives of the White Book were approved. This constitutes a record number of directives approved under one single Presidency. The Spanish Presidency brought progress to the Internal Market from the perspective of economic and social cohesion. The principle followed was that every measure leading to the creation

of the Internal Market had to be designed keeping in mind the possible effects which such measure could have on cohesion and, consequently, try to compensate for them. Fernandez Ordonez conveyed this idea in his opening speech: "...progress in the Internal Market must be accompanied by a policy of cohesion, which has to coexist with and impregnate every new measure"⁴⁶. This is a point which has been defended by Spain traditionally and which was widely expected to receive special attention during its Presidency.

There is one last issue which clearly reflects the extent to which the Spanish Presidency has been integrationist: "citizens' Europe". This issue deals with measures which are to facilitate the free circulation of people, the right of EC citizens to reside in another member-country of their choice, etc. One particular aspect of the "citizens' Europe" was pursued by the Spanish Presidency: the participation of European citizens on municipal elections, regardless their country of origin:

"In order to be faithful to the spirit and the content of Single Act, we ought to examine the progress of the political participation of citizens as well as the advancement towards a common European citizenship....The Spanish Presidency is making a special effort to launch a proposal for a Directive on this matter ..."⁴⁷

Prior to the presentation by the Commission of a proposal on this subject there was a debate where points of view were exchanged. Several countries pronounced their opposition to this proposal, alleging mostly constitutional reasons. The fear was also expressed that setting too fast a pace in this area could be counter-productive and originate "feelings of xenophobia."⁴⁸

Most critics agreed that, administratively speaking, the Spanish Presidency was a complete success and that Spain could now be considered to be a fully integrated country in Europe. However, there was quite widespread criticism in Spain which referred to the extent to which Spain's Presidency was Europeanist. The vice-president of the Popular Party, the conservative opposition, argued that the European Community is an association of national interests which, when appropriately combined, can benefit everyone. In this scheme of balanced interests, Spain must speak up for its own interests rather than omit them by focusing only on those of the Community.⁴⁹ Miguel Roca i Junyent, leader of the Catalan minority, agreed by reminding Spaniards that other Member-States had had no hesitation in defending their own interests. He added that Europe is being built through the respect of each other's interests and therefore, each one should bring a generous contribution to the common cause, provided that this contribution is not excessively harmful to the national interests.⁵⁰ Fernandez Ordonez replied to this argument in a typically Europeanist fashion:

"The Europeanist character of the Presidency does not imply that this one has harmed the interests of Spain. On the contrary, our interests are often not contrary but run in the same direction."⁵¹

Overall, the Spanish Presidency has been a Europeanist Presidency. The achievements have not been as spectacular as desired. Yet, experience indicates that the capability to attain political results largely depends on the influence which the member holding the Presidency has within the EC. Keeping this in

perspective, it can be concluded that the Spanish Presidency has signified, as Helmut Kohl indicates, "a small step in the right direction."⁵²

The progress achieved during this first semester of 1989 must be attributed to the pro-integrationist character which dominated this period. The goals pursued clearly demonstrate that the aspirations of the Spanish leaders can be identified with those who advocate European Union. Progress in the Social Charter and in economic and social cohesion indicates a definite advance in this direction. In addition, the adoption of legislative powers by Brussels on these two policy areas comes to strengthen the powers of this new center of authority. Similarly, the approval of voting rights for European residents represents significant progress in the road towards a common European identity. These are examples of the political dimensions pursued by Spain which will generate the rhythm necessary for the construction of a United Europe.

In order to attain these objectives, the benefit of the Community should have priority over national interests. Spain entered the European Monetary System (EMS) with the intention of creating the political atmosphere which is needed for the approval of the Delors plan. According to many experts, such political manoeuvre could, in the short run, bring about negative effects for the Spanish economy, since the peseta does not have an strength which could be comparable to that of other European currencies. However, it is the long-term perspective of a European Monetary

Union which persuaded Spanish leaders to make this concession. It was also believed that a united Europe will be of benefit to all Europeans in the long term and that sacrifices from all members are now necessary. Such is the political will which is paramount to a successful Community by the 1990s.

CONCLUSIONS

The contribution which Spain will offer to the cause of political integration has been discussed in this section. It must be concluded that the Spanish contribution to political integration will be a very positive one since political leaders representing Spain in the Community have repeatedly declared a responsible commitment to political integration. They have expressed their political willingness to advance on this path until unity is achieved in Western Europe.

The Europeanist vocation of Spanish leaders is deeply rooted in the past. Ever since the political transition took place in Spain, leaders from all political tendencies have expressed themselves in favour of the ideals presented in the Treaty of Rome. Likewise, Spanish public opinion is almost unanimously in favour of the European idea. The argument here expressed was that the reason behind such unanimity is the critical importance which Spanish people have given to the preservation of a democratic regime in their country. In Spain, the existence of a democracy is so new and fragile that its preservation requires the protection offered by the EC.

There can be no doubt that, today, Spain is one of the Member-States with the highest degree of commitment to political integration in Europe. Such commitment, as demonstrated in its first ever Presidency, is a serious and consistent one. Spanish leaders substantiated their previously expressed views with regards to integration whenever the opportunity arose. There is sufficient reason to believe that Spain will contribute with whatever means are at its disposal to continue defending the pro-integrationist approach. The political will to make the Single European Act the effective instrument needed in order to progress towards the ultimate goal of unity in Europe is certainly present.

ENDNOTES CHAPTER 4a

1.The section is section I of Chapter II of Title I, and is entitled "Institutional Provisions" and amends decision-making in the institution of the European Community.

2.Ibid p.5

3.Commission of the EC Euro-Barometre no. 20 December 1983 p.89

4.Ibid p.A67

5.Source, Ibid pp.89 and A67 and own calculations

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7.Oreja Aguirre, Marcelino "Discurso pronunciado en el pleno del Congreso de Diputados, con ocasion del debate celebrado sobre la adhesion de Espana a las Comunidades Europeas, Madrid, 27 de junio de 1979" in Ibid pp.30-38

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17. Gonzalez Marquez, Felipe Europe, from the Community of Twelve to European Union: The Objective for 1992. Lecture by Prime Minister of the Kingdom of Spain, Felipe Gonzalez, delivered at the European University Institute, Florence, 19 October 1987. Published by the Commission of the EC. Luxembourg 1988. p.12
18. Ibid p.6
19. Ibid pp.6-7
20. Cambio 16 9 January 1989 p.23
21. European Affairs no.4, 1988 (Winter) Column on pp.132-136, p.135
22. Espana 89. Revista de Informacion Diplomatica no.184, January 1989. p.3
23. European Parliament Debates 14, June 1986 no. 2-339, p.123
24. "El Rey apuesta por el proyecto Europeo" in Espana 89. Revista de Informacion Diplomatica. no.184. January 1986. p.2
25. Interview with Minister of Foreign Affairs, Francisco Fernandez Ordonez Cambio 16 9, March 1987 p.71
26. EP Debates 14 June, 1986 no. 2-339 p.125
27. Gonzalez, Felipe. Europe, from the Community... pp.10-11
28. Ibid pp.14-15
29. The economic aspects of integration will be dealt with in section 'c' of this chapter
30. Gonzalez, Felipe. Europe, from the Community... p.16
31. Ibid p.11
32. Fernandez Ordonez, Francisco in Declaracion del Presidente en ejercicio del Consejo sobre el programa de la Presidencia Espanola (Strasbourg, January 17, 1989) p.3. Oficina de Informacion diplomatica. Madrid.

33. Ibid. p.4

34. Gonzalez, Felipe. Intervencion del Presidente del Gobierno ante el Parlamento Europeo de Estrasburgo (12 de abril de 1989) Presidencia del Gobierno. Madrid. 1989. p.6

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41. Fernandez Ordonez, Francisco Declaracion... p.9

42. Ministerio de Asuntos Exteriores, Informe sobre la Presidencia Espanola de la Comunidad Europea. Madrid. 1 de julio de 1989, p.26

43. Ibid, p.26

44. Ibid, p.27

45. ABC June 27, 1989. p.3

46. Fernandez Ordonez, Francisco "El discurso de la Presidencia..." p.35

47. Gonzalez, Felipe. Intervencion del Presidente... pp.17-18

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B. THE ROLE OF SPAIN IN EUROPEAN POLITICAL COOPERATION

European Political Cooperation (EPC) is the mechanism through which the twelve Member-States of the EC coordinate their foreign policies. With this purpose, the Twelve inform and consult each other and, whenever possible, they adopt common action in the field of foreign policy. Through a single coherent European approach they attempt to maximize their influence in international affairs. In addition, EPC represents an attempt to progress towards European unity. By coordinating their efforts in the foreign policy field, the Twelve are pursuing integration through an alternative channel: the channel of 'high politics'. This method is different from the one which was originally followed by the EC and which involved economic integration as a means to achieve unity. Although both methods must be perceived as being fundamentally different they are complementary since both of them pursue the same objective: European unity.

Even if EPC has its origins in 1969, it was not before 1987 that this mechanism was formalized and included in an official document of the European Community. It was on July 1st of that year that the Twelve signed the Single European Act, a document which included a section on European Political Cooperation. In this manner, foreign policy coordination was officially recognized as one of the functions of the EC. A separate secretariat was created, and the function of the different EC organisms were specifically defined. Although EC actions in the field of foreign policy cannot yet be defined as policy, it is expected that the

formalization of such process through its incorporation in the SEA will provide a significant boost in this direction.

The effects which the accession of Spain to the EC will have on EPC are examined in this section. First, attention will be focused on those policy areas in which EPC had adopted a concrete position before Spain joined. Secondly, the analysis will turn towards those areas which today form part of EPC's scope of interest as a result of Spain's influence.

The argument of this section is that Spain's contribution to the European Political Cooperation mechanism is a positive one. On the one hand, Spain has proven to have the flexibility to adapt to positions long held by the other EC members - as is the case with the policy towards the Middle East. In addition, Spain is willing to take an active role in the development of common foreign policy positions and to strengthen the EC's stand in such areas as Central America, and issues such as defense and the fight against terrorism. Finally, Spain will contribute to the further development of EPC's scope by incorporating a new dimension: Latin America. Overall, Spain's positive contribution to EPC will reinforce the progress towards the achievement of a common foreign policy, and will significantly expand EPC's area of influence.

1) Traditional Policy Areas of EPC

The Member-States have traditionally maintained very definite positions on a number of policy areas. For instance, they have consistently supported a peaceful solution for the Arab-Israeli

dispute. It was in the Venice Declaration of 1980 that they announced their position for such a peaceful solution. The position was based on two principles: the right of all states in the region, including Israel, to exist within secure frontiers; and the right of the Palestinian people to self-determination. The EC Member-States believe that an International Peace Conference on the Middle East issue can provide a suitable framework for negotiations between those directly concerned.¹

On their part, Spaniards have traditionally considered the Mediterranean as being one of the foreign policy areas in which they should play an important role. The conflict between Arabs and Israelis has long been a focus of concern for Spain.² Foreign Minister Mancelino Oreja already expressed this concern before the U.N. General Assembly in 1979:

"The Middle East conflict represents a serious destabilizing factor in the Mediterranean which has confronted Israelis and Arabs in four wars and which continues to represent a threat to international peace and security with potential risks of unpredictable consequences, both at the regional level and at a world scale."³

The Spanish attitude towards the Arab-Israeli conflict has remained in complete agreement with resolution 242 of the U.N. Security Council. In other words, Spain supports the withdrawal of Israel from all those territories which were occupied during the war of 1967. This position has been constant in Spanish foreign policy and has remained unchanged throughout all the governments after the political transition.

In this manner, the position supported by the Spanish governments parallels the one followed by the EC Member-States. All four Spanish foreign ministers mentioned this concurrence of positions between Spain and the EC on one occasion or another.⁴ Already on June 1979 Minister Oreja said: "We share the criteria which the Community has established on issues such as the Middle East...".⁵ Such a remark was probably made in the light of the upcoming Spanish accession to the EC. Similarly, in 1981, Minister Perez Llorca reaffirmed in the U.N. General Assembly the Spanish support for the measures that the Ten had taken at the Venice Conference in 1980: "The Spanish government continues to be firmly convinced, conviction which the European states share, that the solution [to the Arab-Israeli conflict] must be found in the agreements reached at the Venice Conference..."⁶ Therefore, even before its accession to the EC, there was a predisposition on the part of Spain to attempt an approachment to the policy views held by the EC Member-States on the Middle East issue.

Once Spain became a member of the EC, one obstacle remained to Spain's participation in the Middle East issue within the EPC mechanism. Although Spain had very good relations with most Arab countries, diplomatic ties with Israel had not yet been established. In consequence, Spanish representatives found themselves in an awkward position when dealing with the Middle East issue. In addition, the fact that Israel enjoyed a special status with the European Economic Community further complicated the Spanish position. Consequently, on January of 1986, Spain

officially recognized the state of Israel, and diplomatic relations were established between both countries. However, in the Spanish official declaration the government reaffirmed that it would continue to hold "its traditional policy of friendship and solidarity with the Arab world."⁷ The official declaration continued by announcing that Spain did not recognize the territories occupied in 1967 as being part of Israel. Therefore, in order to become an active participant in the EPC's Middle East policy, Spain established diplomatic relations with Israel for the first time.

The accession of Spain will significantly reinforce the influence which the Twelve are able to exercise in the Middle East. The long-established friendship which exists between Spain and most Arab countries will contribute to increase the importance of the EC's influence when dealing with the parts involved in the Arab-Israeli conflict. Mr. Amendola, an Italian Member of the European Parliament, said:

"When these countries (Spain and Portugal) join the Community, their Mediterranean influence will be greatly reinforced....The problem of peace in the Mediterranean, relations with the Arab countries, energy and the alarming conflict between Israel and the Arab world are all problems which will be easier to tackle if our approach to them includes not only Northern Europe, which is vitally important from every angle, but also the Mediterranean area, which also affects Europe and the whole world."⁸

Ex-Foreign Minister Fernando Moran agreed by saying that "The role of Spain in the Arab world comes to decisively reinforce one of the weakest flanks of many European states' foreign policy".⁹

When referring to the Middle East, the Spanish government is aware of the importance of its position within EPC and it is already assuring its effective role. A reflection of this active role is the fact that Spain, together with France and Greece, has been appointed to the EC's Middle East peace commission. According to Foreign Minister Fernandez Ordonez, two goals are to be pursued by this commission. First, to give an impulse to the Euro-Arab dialogue. Such a dialogue is crucial if the EC is to play an active role in the International Conference for peace in the Middle East. The second and most important goal is the organization of this conference - a conference which, largely due to the Spanish intervention, was agreed upon in EPC.¹⁰

The tenure of the Presidency of the Council of Ministers and of EPC gave Spanish leaders the opportunity to pursue these goals. In order to progress toward the International Conference, Fernandez-Ordonez affirmed the intention of the Presidency to initiate a dialogue with all the parties involved in the Arab-Israeli conflict. He also declared that in addition to Israel and the Arab countries, the Palestine Liberation Organization (PLO) should be considered as the legitimate representative of the Palestinian people and therefore, should be allowed to participate in such conference. Overall, the Spanish Presidency would pursue a more active role in the Middle East peace process.¹¹

These goals were undertaken by means of diplomatic actions instead of by mere declarations, as it had been the case in the past. There were numerous contacts between the Spanish Presidency

and the different parties involved in the Middle East conflict. These included visits by Mr. Fernandez-Ordonez to Israel, as well as to Jordan, Syria and Egypt, where he went accompanied by his French and Greek counterparts: Mr. Dumas and Mr. Papoulias respectively. Both Mr. Yasser Arafat and Mr. Yitzac Shamir visited Madrid to discuss prospects of peace in the region. These, together with lower level contacts, totalled twenty-six rounds of talks. This means that the Middle East was the area which received most attention and effort during the Spanish Presidency. The result of such intense diplomatic activity was the convergence of the positions held by the different parties regarding the organization of the International Peace Conference. The Israeli government admitted that such conference was necessary, and that the Palestinian people must participate in it. The PLO in turn agreed with the organization of this conference, although with the participation of the UN Security Council.¹²

The second major achievement of the Spanish Presidency was the approval by the Council of Ministers of the EC of a declaration on the Middle East proposed by Spain. This one was based on the Venice Declaration of 1980, although it transcended the latter in at least two aspects. First, this declaration introduces an important role for the PLO since it recommends its involvement in the Conference. It also supports the Shamir Plan on elections in the occupied territories, even if subject to certain conditions. Finally, it calls for the Arab states to establish "normal

relations with Israel" and proposes the recognition by Israel of the right of the Palestinian people to self-determination.¹³

It can be concluded that Spain has contributed to a more active role of EPC in the Middle East. The advancement towards a Peace Conference, which was a direct result of the initiatives of the Spanish Presidency, have been significant. The declaration of Madrid represents the first agreement among the Twelve on the Middle East conflict since 1980. An important consequence of this presidential period is the fact that nowadays the EC holds an increasingly influential position in the Middle East peace process.

There are other policy areas in which Spain's position is in agreement with those held by EC members. Namely, the cases of Afghanistan and South Africa. From the moment in which Soviet troops invaded Afghanistan, EC members condemned this occupation through the EPC mechanism, calling for the unconditional withdrawal of all Soviet troops. After expressing the policy line of his government in the 1981 U.N. General Assembly, Spanish Foreign Minister Perez-Llorca underlined the fact that Spain fully supports the position of the EC on the subject.¹⁴ Once again, he conveyed the idea that once Spain had joined the Community, it would continue to support the EC's stand on Afghanistan.

The EC Member-States have also expressed their condemnation of apartheid, as well as their commitment to actively contribute to its dismantling. Similarly, Spain condemned the existence of racial discrimination in South Africa, and demanded the termination of apartheid.¹⁵ Therefore, as in the case of Afghanistan, Spain

will join the united effort of EC countries which, through the EPC mechanism, exercises pressure for the dismantling of apartheid to take place in South Africa.

A fourth area in which there is an affinity of views between Spain and the EC is the Conference for Security and Cooperation in Europe (CSCE). The EC has played a key role in the CSCE process, including the negotiations leading to the Helsinki Final Act. In addition, all Member-States have behaved as a block, increasing in this manner the impact of their initiatives. Even before entering the EC, Spain was supportive of the positions by the EC.¹⁶ As well as with previously discussed foreign policy issues, Spain, by attaining distension and understanding in Europe through CSCE, will continue to cooperate with EC members.

ii) Spanish Contribution to European Political Cooperation

The Spanish contribution to EPC becomes essential when dealing with a number of policy areas and issues. The Spanish input will be most noticeable when dealing with defense, terrorism, and the relations with Latin America. Defence policy is a topic which, still today, is considered to be taboo in the EC and thus, it is usually not discussed in EPC. Whenever defense-related issues are brought up, the most loyal of NATO's members, such as Britain or West Germany, usually argue that defense must be discussed in more appropriate forums, such as NATO or the West European Union. However, there has been increasing pressure in the EC to discuss such issues within the EPC framework. As a result of this

pressure, the Single European Act allows the discussion of political and economic aspects of security within the EPC framework.

Ever since the Socialist Party formed its first government in 1982, Spain has been a strong advocate of a European framework for security issues. Foreign Minister Fernando Moran revealed this idea in 1984, when he said that Spain was willing to seriously study any proposition to create "...a dynamic policy favouring an increasing European integration on security issues".¹⁷ Then, he expressed his conviction in the fact that the objective should be, in the long-term, to build a Western Europe which will have further control over its own destiny.

Spanish Prime Minister Felipe Gonzalez is one of the European leaders who promotes security issues in the EC. NATO and the United States are highly unpopular in Spain and Mr. Gonzalez is conscious of this. As a consequence, while avoiding a bigger commitment to NATO, the Socialist government is exercising pressure for a defense policy in the EC. In October 1987, Mr. Gonzalez expressed his commitment to security integration within the framework of EPC in an unmistakeable manner:

"It is an understood truth that there can be no foreign policy without a coherent conception of peace and security policy. The Single European Act is an incentive for us to make cooperation closer within a framework of European security."

He continued to argue that such a proposition becomes particularly important at the time when the first decisive step towards disarmament is being taken. The need becomes clearer than ever for

closer cooperation among European countries, "for the very conditions on which our security and the Western defensive system are based are changing". In his speech, Mr. Gonzalez did not undermine the role of NATO, but he did argue that a "growing internal balance within the Western Alliance" was important. "This is certainly the time to make the idea of strengthening the 'European pillar' of the Atlantic Alliance into a reality".¹⁸ Therefore, Spain can be expected to promote a European framework for security policy and the European Political Cooperation mechanism could very well be the forum in which to do it. Although the Single European Act confines itself to political and economic aspects of security, "there is nothing to prevent new ideas from opening up a pathway in the prospect of European collective security".¹⁹

A relatively new area of cooperation in EPC is the fight against international terrorism. Spain is, together with Britain, one of the Member-States with the greatest interest in an active policy aimed towards the fight against terrorism. The problem existing in the Basque provinces surpasses the Spanish national frontiers. It is well known that members of the Basque terrorist organization ETA have been using the south of France as their hiding place. It is also suspected that ETA terrorists have received training in Libya, and have received funds and arms from Libyan authorities. Therefore, the Basque problem is not merely a national issue any longer. Spain is one of the countries in Western Europe which has suffered the most from terrorist

activities and therefore, Spain has very much to gain from a European policy against terrorism.

In fact, Spain has been requesting cooperation on this area in the context of EPC since the early 1980s.²⁰ Some degree of collaboration has already been obtained from France. On several occasions, the French government has deported Basque terrorists who had their infrastructure in the south of France and could not be convicted there. Given the benefits which the collaboration between France and Spain has rendered, it can be expected that increasing pressure will be exercised on the part of Spain so that all twelve members unite in this fight.

With the objective of achieving a coherent policy against terrorism, the Spanish authorities took the opportunity, while holding the Presidency of the Council of Ministers, to pressure further the other Member-States on this subject. Fernandez-Ordonez declared before the European Parliament:

"Every terrorist activity results inexorably in grave violations of the most basic human rights....We must continue to fight it eagerly, to coordinate our efforts to the maximum in the context of Political Cooperation.... and in every international fora which will reinforce the measures to eradicate terrorism in all its forms."²¹

The report published by the Spanish Foreign Ministry on its Presidency qualified cooperation in the fight against terrorism as : "The main objective of our Presidency due to the absolutely prioritary importance which this issue holds for Spain". Spanish objectives in this subject were accomplished. The group EPC-Terrorism made, for the first time, specific mention of ETA. Thus,

the Basque problem has officially stopped being an exclusively internal problem of Spain and, in the future, will be dealt with at the EPC level. It is necessary that the Political Cooperation mechanism takes action in this international problem if the terrorist threat is ever to be defeated. It is only this type of accomplishments which will contribute to eradicate terrorism from Western Europe.

Spain has long held friendly relations with Latin American countries, and still today, the Spanish policy on Latin America represents an essential component of its foreign policy. The strong links of culture and language are being continuously emphasized by Spanish politicians as the basis for more intense ties, from which both parties can benefit. Spain is today the head of the Latin American group north in the Directive Committee of the International Monetary Fund (IMF) as well as in the World Bank. It is also a member in the Economic Commission for Latin America (CEPAL), as well as the only non-American member and an observer in the Andine Pact group.

The successful democratization in Spain has helped to enhance Spain's standing in Latin America as well as its capacity to influence events in this region. Spain proved its feasibility on a peaceful transition from a dictatorship to a democratic regime; this served as a model to the political transitions of several Latin American countries, like Argentina and Uruguay. In addition, Latin American countries have showed increasing reticence to establishing closer ties with the United States. Their powerful

neighbour to the north has failed to deliver economic prosperity, and its numerous interventions are widely resented. A democratic, European and relatively prosperous Spain could become the appropriate alternative for Latin America's recent democracies to look up to.

Ever since its application to the EC, Spain has been emphasizing its intention to connect the two poles of attraction of the Spanish foreign policy: the EC and Latin America. Spain has made an effort to raise the awareness about the problems affecting Latin America within the EC. Spanish leaders have expressed their preoccupation with the situation in this region, and consider that EC's involvement could result in very positive effects.

Spain has presented three main arguments in favour of a more intense involvement on the part of the EC in Latin America. First, the European Community lacks a policy of cooperation and development in Latin America. Whereas the former colonies of Britain and France in Africa, in the Caribbean and in the Pacific (ACP) are receiving Community assistance, as it was agreed in the Lome Conventions, this is not the case with Latin American countries. The resources allocated in 1984 to the ACP countries were over ten times greater than those dedicated to Latin America.²² Spanish leaders argue that such an imbalance should be rectified by offering more financial support to Latin America.

Secondly, most Latin American countries are experiencing deep economic crises, which are reflected in their alarming foreign

debts. The political stability of many of the new democratic regimes will be endangered if a solution for such economic crises is not found.²³ The European Community, as well as the rest of the developed world, would benefit from the stability which democratic institutions would bring to Latin American countries.

The third argument affirms that Latin America is one of the regions of the world whose identity is most similar to that of Europe. Cultural and political values which are identified with the Western World can be encountered in Latin America as well. Therefore, a common interest should exist in bringing both closer together and in preventing the Spanish-speaking region from becoming an area of confrontation between both super powers.²⁴ Such reapproachment should greatly benefit both Latin America and the European Community.

In all, Spain considers important that closer relations should exist between both parties and it has adopted the role of raising the awareness of Latin America in the EC. Such role continues to be emphasized by several Spanish leaders, who repeatedly claim how beneficial such relations could also be for the Community. For instance, Felipe Gonzalez expressed these views in Florence, on October 1987:

"Spain and Portugal have brought Community Europe the Latin American dimension, to add the African and Asiatic ones already present. All of these are to be understood as a commitment to solidarity with the problems of those countries. This is not merely for reasons of solidarity..., but also for reason of self-interest. For the future it is important to see the consolidation of democratic systems under threat in other continents, as well as a proper solution to the problem of the external debt."²⁵

The first result to the pressure exercised by the Spanish government appeared in the accession treaty of Spain and Portugal. There, the EC declares the intention "to strengthen and expand relations with Latin America by all possible means after Spain and Portugal's joining".²⁶ This is only the initial result of an ambitious policy initiated by the Spanish government. Such policy aims at the reapproachment of Latin America to the EC in both the economic and the political spheres. Politically, Spain has been pressing for the establishment of channels that will permit a continuous dialogue between the EC and Latin America. The purpose of such dialogue is to exercise an active policy of support over the democratic institutions and over the issue of respect to human rights. This could only contribute to the maintenance of political stability in the region. The Spanish plan provides for the European Political Cooperation mechanism to carry out such dialogue with the Latin American Foreign Ministries. In this manner, the Twelve have already started to speak with one voice when dealing with the dictatorial regimes of Chile and Paraguay, as well as in support of the recently established democratic regimes in Latin America.²⁷

Spain considers that the economic aspects of cooperation with Latin America are at least as important as the political ones. If

the policy of establishing closer links is to be credible, it will need to be accompanied by a similar attitude in the economic field. However, according to Mr. Lecompte, head of the delegation of the Commission in Ottawa, the financial sources dedicated to Latin America are very unlikely to be significantly increased in the near future. He expressed the view that the inclusion of Latin American countries under the agreements of the Lome Convention is out of the question, and that any significant increase in the financial aid to these countries is difficult to conceive at the present time. Mr. Lecompte argued that the main obstacles for such an increase in aid are the present shortage of resources in the Commission and the lack of willingness on the part of the Member-States to increase their financial contribution for Third World economic assistance.²⁸

The fact that Spain held the Presidency of the Council contributed to launch the EC policy on Latin America. Fernandez-Ordenez named three main objectives for the Spanish presidential period on this issue:

1. To support peace, liberty and democracy in order to fight war, dictatorship and 'golpismo'.²⁹
2. To foster growth and economic welfare in the area.
3. To collaborate in a greater justice in North-South relations.³⁰

These three goals, as explained by Mr. Gonzalez are closely interconnected:

"We cannot support the respect for democratic principles in Latin America and, on the other hand, ignore the greatest threat to the survival of democracy,....We require financial as well as political solutions to the debt problem....Europe cannot stay foreign to this issue: on the contrary, it must lead it."³¹

Spain opted for improving relations with Latin America in two main fronts: economic and political. Politically speaking, more intense contacts could be fostered through the institutionalization of a political dialogue. This would strengthen the democratic development of Latin America.³² Economic measures should accompany political measures and, with this objective in mind, Mr. Fernandez-Ordenez proposed a plan which was to stimulate economic growth in the region.³³ Yet, the foreign debt is their greatest obstacle to economic growth. To lessen this problem Mr. Gonzalez presented a plan which included the reduction of the debt burden through the participation of the EC.³⁴ Spanish leaders claimed that:

"Latin America, a mostly democratic subcontinent with a profound European tradition, needs our dialogue and understanding now more than ever....Our obvious political responsibility towards democracy in Latin America....is still not coherent with the degree of our economic support."³⁵

There were several meetings between EC and Latin American delegations during the first semester of 1989. On April 15th, the twelve Foreign Ministers of the EC met in Granada (Spain) with the Foreign Ministers of the Rio Group. The issues to be discussed were "The international financial situation and democracy in Latin America" and "The general perspective of the relations between Latin America and Europe". President of the Commission Jacques Delors participated in this event, giving it special significance. On April 3rd there was another meeting, with a similar agenda, in Brussels between the Coreper (enlarged Troika) and a delegation from Latin American countries. Finally, on January 31st there was

from Latin American countries. Finally, on January 31st there was a meeting in San Jose de Costa Rica between the European Parliament and the Latin American Parliament.

The high number of contacts which occurred between EC and Latin American leaders has resulted in a greater awareness by EC leaders of the grave situation in which Latin America finds itself. The final communique of the European Council of Madrid supported the Spanish position which argues that the difficult economic situation threatens democratic stability in the region and, therefore:

"The European Council calls for the continued development of political contacts and of economic, technical, commercial and financial cooperation between the Community and Latin America."³⁶

Moreover, the Council invited the Commission "to pursue its efforts to allow the development of differentiated and increasingly effective policies of cooperation between Latin America and the European Community and its Member-States."³⁷

Until now the outcome of the Spanish diplomatic efforts in the area of EC-Latin American relations has been largely symbolic. Yet, some tangible results can also be accounted for. For instance, financial assistance by the EC to Latin America is now being distributed through one exclusive channel. This represents an improvement from the past situation in which Latin American aid was linked to those resources destined to Asia. In addition, a separate portfolio for the coordination of EC relations with Latin America has been created. These instances demonstrate the definite diplomatic success of one of Spain's foreign policy objectives,

even if the degree of economic commitment has not yet paralleled the achievements in the diplomatic front. In sum, and as Mr. Gonzalez said: "Some things, however slowly, are changing. One is the new awareness which runs in two directions: Europe-Latin America and Latin America-Europe; some of it results from the Spanish efforts."³⁸

Also the EPC policy towards Central America is being greatly reinforced by Spain. Spain agrees with the position so far held by EPC on the main guidelines to be followed in order to achieve peace in the region. A common viewpoint exists that a peaceful resolution to the region's conflicts is necessary and, therefore, the Contadora group initiatives must be fully endorsed. Furthermore, the solution must emerge from the region itself, without foreign interferences, and must generate peace, democracy and respect for human rights.³⁹

Spain has proven to be an influential participant of the EPC mechanism in its dealings with Central American countries. For instance, Prime Minister Felipe Gonzalez has played a very important role in the latest peace conversations which have taken place among the five Central American countries. According to Daniel Ortega, President of Nicaragua, Mr. Gonzalez directly influenced the proposal presented by Nicaragua before the other participants, and hence, this influence was of great importance for the reaching of the final agreement.⁴⁰

The doctrine of Spain for peace in Central America states that peace will be more easily achieved if economic growth is generated

and the living standards of Central Americans are raised. Spanish leaders proposed that the Community play a more active role in this area. This would mean greater commitment in terms of financial aid. The Presidency presented a plan which provided the means to reactivate trade links among the five Central American countries. This plan could also represent the origin of a spillover effect which may lead to a pacification process in the region.⁴¹ Finally, in order to originate joint ventures, the Spanish leaders would make an effort in promoting further interaction between economic actors from EC members and Central America.

Among the political contacts which occurred between delegates of the EC and Central America, the Fifth Conference on Political Dialogue and Economic Cooperation between the EC, its Member-States, Central American states and the Contadora Group is worth discussing. In this Conference which took place in San Pedro Sula (Honduras) the plan to reactive trade relations among the Central American countries was well received by all participants. In addition, the Community declared the intention to continue studying this project and to contribute to its development with an initial contribution of 350 million ECUs.⁴²

The document of the Madrid summit made reference to the situation in Central America and to the role which the EC can play in this region:

"The European Council reaffirms the concern of the Community and its Member-States at the situation in Central America. A just, stable and lasting solution must be found through diplomatic action, regional dialogue, economic cooperation and national reconciliation based on the respect for democracy and human rights...."⁴³

The efforts of the Spanish Presidency on the subject of peace in Central America have contributed to increase the interest of the EPC mechanism on the Central American peace process. This interest has become evident not only through diplomatic channels, but also by the significant increase of financial aid to the area. In 1988 the total amount dedicated to assist Central America was three times as large as that of 1984. In 1989 the total was over 180 million dollars, or four times as much as in 1984. Furthermore, an aid of 400 million ECUs will be added if the peace process advances as specified in the Esquipulas agreeme.⁴⁴

The many efforts by Spanish authorities to approach EPC to Latin America, and mostly to the Central-American peace process, have brought positive results. The EPC mechanism has started to take an active role in this area, thus breaking away with the traditional line of issuing joint declarations. This activity began during the Spanish Presidency and has taken the form of increasingly effective diplomatic contacts between EPC and Latin American officials. These are unequivocal indications that Spanish initiatives are in fact succeeding in this new area of competence of EPC.

CONCLUSIONS

The participation of Spain on the various policy areas and issues which form the scope of European Political Cooperation will positively contribute to the achievement of a common foreign policy

for the Twelve. Spain has shown to have a flexible disposition on areas, such as Afghanistan and the Conference for Security and Cooperation in Europe, areas in which EPC had manifested a solid stand. Further, Spain has come to reinforce other policy areas, such as the Middle East and Central America, thus enhancing the influence which the EC can exercise when attempting to reach peace solutions in such troubled regions.

In addition, a willingness has been demonstrated by the Spanish leaders to deal with issues such as the collaboration to fight terrorism and the pursuance of a common defense policy. The path towards European Union certainly passes by both these spheres and Spain has declared itself in favour of following this route.

Furthermore, a new dimension had been introduced by Spain when pressing for the incorporation of Latin America into the agenda of EPC. This widening of the EC's scope can only produce positive results for both the EC and the new born democracies of Latin America.

While holding the Presidency, Spanish authorities have tried to progress in all these fronts of EPC. One crucial step was taken during this period in the road towards the creation of a European Foreign Policy: EPC has leaped from being a policy of mere declarations to be a policy of real actions. The activities on the Middle East and Latin America, the top Spanish priorities, were based on an unprecedented number of contacts involving high-ranking officials. A second innovation was the connection between political and economic matters. In foreign policy, political intentions must

be accompanied by financial support, as Spanish leaders repeatedly declared.

In sum, the reinforcement of European Political Cooperation which Spain has introduced can only contribute to the advancement of the development of a common foreign policy in the EC. The impulse thus given to the 'high politics' approach to integration by the Spanish accession will reinforce the prospects to achieve further progress in the path towards political integration.

ENDNOTES CHAPTER 4b

1. Europe October 1988 'European Political Cooperation' pp.25-28,47
2. See, for example the speeches to the U.N. General Assembly by Spanish Foreign Minister Jose Pedro Perez-Llorca on 22, Sept. 1980 (XXXV General Assembly) and 24, Sept. 1981 (XXXVI General Assembly) in Perez-Llorca, Jose Pedro Discursos y Declaraciones del Ministro de Asuntos Exteriores D. Jose Pedro Perez-Llorca (1980-82) Ministerio de Asuntos Exteriores. Oficina de Informacion Diplomatica. Nov.1982. pp.20 and 65
3. Oreja, Marcelino "Discurso pronunciado ante la XXXIV Asamblea General de las Naciones Unidas. New York.24 de Septiembre, 1979" in Oreja, Marcelino Discursos, Declaraciones.. p.99
4. Four different Foreign Ministers, belonging to different Governments, have pronounced themselves in favour of the same policy line. See Ibid pp.99-100; see note 2, p.67; see Moran, Fernando "Conference at the International Studies Society" 3, July 1989" in Moran's F. Discursos... p.69; see finally, Fernandez Ordonez, Fernando "Appearance before the Commission for Foreign Affairs of the Senate" (13 March 1987) in Fernandez Ordonez F. Discursos.. p.194
5. Oreja, Marcelino "Speech in the House of Commons on the occasion of the debate about the accession of Spain to the EC" Madrid 27 June, 1979. In Oreja, Marcelino Discursos.. p.36
6. Speech by Spanish Foreign Minister Mr. Jose Pedro Perez-Llorca at the XXXVI U.N. General Assembly. 29 September 1981. In Perez-Llorca, Jose Pedro Discursos.. p.67
7. "Declaracion del Gobierno espanol con motivo del establecimiento de relaciones con Israel" (17 Jan. 1986) in Actividades, Textos, Documentos...1986 Ministerio de Asuntos Exteriores. Oficina de Informacion Diplomatica. Madrid 1987. p.488
8. European Parliament Debates , Sitting of Wednesday, 12 October 1977, pp.91-92
9. Moran, Fernando "Opening speech in the seminar about NATO and defense" 22 March, 1984. In Moran, Fernando Discursos.. p.19
10. Fernandez-Ordonez, Francisco "Appearance before the commission for foreign affairs of the Senate". March 13, 1987 in Fernandez-Ordonez Discursos.. pp.194, 196
11. Fernandez-Ordonez, Francisco Declaracion del Presidente en ejercicio del Consejo sobre el programa de la Presidencia espanola. Estrasburgo 17 enero 1989. Oficina de Informacion Diplomatica. Madrid 1989. p.26

12. Informe sobre la Presidencia Espanola de la Comunidad Europea. Ministerio de Asuntos Exteriores. Madrid, 1 de julio de 1989. p.103
13. Delegation of the Commission of the EC Conclusions of the Madrid European Council of June 26-27, 1989. Ref. : Doc/81/1. pp.18-20
14. Perez Llorca, Jose Pedro "Speech at the XXXVI U.N. General Assembly". p.68
15. Ibid, pp.64-65
16. Oreja, Marcelino "Speech before the House of Commons with occasion of the debate about the accession of Spain to the EC". Madrid. 27. July, 1979 in Oreja, Marcelino Discursos.. p.37
17. Moran, Fernando "Opening speech in the Seminar about NATO..." p.29
18. Gonzalez, Felipe From the Community of Twelve to European Union: The Objective for 1992. Florence, 19 October 1987. Lecture at the European University Institute, pp.20-21.
19. Ibid, p.21
20. Perez-Llorca, Jose Pedro. Speeches to the XXXVI and XXXVII U.N. General Assemblies (24 September 1981 and 29 September 1982) in Perez-Llorca, Jose Pedro Discursos.. pp.70 and 100 respectively
21. Fernandez-Ordonez, Francisco Declaracion del Presidente en ejercicio... p. 32
22. The budget for cooperation of the EC in 1984 was 1322,8 million ECU, of which the amount dedicated to Latin America was 118,6 million ECUs. Sources: Commission of the EC Le budget de la Communaute Europeenne Documentation Europeenne. Luxembourg 1985. p.11 The European Community and Latin America. Europe Information External Relations. Brussels 1985, p.9
23. An illustration of the connection between political stability and the economic crises can be found in the social unrest in Venezuela on March, 1989, which was a product of harsh economic measures.
24. Fernandez-Ordonez, Francisco "Appearance before the Senate Commission for external affairs" March 13, 1987 in Fernandez-Ordonez F. Discursos.. p.185
25. Gonzalez, Felipe From the Community of Twelve... p.20

26. Commission of the EC The European Community and Latin America in Europe Information External Relations. Brussels, 1985. p.16
27. Perez Llorca, Jose Pedro "Speech at the XXXVI U.N. General Assembly". pp.186-187
28. Interview with Mr. Lecompte, Head of the Delegation of the Commission of the EC in Ottawa, on October, 1988.
29. Golpismo: Spanish term for the perpetuation of 'golpe', or coup d'etat.
30. Fernandez-Ordonez, Francisco "Intervention in the House of Representatives" in Discursos...1989. p.128
31. Gonzalez, Felipe Intervencion del Presidente del gobierno ante el Parlamento Europeo de Estrasburgo. 12 de abril de 1989 p.26
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33. El Pais. February 1st, 1989. p.1
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37. Ibid. p.17
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C. SPAIN'S ACCESSION. THE S.E.A. AND ECONOMIC INTEGRATION

The accession of Spain has introduced a previously inexistent level of economic diversity in the European Community. The implementation of the Single European Act and the subsequent creation of a Single Common Market by 1992 will result in the exacerbation of economic disequilibria within the Community. As a result, Spain, with its comparatively large and underdeveloped economy, will lag further behind those economies of the EC with a comparative advantage. The increasing economic heterogeneity in the EC will find reflection in the different policy-making organisms, thus harming the overall integration effort entailed by the Single European Act.

i) Spain's Economic Characteristics

Of the three new members of the EC, Spain is the only one whose economy can be regarded as large for Community standards. With a population of about ten million inhabitants each, Greece and Portugal are among the group of the so called 'small' Member-States. Spain, however, with a population of thirty-nine million ranks fifth in the EC and, together with France, Italy, West Germany and the U.K., is one of the five so called 'large' Member-States. Such differences are also reflected by their respective Gross Domestic Products (GDP). Table 4 serves to compare these GDPs as well as their size in relation to the overall GDP of the Community of Twelve:

TABLE 4: POPULATION AND GDP OF THE NEW COMERS¹

	GDP (billion ECUs)	GDP as % of EC12's GDP	Population (million)	Population as % of EC's population
Greece	56.7	1.76	9.9	3.09
Portugal	47.7	1.48	10.1	3.15
Spain	290.3	9.10	39.0	12.17
EC12	3220.1	100	320.4	100

Source: Commission of the EC The European Community . Member-States, Regions and the Administrative Units. Brussels 1987, and calculations.

It can be observed that whereas the accession of Greece and Portugal represents a negligible addition to the EC's economic capacity, the contribution of Spain, reaching nearly one-tenth of the combined GDP of the Twelve, is an important one. The resulting impact that Spain will have on the EC, is thus worth analysing.

When comparing the Spanish economy with those of the other EC Member-States, two main characteristics must be taken into consideration:

1. Spain's large size and lower level of economic development
2. Spain's serious structural deficiencies

Although fifth among its EC partners in terms of GDP , Spain ranks ninth in GDP per capita, being only ahead of Greece, Portugal and Ireland, and far behind Italy, the eighth ranked. Spain's average income level is less than three-quarters that of the EC average and about half that of the richer Member-States.² Other indicators of economic development, such as private consumption per

capita, number of cars, telephones, television sets and doctors per thousand inhabitants also demonstrate that Spain is well behind the EC average.³

Yet, the aspect which makes the Spanish economy so different from the rest of the EC is its dualistic nature which is reflected by its very serious structural and regional disequilibria, and by its very uneven distribution of income. The provinces of Madrid, Barcelona and Guipuzcoa, with 4 per cent of the area and 28.5 percent of the population, produce 39 percent of the GDP and 43 percent of the total industrial production. These are the regions where development has been concentrated and where the average income per capita is relatively close to the EC average. Simultaneously, most other regions of Spain are industrially underdeveloped. For instance, Galicia, Andalucia and Extremadura have mostly agricultural populations and approach third world conditions. In this manner, the absolute level of regional disparities which exist in Spain is the highest in the Community, exceeding even those which exist between the north and the south of Italy.

Possibly the most dramatic problem of the Spanish economy is its very high unemployment level. The unemployment rate in Spain is almost twice as high as the Community average, and one in every five of those making up the labour force is without a job. The figures are even more dramatic when referring to southern Spain, where there are 30 percent unemployment rates in such places as Andalucia and Extremadura.

Both the agricultural and industrial sectors of the economy represent accurate examples of the general characteristics of the Spanish economy. Spain's agricultural production is enormous compared to those of the other EC members. Spain's entry into the Community increased the farm land of the EC by 30 percent, the number of people employed in agriculture by 25 percent and the number of holdings by 32 percent. In addition, Spain is the largest producer of olive oil in the world, the third of wine, the fourth of dried fruit and the sixth in citrus fruit production. In all, Spain brings into the Community a very extensive agricultural sector.

Nevertheless, the vast Spanish agricultural sector is plagued with grave structural inefficiencies. A very large number of small farms coexist with very large latifundia. Small farms can be mostly found in the mountainous north of Spain, where the average farm size is only 5 or 6 hectares, the smallest in Europe. Average incomes here are very low mainly because their small sizes prevent these farms from being economically efficient. The Central Plateau is occupied by a combination of small farms and gigantic estates of thousands of acres. These represent 68 percent of the total agricultural area, and make the concentration of land ownership of Spain be considerably higher than the Community average. Finally, the Mediterranean coast enjoys the most favourable natural conditions for intensive agricultural production.

Such extreme dualism in the size of Spanish farms results in inefficiencies and levels of productivity much lower than those of

the Community. For instance, wheat yields are half the EC average, and wine yields are even lower. Such a state of affairs lead the Commission of the EC to classify 62 percent of Spain's farm land as "less-favoured areas", and 75 percent of those were classified as "particularly disadvantaged" areas. If the Spanish agricultural sector is compared to those of other EC members, it can be concluded that the Spanish is one of enormous proportions, but suffering from chronic structural defficiencies which result in very low incomes for the average Spanish farmer.

Spanish industry is characterized by the same general features as the agricultural sector. Internationally, it occupies an important place in a few products, but it also presents deep structural deficiencies. Spain ranks eighth in volume of industrial production among the OECD countries. In 1980 it was sixth in the world in shipbuilding and tenth in steel production.

Yet, the Spanish industry presents a dualistic character, combining many firms with fewer than five employees (72%) with a number of firms which are very large and competitive at the international level. Such duality is the result of Franco's industrial policy, where a high degree of state protectionism gave way to the flourishing of many small enterprises. In addition, the profound state involvement as industry owner gave birth to large industrial conglomerates. An illustration of these is the INI (Instituto Nacional de Industria), which controls almost the entire shipbuilding industry as well as the iron and steel industry. Today, Spain's industry suffers from overstaffing and from

productivity levels which are, on average, 30 percent lower than those of the Community. In all, the Spanish industry is representative of the characteristics of the Spanish economy as a whole: large size, lower level of development than the EC and serious structural deficiencies.

ii) Implications of Spain's Accession on the EC's Economic Diversity.

When the Community of Six came into existence in 1957 it was formed by a rather homogeneous group of nations. It was expected that the fact that all six countries had reached the same level of economic and technical development would facilitate the integrative process.⁴ The second enlargement of the EC which included Portugal and Spain has dramatically altered the aspect of the EC. This is no longer a club of rich countries, but one in which the economic differences existing between the core formed by the six original members, and the recently joined periphery, are unprecedented in the EC. The Community of Twelve has 18 percent more population than the Community of Nine. However, the volume of production has increased only by 12 to 13 percent, the number of unemployed augmented by about 30 percent, and the numbers in agriculture increased by 36 percent.⁵ The Community, then, has evolved into a very different animal. Today, for the first time, the magnitude of the economic disparities which stand among the Member-States, has reached a point where real concern regarding the effectiveness of Community policies has been expressed.

A useful tool to measure the degree of economic heterogeneity of the Community of Twelve, as compared to that of the Community of Ten is the standard deviation of unemployment rates and of GDPs per capita.⁶ The results obtained are expressed on table 5.

TABLE 5: DISPARITIES BETWEEN MEMBER-STATES⁷

	<u>EC 10</u>	<u>EC 12</u>
Standard Deviation of GDP per capita(7)	14.3	18.7
Standard Deviation of unemployment rates(7)	19.1	36.4

Source: Commission of the EC. Third Periodic Report from the Commission on the Social and Economic situation and Development of the Regions of the Community Brussels, 1987, annex. p.24

By studying this table, it can be concluded that the entry of Spain and Portugal has significantly increased the level of heterogeneity among the EC Member-States in terms of both their GDPs per capita and their unemployment rates. In addition, according to the report issued by the Commission of the EC, the overall disparities between the Member-States in economic strength increased by about one third with the accession of Spain and Portugal.⁸

When examining the level of diversity existing among the different regions that form the EC, the differences between the top and the bottom of the scale are even more striking. Today, the regions where the level of wealth is substantially lower than the Community average account for 20 percent of the total population of the Community. Whereas in the Community of Nine only

a few areas such as the Italian Mezzogiorno, were considered to be significantly below the EC average, in the Community of Twelve whole countries are found to be in this situation.

In terms of the GDP per capita, the widening of the gap between Community regions, resulting from the accession of Spain and Portugal, is very clear. The level of income of all regions of Spain is lower than that of the Community's average income. In addition, there are considerable differences within Spain itself. While the five stronger regions achieve an income level of no more than 10 percent behind the Community average, the eleven other Spanish regions have incomes which are 20 to 50 percent below the Community average. Map 1 illustrates the income levels of the various regions which constitute the Community of Twelve. It can be observed that before the last enlargement, the Community was rather homogeneous in terms of its regions' GDP per capita. Only the south of Italy and Ireland appear as having a noticeable lower income. However, after Spain and Portugal joined, the EC appears divided into two economically different areas: a rich centre-north, and a poor periphery, mostly composed of the Mediterranean areas.

The most pronounced regional disparities are found when studying infrastructure endowment. According to the infrastructure indicator elaborated by the Commission, a similar pattern as that one of GDP per capita, can be observed in the Community of Twelve. The regions with an infrastructure indicator well above the EC average are part of all the original six members, except in Italy.

MAP 1: GDP PER HEAD OF POPULATION 1985

Source: Commission of the EC Third Periodic Report from the Commission on the Social and Economic situation and development of the regions of the Community. Brussels 1987. p.15

On the other hand, those regions lagging behind are situated mostly in the Mediterranean South (See Map 2). The infrastructure endowment of most regions of Greece, Portugal, Spain and Ireland, as well as that of the Italian Mezzogiorno, are much poorer than those of the rest of the EC. In most of these cases, the infrastructure indicator reflects scores 40 to 60 percent lower than the Community average. Such a level of disparity is specially worrying for infrastructure endowment is both a consequence and a cause of the overall level of economic development of regions.

A third key indicator of regional disparities is the unemployment rate. Also on this front, the disparities between the Member-States have visibly widened with the most recent enlargement. The case of Spain is particularly serious. In March 1989, the unemployment rate in Spain was over 18 percent, and many of its southern and central regions registered unemployment rates above 25 percent. In contrast, most regions with below average unemployment rates are situated in the core of the EC. It can also be noted that Greece, Portugal and most of Italy present below average levels as well. This leaves Spain as the main contributor to the unemployment problem in the European Community (See Map 3).

In its document about the regions of the Community, the Commission built an index which was designed to measure the overall intensity of the problem of regional economic disparities.⁹ Such index was called the Synthetic Index and was composed of several economic indicators, such as the ones above-discussed. The results obtained serve to further confirm the conclusion that economic

MAP 2: AGGREGATE INFRASTRUCTURE INDICATOR 1983

Source: Commission of the EC Third Periodic Report from the Commission on the Social and Economic situation and development of the regions of the Community. Brussels, 1987. p.34

MAP 3: TOTAL UNEMPLOYMENT RATES - 1986

Source: Commission of the EC Third Periodic Report from the Commission on the Social and Economic situation and development of the regions of the Community. Brussels, 1987. p.20.

disparities among the regions of the Community have been greatly intensified by the last of its enlargements. In the classification of the 160 regions of the EC, all 17 regions of Spain are included among the 35 lowest synthetic index scores.¹⁰ Their values range between 38.8 percent (Andalucia) and 66.8 percent (Balears) the value of the EC average. It should also be noted that Portugal, Greece, and Ireland are also included in this lowest end of the scale. Map 4 provides a useful graphical perspective of problematic areas of the EC.

Overall, the enlargement of the Community from Ten to Twelve has considerably increased regional disparities. Today's Community has twice as many people as the Community of Ten in those regions where incomes are 25 percent or more below the Community average. In view of the completion of the Single Market, the problem of disparities in infrastructure endowment, employment and income arises as specially worrying. This will be, however, the focus of the following section of this chapter. The degree to which such economic diversity exists in the European Community should be, in itself, a source of concern for the authorities in Brussels. Mr. Lecompte, head of the Delegation of the EC Commission in Ottawa, said, it is not abnormal to find certain degree of heterogeneity in the levels of economic development among the regions of federal states. He mentioned the United States as an example of a Federal State where inequalities of an economic nature exist among its integrating parts.¹¹ Yet, the regional disparities in the EC are

MAP 4: SYNTHETIC INDEX

Source: Commission of the EC Third Periodic Report from the Commission on the Social and Economic situation and development of the regions of the Community. Brussels, 1987. p.22

considerably larger than those of the U.S.A. Income per capita and unemployment rate were taken to measure the level of regional disparities in both the EC and the U.S. The results of this comparison can be found on table 6.

TABLE 6: REGIONAL DISPARITIES IN THE USA AND THE EC

	<u>Income per capita</u>		<u>Unemployment rate (1985)</u>	
	Coefficient of Variation	10 weakest to 10 strongest regions	Standard Deviation	10 weakest to 10 strongest regions
USA	12.4	1:1.5	1.7	2.1:1
EC12	26.6	1:2.4	4.7	3.4:1
Ratio EC12/USA	2.1:1	-	2.8:1	-

Source: Commission of the EC Third Periodic Report from the Commission on the Social and Economic situation and development of the regions of the Community. Brussels, 1987. p.23 of Annex

In the case of income per capita, regional disparities in the Community are roughly twice as high as in the U.S. In the case of unemployment, the proportion is nearly three to one, with the EC having the highest regional disparities. These results clearly indicate that the level of diversity in terms of economic development among the regions of the EC is considerably greater than that among the states of the US. In addition, given the fact that the richest regions of the EC enjoy standards of living which are similar to the richest states of the U.S., the difference

between both is given largely by the poorer regions of the European Community.

c. The Internal Market and Economic Diversity.

The formation of a Single Common Market in a Community of Twelve, where economic divergences are so profound, will serve to accentuate the existing gap between richer and poorer regions. Such development is contrary to the EC objectives of promoting a more integrated Community in the economic sphere. As a consequence, the political aspect of integration, as embodied in the Single European Act, is also seriously endangered.

The establishment of a single market in Europe is aimed to stimulate the economic environment and to promote economic growth. Different economic analysis seem to support the hypothesis that the opening of markets will offer significant economic gains.¹² Increasing trade and larger markets will result in more efficient production and in increasing revenues. The resources saved as a consequence can be used to produce additional goods and services. This in turn increases real incomes as prices drop and as production of additional goods and services occurs. The overall result is the growth of the economy and the raising of living standards.

However, there is no guarantee that such economic gains will be evenly distributed among the Community's companies, regions and populations. In fact, the risk exists that, in an economic environment ruled by the laws of free-market competition, the

stronger will predominate over the weaker. In a European Community where the last enlargement has brought about unprecedented economic imbalances, the risk of further divergence is one which applies in the same manner to both the micro and macro economic levels.

This proposition has been confirmed in both theory and reality. Joseph S. Nye studied the relationship between the level of economic integration of several economic groups and the degree of homogeneity, in terms of levels of economic development among the components of these groups.¹³ Professor Nye does find a significant relationship between these two variables and concludes:

"For economic relationships the more equal the level of development (measured by GNP/per capita) the higher the regional trade integration."¹⁴

Furthermore, history has witnessed that the opening of frontiers causes a concentration of economic growth in areas where industrial capacity is larger. Such was the case when the German Customs Union was created, when Italy became a unified country, and when the markets were opening up in the United States. The widely held view regarding these three cases is that their respective southern regions which lacked the appropriate industrial infrastructure suffered as a consequence of free markets and competition from the northern, more developed regions.¹⁵ Overall, aggregate economic gains were very large, but these gains were concentrated in those areas where the level of development was the highest.

It does not seem unreasonable to expect similar outcomes when the Single European Market is completed in 1992. At the

microeconomic level, it can be anticipated that those firms with an advanced technology, with a good capital structure and which enjoy developed regional infrastructures will draw increasing benefits. These characteristics are common mostly among companies based in the more developed centre of the Community. On the other hand, firms which are smaller, and do not enjoy the same level of technological development, will have to struggle in order to compete. Many of them will even disappear under the pressure of more competitive firms. This will be the case with those firms which are smaller and less competitive, and which are predominant in the south western periphery of the Community. Spanish Prime Minister Felipe Gonzalez expressed his preoccupation: "A non-modernized Portuguese or Spanish industry located in a region with poor infrastructure is liable to be swept aside by competition from a Dutch or German one, even in the Iberian markets."¹⁶

The presently predominating trend in industrial structure in favour of high technology industries will further exacerbate regional differences in the EC. Industries such as electronics and informatics tend to cluster together in areas where conditions are most favourable. Good transportation and communications facilities, abundance of skilled labour, and the proximity of major research and financial centres are characteristic of such areas.¹⁷ In consequence, backward and peripheral areas which do not enjoy such infrastructure endowments, will continue to lag further behind the most developed regions of the Community.

The 1992 project will be especially difficult for the less

developed regions of the Community due to the economic characteristics of these regions. First, these areas quite distant from major centers of economic activity. Second, their population density is considerably lower than that of the EC as a whole. This results in higher transport costs, longer transport, travel and delivery periods and, greater storage costs. In addition, these areas suffer from chronic unemployment rates and from the lowest levels of labour productivity in the Community. All these factors will results in severe limitations when attempting to take advantage of the development opportunities brought about by the Internal Market.¹⁸ In all, the opening of markets will cause the concentration of economic activity in the more industrialized centre of the EC and away from the disadvantaged periphery. Such concentration processes will increase economic inequalities and discrepancies.

The accession of Spain to the EC in 1986 and the subsequent partial elimination of trade barriers have already started to generate the kind of results which were anticipated above, and which will increase with the completion of the Internal Market in 1992. Before entering the EC, high commercial barriers permitted Spain to maintain a commercial surplus with the other eleven EC members of over \$2 billion. At the end of 1986, and after the first partial reduction of trade barriers, Spain had a deficit with these countries of \$1.26 billion.¹⁹ As the gradual elimination of trade barriers between Spain and the rest of the EC continued in subsequent years, Spain's commercial deficit also continued to

increase. For instance, in 1987, Spanish exports to the EC grew by only 7 percent, while imports rose by 21 percent.²⁰ This resulted in the increase of Spain's trade deficit by 82.7% in pesetas and by 104% in U.S. dollars.²¹ Similar patterns were recorded in 1988²² and at the beginning of 1989.²³ A report about Spain's entry into the EC published by the British magazine The Economist predicts that the Spanish commercial deficit will continue to increase during the 1990s:

"The rapid worsening of the trade balance, already evident during 1986-87, is set to continue, as import demand surges ahead and trade barriers fall. By 1990 the deficit may be approximately double the \$11.6 billion recorded in 1987unless really drastic action is taken, it is difficult to see the growth in the trade deficit actually reversing during the forecast period. The deficit could nearly double from \$11.6 billion in 1987 to \$23 billion in 1990."²⁴

The rise of imports has been most clearly manifested in the manufacturing sector. The lower levels of competitiveness of the Spanish industry originated massive imports of products such as cars, clothes, and electronic equipment. The Spanish Government had to request special measures for two dozen 'sensitive' sectors, including cars, motorbikes, engines, textiles, electric home appliances, etc. According to a report drawn by the Spanish Government, an even more dramatic result of this loss of competitiveness is the increase in unemployment rates. As many as 800,000 jobs, or 6 percent of the work force will be endangered in Spain as a consequence of the implementation of the Internal Market.²⁵ In spite of the high growth rates which the Spanish economy has enjoyed over the last few years, such figures seem to

indicate multiple hardships for Spain starting in 1992.

The opening of Spanish trade barriers has caused increasing regional inequalities within Spain. The Economist reported that the cities of Madrid, Barcelona and Valencia have since 1986 greatly benefited from the location of new successful industries, and especially from multinational subsidiaries such as the automotive companies. In addition, the Mediterranean sun belt coast has benefited from a booming tourism industry and from the expansion of the fruit and vegetable export sector. In contrast, more rural interior areas are suffering from lower incomes, higher unemployment rates and increasing depopulation. These are all most worrying signs of what the Internal Market and the complete dismantling of trade barriers will bring about.

The intensification of economic divergence, a consequence of the implementation of the internal market, will probably bring about adverse effects on the decision-making mechanisms of the EC. The coordination of economic policies and the adoption of new common policies will become an increasingly difficult task for the Council of Ministers. The profound economic differences imply that the objectives and priorities of the Member-States in the economic sphere will differ significantly. In a Community with members as different from each other as the Federal Republic of Germany and Spain, the reconciliation of different economic interests may prove virtually impossible and may prejudice further political integration.

Furthermore, the danger exists that imbalances in the

distribution of the benefits resulting from the Internal Market may become so serious as to cause mounting political dissatisfaction in some countries of the Community. Symptoms of discontentment have been evident in Spain during the last few years. Spaniards are starting to feel that integration in the EC is not bringing as many benefits as they originally expected. This is a common thought among important economic sectors within both the agricultural and industrial communities. They see that the invasion of Community products is not balanced by an equivalent increase in their exports.²⁶ These developments are leading to an increasingly widespread sentiment of discrimination. Spaniards are also feeling frustrated because they can witness how EC decisions are leading Spain to adopt policies, such as economic and social policies, which do not seem to benefit them. They are also aware of how they are getting involved in policies of such matters as defence and foreign policy which run contrary to their popular views.²⁷

Such developments may very well take place in the remaining Member-States, which find themselves negatively affected by the Internal Market. The discontent which exists in Portugal, Greece, Spain, Ireland, and most of Italy, might conduce to a non-cooperativeness which could originate a north-south conflict within the EC. If serious compensatory measures are not taken, the implementation of the Act may lead to a retrocession in the process of European integration. This would result in the complete failure of the original purpose of the Act, which is to originate a more

integrated EC.

Furthermore, it is essential to be aware of the fact that the four Mediterranean members, together with Ireland, count with a sufficient number of votes to be able to block any decisions that are passed by qualified majority in the Council of Ministers.²⁸ This is a highly improbable measure to be taken. However, it does reflect the proportions which such conflict could take. In all, increasing economic divergence within the Community sets important constraints on economic and political integration, and could seriously endanger the very success of the ultimate objectives of the European Community.

iv) The need for a Cohesion Policy.

If the Single Common Market is to succeed in the pursuance of further economic and political integration, the Community needs to develop a solid cohesion policy. The objective of such a policy will focus on the eventual elimination of those differences, in terms of their levels of economic development, which nowadays exist among Member States. It should not limit itself to satisfying the poorer members' short term demands for grants, compensation funds, etc. It should, however, concentrate its efforts in the long-term economic development of those regions of the EC which are in comparative disadvantage. In other words, it should assume the redistribution function, which is so important in federal systems around the globe, and which would permit the harmonious development of economic and political integration of the EC. The internal

market must not be a goal in itself; it must spillover into the political sphere and lead to the development of a solid cohesion policy which will guarantee the success of the 1992 project.

The Single European Act includes a proposition of how the Community should assume its economic and social cohesion. According to the SEA, this cohesion policy should promote a higher degree of convergence of the economic performance of Member States and its regions.²⁹ Yet, such vague statement of purpose can be subject to different interpretations and to a wide range of measures. A cohesion policy must not be confused with a narrow economic view according to which Community solidarity is something to be handed over from the rich countries to the poorer ones. Neither does it merely mean greater equality in regional incomes, which could be achieved simply through transfer programs.

A strong cohesion policy should be a part of the same macroeconomic policy in which the Internal Market is included. Since there are solid theoretical and historical basis to predict the uneven distribution of benefits as consequence of the market-opening policies of the Community, the inclusion of a redistribution function in the EC is perfectly in order. Thus, economic and social cohesion should be perceived as a means of accomplishing two objectives:

1. Compensation for any regional imbalances caused by the existence of a common internal market
2. The even distribution of benefits which are generated by the Internal Market in such a way that the harmonious

development in all the regions of the Community would be guaranteed.³⁰

More specifically, the objective of such a cohesion policy would be the elimination of the comparative deficiencies of the least-developed regions.

The Spanish Presidency presented a project which was approved by the Commission and which is to launch the development of the cohesion policy in the EC. This proposal was based on the principle that cohesion must be included in every Community policy, and should not be restricted to an increase in the structural funds. Every project and policy initiative should be accompanied by a study of the effects which such initiative would have on the disadvantaged areas of the EC. They should also include regulations which will compensate for negative effects and which will present ways to improve social and economic cohesion.³¹ Mr. Felipe Gonzalez announced this initiative to the European Parliament:

"The construction of a social and economic space will only be possible as long as development models are adopted which will harmonize the necessary economic growth with the strengthening of social and economic cohesion. These models will contribute to social progress and will lead to a real economic convergence.

Cohesion is a guiding principle which should give shape to to every Community policy and which, in my opinion involves a double practice:

On the one hand, a greater convergence of economic policies among the Member-States. On the other, a solidarity effort in the improvement of social and territorial imbalances which still exist in the EC.

....It is necessary to make a continuous effort, which the Presidency is trying to maintain in order for this principle to be present in the development of every Community policy."³²

The completion of the Internal Market and the adoption of a

consistent social and economic cohesion policy should be perceived as two complementary aspects of European integration. The successful completion of the objectives prescribed in the Single European Act will only be achieved if the Internal Market is accompanied by a comprehensive cohesion policy. It has even been suggested that a true Internal Market will never be achieved if the differences, regarding income and wealth, which exist among the European regions still persist.³³ Such radical position will not be advocated here. Yet, the opinion expressed by Giulio Andreotti on the importance of cohesion is fully endorsed. He said that "the consistency of the great market will depend on social and economic cohesion..."³⁴ Mr. Abel Matutes, a Spanish Commissioner of the EC, vigorously expressed the importance of cohesion for the success of the Act. He said:

"It is obvious that an impure and short-sighted market like the present one will lead to the worsening of imbalances if concrete action is not taken towards the increase of economic and social cohesion....I am truly convinced that economic and social cohesion is not something that has to be begged for...:a view with sufficient mental openness of what the market is and should be leads us directly to social cohesion..."³⁵

History offers instances that reflect the positive results which can be brought about by economic cooperation. The Marshall Plan was a clear example of successful long-term economic intuition. Only a high degree of demand in Europe would guarantee the absorption of American industrial surpluses. The second example is given by the United States itself. In 1940, the economic differences between the richest and the poorest regions of the U.S.

was approximately the same as those which are found in Europe today. Some states' incomes were about 50% below the average, while others were 50% above. Today, all states of the union have incomes which are found to be between 5% above or below the average. Only the great Internal Market in the U.S., combined with an effective national infrastructure network has achieved such impressive results.³⁶

The implementation of a policy on economic and social cohesion should be aimed at two fronts. First should be the improvement of the Community. European integration will never prosper if the infrastructure network is not developed. Better transport and telecommunications are necessary for a more integrated Europe. Secondly, developing a well-trained workforce in these regions must also be a priority. Both aspects of cohesion would be conducive to the stimulation of greater mobility of productive capital. The latter, in turn, would promote internally generated development in the less developed regions. The greater convergence of levels of development and employment which would follow would lead to a more prosperous future for all the members of the EC.

In order to carry out a successful cohesion policy, the reform of the Structural Funds is of vital importance. The resources available to the Structural Funds in 1987 represented only about 16 percent of the Community's budget and approximately 0.15% of the total Community GDP.³⁷ In turn, this corresponds to 1.2% of the GDP of the backward regions. If the Structural Funds are to make a significant impact on the development of backward regions, these

figures are clearly nowhere near the desired levels.

On December, 1987, the Commission advised the Council of Ministers that the amounts dedicated to the Structural Funds had to be doubled by 1992 if the objectives determined in the Single European Act were to be met.³⁸ The European Council approved such a request and decided to increase the Fund's resources up to 13,500 million ECU in 1992.³⁹ Such an increase is expected to amount up to 25 percent of the 1992 budget, and 2 percent of the GDP of the backward regions. Such a decision represents an important step forward in the promotion of social and economic cohesion. Yet, it is no more than a promising beginning, "a minimal obligation which has been fulfilled."⁴⁰

The reform of the Structural Funds should also focus on the manner in which the resources will be allocated. Two are the main areas in which the Funds should be distributed in order to endow backward areas with a strong productive potential: human capital and physical capital. First, there must be aid to vocational training and technical assistance, as well as financial support for general education in the case of the poorest regions or countries. Second, aid should be dedicated to the stimulation of investment, with a strong emphasis on suitable economic infrastructure. This infrastructure should directly serve economic activities, such as transport and telecommunication services, thus reducing the locational disadvantage of peripheral regions. This will not only reduce the production costs of firms but, it will also contribute to boosting their productivity and competitiveness. The increasing

investment levels will result in the reduction of unemployment rates. This is a long-term problem which mostly affects Spain, and which must be solved if real economic convergence is to be achieved.⁴¹

The Common Agricultural Policy (CAP) is also in need of reform if the gap between rich and poor farmers is to be narrowed. The CAP of the 1980s has become an instrument of income redistribution rather than one of stabilizing prices and incomes along lines that would be consistent with efficient resource allocation. Levels of production have surpassed growth of internal and export demand. The result is an enormous agricultural budget (70% of EC budget in 1987) which is mostly dedicated to storing disproportionately large surplus productions and to supporting high income levels for farmers of northern and central Europe.

After the last enlargement of the EC, which included the very large Spanish agricultural sector, the farming sector of the EC presents a very different set of needs, and CAP should therefore be adapted to cope with these new needs. The incorporation of very poor farming areas in the south of the EC will necessarily bring about a transformation of the modus operandi of the CAP. A first priority should be to guarantee a fair standard of living to the poorest farmers who, in most cases, are nationals of the new Member-States, and who are located in the Mediterranean regions. More generally, the CAP should increasingly concentrate on these farming areas, by trying to raise their living standards, through more efficient production and improved marketing opportunities.

These efforts should be accompanied by measures to adjust the supply and demand of those products with surplus production which predominate in northern farming regions. The surpluses of butter, milk, beef, etc. are often referred to as chronic problems of CAP. The resources saved in this manner could be utilized to promote more efficient farming in the least favoured areas of the south. Such reallocation of resources involves a greater degree of planning from Brussels, but it is necessary in order to foster convergence among the farmers of Europe.

The reforms of the Structural Funds and of the Common Agricultural Policy call for a reorganization of the Community budget. Although budget reform will be discussed in the following chapter, it is necessary to mention that such far-reaching reforms as those discussed in this section will require an increasing amount of resources from the Member-States. This, however, should be perceived as a long-term investment, from which all members will benefit. The policy of supporting the development of the backward regions will contribute to the overall growth of the EC. The prosperous regions will have new outlets for their products, services, and human and financial resources. The total improvement of the European economy will benefit the economies of every Member-State.

CONCLUSIONS

The accession of Spain and Portugal, at a time when the EC is preparing itself for the creation of the internal market will

require that the Twelve engage into the promoting economic and social cohesion. The economic diversity, which was mainly caused by the accession of Spain, must be eliminated if the 1992 project is to succeed in accelerating the integration process. The internal market alone is no guarantee of moving in an integrationist direction. It represents the essential element in the advance towards European unity, but it must be accompanied by measures to secure the convergence of the economies of the EC. Otherwise, serious risks exist of aggravated regional imbalance in the course of market liberalization.

Prime Minister Felipe Gonzalez bluntly expressed this idea:

"If the Community fails to understand the intimate relationship between internal market and economic and social cohesion, we shall not advance towards an integrated Europe seeking greater harmony among its various regions, but move towards a dual Europe with increasingly greater distances between the powerful and the weak. That might bring about Europe's disintegration."⁴²

Yet, economic and social cohesion must not be perceived as merely the compensation given to the less favoured for accepting advances in the internal market. It must be understood in the broader context of a macroeconomic policy carried out by the EC. If the policy of cohesion is approached merely as favouritism to Spain and other disadvantaged members, it will never achieve its objectives. Cohesion must be conceived in terms of costs and benefits to the Community as a whole. If the Community is to advance toward unity, the institutions in Brussels should begin to assume some of the functions which are so common among federal

governments. The adoption of a redistribution function, which will serve to supplement the internal market is now more necessary than ever, and will greatly enhance the politically integrationist role of the EC. Such a spillover of economics into politics would, after all, represent a mere continuation of the neofunctionalist tradition which has proven to be so effective.

ENDNOTES CHAPTER 4c

1. Table 1 and Source: Commission of the EC The European Community. Member States, Regions and the Administrative Units Brussels 1987. And own calculations.
2. Commission of the EC A Community of Twelve: welcome to Spain and Portugal European File 17-18/85. November 1985 p.8
3. Commission of the EC Euro 12: The Europeans' Europe European File 7-8/87 April 1987 pp.7-9 and Commission of the EC Eur 12: diagrams of the Enlarged Community European File 5-6/86. March 1986 pp.9-10
4. Commission of the EC The Community in 1992 A brief for European taxpayers Luxembourg, 1987, p.15
5. Commission of the EC The Community Report from the Commission on the Social and Economic Situation and Development of the Regions of the Community Brussels, 21 May 1987 p.1
6. The Standard Deviation(s) is a measure of dispersion. A higher value of "s" indicates a higher level of dispersion, or heterogeneity, whereas a lower value of "s" indicates a lower level of dispersion, or more homogeneity. By calculating the "s" of the Ten, and then that of the Twelve in terms of unemployment rates and GDP per capita, it will be possible to determine whether EC10 or EC12 are more economically diverse.
7. Given as percentage of EC average.
8. Commission of the EC. The Community report... p.11
9. Ibid pp.21-26
10. Low scores on the Synthetic Index indicate high problem intensity (and vice-versa)
11. Interview with Mr. Lecompte on October, 1988
12. See, for example, Cecchini, Paolo The European Challenge 1992: The Benefits of a Single Market. Commission of the EC 1988 and Padoa-Schioppa, Tommaso Efficiency, Stability, and Equity. A Strategy for the Evolution of the Economic System of the European Community Commission of the EC, 1987. p.29

13. Nye, Joseph S. "Comparative Regional Integration: Concept and Measurement" pp.160-161 in Jackson, Robert J. and Stein, Michael B. Issues in Comparative Politics St. Martin's Press, New York, 1971. pp.144-164
14. Ibid, p.160
15. Padoa-Schioppa, Efficiency.. pp.21-22
16. Gonzalez. Felipe. From the Community.. pp.17-18
17. Padoa-Schioppa. Efficiency... pp. 94-95
18. Commission of the EC Third Periodic Report.. p.IX
19. Europe April 1987 p.36
20. Ortega, Andres "Spain's Fever" in European Affairs no.4/1988 (winter) p.134
21. Ruiz Ligerio, Apolonio "La politica de promocion comercial en Espana tras la adhesion a la CEE" in Espana en la Europa de los Doce (Forum Camara, Madrid 1988) p.117
22. Information Services of the Embassy of Spain in Ottawa. 27, January, 1989
23. Information Services of the Embassy of Spain in Ottawa 17, March, 1989
24. The Economist Intelligence Unit. Spain to 1992. Joining Europe's mainstream. pp.5,85.
25. Ortega, Andres. "Spain's fever". p.135
26. Lasven, Jose Ramon "Riesgos de indefension de la economia espanola en la CEE" in Politica Exterior Primavera 1988, vol II, no.6 pp. 69-79
27. Ibid, p.72
28. A minimum of 54 votes are needed out of a total of 76. Spain (8), Italy (10), Portugal (5), Greece (5) and Ireland (3) would add up to 31 votes, thus making it impossible for the other seven members to count 54 votes. West Germany, U.K. and France (10) each; Belgium and the Netherlands (5) each, Denmark (3) and Luxembourg (2) would only add to 45.
29. Articles 130A to 130E of the Single European Act
30. European Parliament Debates Working Documents Document A2-169/86 1 December 1986 by Mr. L. Planas, p.24

31. Fernandez-Ordenez, Francisco "Intervention in House of Commons" in Discursos, 1989. p.136
32. Gonzalez, Felipe Intervencion del Presidente del Gobierno ante el Parlamento Europeo en Estrasburgo, 12 de abril de 1989. Presidencia del Gobierno. pp.13-14
33. Gonzalez-Blanch, Francisco "Implicaciones de politica economica en la realizacion del mercado interior europeo" in Revista de estudios e investigacion de las Comunidades Europeas. Enero-Febrero 1987, no. 1 p.159
34. Andreotti, Giulio. "Perspectivas de la Comunidad Europea despues del Acta Unica" en Politica Exterior Primavera 1988, Vol II, no.6, pp.60-68
35. Matutes, Abel "La Europa de los Doce: Perspectivas" in Espana en la Europa de los Doce Forum Camara. Madrid 1988, pp.145-160 (Quotation from p. 156)
36. Ibid, p. 157 (Examples given by Mr. Matutes)
37. Commission of the EC The Community in 1992... p.25 and Commission of the EC Making a Success of the Single Act: A New Frontier for Europe Luxembourg December 1987, p.32
38. Ibid p.29
39. Commission of the EC Social Dimension of the Internal Market Commission Working Paper. Brussels, 14, September 1988, p.19
40. European Parliament Debates No. 2-352 May, 13, 1987. Intervention by Mr. Arias Canete. p.107
41. Lasuen, Jose Ramon "Riesgos de indefension..." pp.25-26, and Padoa-Schioppa Efficiency p.96
42. Gonzalez, Felipe From the Community of Twelve to European Union: The Objective for 1992 Florence, 19, October 1987 p.18

CHAPTER FIVE

TRENDS AND PROSPECTS FOR INTEGRATION IN THE COMMUNITY OF TWELVE

The success or failure of the Single European Act in bringing about more integration for the 1990's will be determined by the capacity of the EC to adapt to the new, expanded membership. The accession of Spain and Portugal in 1986 brought many Community policies to a point where radical changes became necessary. The implementation of the Single Act by 1992, and the resulting exacerbation of the economic differences further increase the urgency for reform. Therefore, the future of the EC, largely depends upon the measures taken to cope with such pressing events.

The accession of Spain and the role this is playing in the EC could result in higher levels of integration among the Twelve. The policies advocated and pursued by the Spanish leaders clearly reflect a pro-integrationist stand which facilitates the advancement towards European union. Spain has demonstrated its willingness to sacrifice its national short-term interests for the long-term cause of European integration. Yet, the same attitude should be present in those members who benefit the most from EC's economic policies today. Some short-term sacrifices, both in the economic and political arenas are also needed from them if the Single Act is indeed going to produce a more integrated Community.

The European Community of the 1990s will succeed in achieving further economic and political integration only if it begins to act like the central government of a European confederation. The EC must endorse policies which are beneficial to all of its members, and which promote greater convergence across national frontiers. In the light of the last enlargement and of the S.E.A., only such

performance will maintain the Member-States together in their joint effort towards integration.

A. THE INITIATIVES OF THE COMMISSION FOR THE 1990s.

In the light of the Single Common Market for 1992, and the recent enlargement of the Community, the Commission issued a set of recommendations to the Council and the European Parliament. The completion of the internal market by 1992 and the strengthening of economic and social cohesion are to be achieved through the improvement of Community policies and through the strengthening of cooperation between the Member-States. The reform of Community policies refers specifically to three areas:

1. The Structural Funds,
2. The Common Agricultural Policy , and
3. The Community budget.¹

The measures recommended in that document would certainly be beneficial for the smoother transition into a frontier-free Europe, as well as for the improvement of economic and social cohesion. However, in most cases they are insufficient due to the magnitude of the reforms needed. The following presents a discussion of the recommendations of the Commission regarding these three areas.

i) The Reform of the Structural Funds

The persuance of economic and social cohesion will be primarily carried out through the reform of the Community's Structural Funds: the European Regional Development Fund (ERDF)

and the European Social Fund (ESF). The original purpose of the ERDF was to contribute to the correction of the main regional imbalances which exist within the Community. The ESF, on its part, aims mainly at the elimination of long-term unemployment and at the integration of young people into the labour force.

However, the resources allocated to such ambitious enterprises has traditionally been minor. In 1987 the Community dedicated 7 billion ECUs to the structural funds, only 15% of the total Community budget. In addition, the funds were characterized by inflexibility and by a lack of coordination in its expenditure. Grants were made to individual, unconnected projects, and there was little scope for channelling funds to projects which would contribute to long-term programmes of investment.²

The Commission proposed raising the level of expenditure under the structural funds from 7 billions ECUs in 1987 to 14 billion ECUs in 1992. This new figure will represent approximately 25 percent of the budget. The increased resources will be concentrated almost entirely (80%) on the weaker regions of the Community: Ireland, Greece, Portugal, most of Spain, the Italian Mezzogiorno and the overseas French departments.

The Commission's initiative must be welcomed as a positive gesture to meet the goal of cohesion prescribed by the Single European Act. Yet, it does not represent the quantum jump which would be necessary if a significant improvement in economic convergence is to take place in the 1990s. It should be indicated that the amount aimed to the structural funds did not increase in

1986 as a consequence of the entry of Spain and Portugal. The available resources were redistributed in such a manner that the new members would receive amounts in proportion to their needs, thus diminishing the aid granted to the other ten members. Spain and Portugal received approximately 30 percent of the total amount dedicated to the Structural Funds.³ It should also be taken into consideration that, if the pattern of increases of the 1980's was to continue, the amount dedicated to the Structural Funds would have increased by 40% from 1987 to 1992. Consequently, the enlargement of the EC in 1986 would have normally brought the amount up by 30% to 9.1 billion ECUs. Then, the linear increase to 1992 would have resulted in approximately 12.75 billion ECUs dedicated for the Structural Funds. In all, the amount of 14 billion represents a mere 10% increase, and not a doubling of resources dedicated to the Structural Funds.⁴ In addition, the less favoured areas of the EC already received 75% of the structural funds in 1986. The concentration of 80% in 1992 will therefore only represent a negligible reallocation of the available resources.⁵

If the problem of economic diversity is to be significantly improved during the 1990s, a greater commitment to the structural funds is imperative. The increase on the resources allocated should continue at the same rate during the 1990s. An allocation of one-quarter of the overall Community budget would provide a much needed pool for a serious policy towards the elimination of economic differences.

The manner in which such funds are employed should also be subject to careful study and reform. The structural funds should be dedicated to alleviating the Community's regional priorities, rather than those of individual countries. An alternative to the national quota allocation, in favour of a region-oriented type of programme should be developed. For example, it may be in order to aid more regions of Spain, and less regions of Germany, since none of the former have a higher standard of living than the German 'lander'. In addition, investment should be concentrated on infrastructures directly serving economic activities. This will stimulate economic growth and the creation of employment positions. An overall successful strategy will therefore require adequate mechanisms to aid structural change in the regions which need it the most.

Finally, the Community should attempt to coordinate its development efforts with those of national and regional governments. For instance, the use of specific purpose grants (or 'matching grants') have proven to be effective, and their more widespread use would be welcomed. Poorer regions could be offered higher matching grants than those offered to more developed regions. Such measures would greatly alleviate the financial burden of those Community regions in difficulty.

ii) The Reform of CAP.

There are two reasons for the reform of the Common Agricultural Policy. First, the accession of Spain and Portugal

and the implementation of the Single Act will bring about increasing diversity in the Community's agricultural sector. The CAP, which was designed in the 1960s for a smaller and more homogeneous farming sector, is not capable of supporting today's agriculture in the Community. Second, the preponderance of surplus production by the most developed members, and the high costs which such surpluses imply have resulted in a dramatic imbalance of the resources allocated from CAP. The northern members are in fact benefiting from a protectionist agricultural policy to the detriment of the southern less developed members.⁶ Such effect must be reversed and CAP should be employed to improve the structural imbalance which exists between the most developed and the backward regions of the EC.

The Commission has proposed a plan of reform for CAP which includes the following objectives:

1. A better control of production quotas.
2. The stabilization of the European Agricultural Guidance and Guarantee Fund (EAGGF), such that the budgeting percentage dedicated to agriculture will not exceed 50%, down from the present 60%.
3. The gradual elimination of surplus production, which is stored at great cost. In 1986, for example, over 25% of the EAGGF budget was dedicated to storage.
4. The protection of the European agricultural model, with prevalence of family farms.⁷

In its report, the Commission adds that, in order to ensure greater cohesion within the Community, the 'guidance' function of EAGGF must be brought into balance with the 'guarantee' function in budgetary terms. The poorest farmers must be guaranteed a

'fair' standard of living wherever earnings from farming are inadequate.⁸

The Commission concludes that agricultural production must be increasingly determined by the forces of supply and demand. The goal of holding down production levels and stimulating consumption can be achieved by aligning guaranteed minimum prices more closely on world market prices. This, in turn, would save resources which could be redirected towards the 'guidance' function of CAP.⁹

The measures proposed by the Commission on the reform of CAP can only be perceived as being beneficial to the European Community and its 1992 project. The disproportionately high cost of agriculture must be reduced and redirected towards other more necessary policies. Agriculture costs can be reduced by the attainment of a better balance between supply and demand and with the elimination of very expensive surplus production. Yet, the allocation of 59 percent of the Community budget for a sector of the working force which is constantly decreasing in numbers, and which today represents less than 10% of the EC is still a very high proportion. The post-war ghost of food shortages has long disappeared and today's EC must confront other more pressing problems. The advances in today's technology result in greater yields and guarantee sufficient supplies with a considerably smaller amount of resources. Therefore, the goal must be to continue the gradual reduction of the agricultural budget throughout the 1990s, aiming at an allocation of about 30%-35% of the EC budget on CAP when entering the next century.

The alluded reallocation of resources towards the guidance function of EAGGF falls short of expectations. The reference to bringing the guidance function of the EAGGF "into greater balance" with the guarantee function remains vague and does not demand the radical transformation which is actually needed. Considering that in 1984 the guidance section was allocated 96.5% of CAP's share of the budget,¹⁰ a more specific statement of purpose was expected. Needless is to say that a meaningful reallocation of resources to the guidance section is necessary if the CAP is to collaborate in the cohesion objectives of the Single European Act.

Difficult obstacles remain to be overcome before such reforms can be put to practice. The primary one is the lack of political will on the part of those Member-States which are most favoured by CAP to change the status quo. As long as national short-term interests prevail over the long-term benefit of the collectivity, the proposed reforms will not become reality. Early reports about the progress by the CAP reform are not very optimistic. The document presented by the Commission has not been received with the needed political will and, only emergency measures such as those pertaining to agricultural stabilizers are being implemented. Those measures leading to the reforms required in CAP are not receiving the attention which would have been expected, considering the gravity of the situation.¹¹ Yet, once again, a more Community-oriented leadership is required to provide the key factor for a far-reaching CAP reform.

3 of/de 3

MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS
STANDARD REFERENCE MATERIAL 1010a
(ANSI and ISO TEST CHART No. 2)

iii) The Reform of the Budget.

The Commission's reform package would have been incomplete without a proposal for the reform of the Community budget. Two are the main highlights of this proposal:

1. The rise of the Value Added Tax (VAT) ceiling to a maximum of 1.4% of G.N.P. in 1992, up from 1.2% in 1988.
2. A new source based on the Member-States' ability to pay. It would be calculated as the difference between the G.N.P. and the actual VAT base for each Member-State. The Community's four least prosperous countries (Portugal, Greece, Ireland and Spain) would not be required to contribute to the financing of this new source of revenue.¹²

These measures to increase the available revenue would be accompanied by a reevaluation of the emphasis given to the different policies of the European Community. The share devoted to agriculture is to be gradually reduced in favour of policies linked to individual development, to the correction of the uneven effects of the internal market, and to structural policies designed to promote greater cohesion.

Finally, attention was focused on the Commission's report which discussed the maintenance of budgetary discipline. If the available resources are to be distributed according to a set of pre-established political priorities, a tighter budgetary discipline is necessary. Most important is the limitation of expenditure to the 1.4% GNP ceiling for the next four years. Also the agricultural expenditure must be subject to mechanisms capable of containing it.¹³

It was discussed in previous chapters that the creation of the Internal Market required a major financial disbursement. Appropriate back-up policies on areas such as transport, research and development, etc. are necessary. In addition, it is imperative to develop a European social dimension and measures to improve economic and social cohesion. The main objective of the proposed budget reform is to assure the successful completion of such policies.

However, the objectives of the Act will only be met partially, given the limited amount of resources which the 1.4% provides. Such ceiling was reached already in 1986 and thus, it does not represent a realistic objective. On its part the new supplementary tax on prosperity indicators will not make up for the difference in the long-run, since it will only represent 18% of the Community budget. If the European Community is to adopt a new set of functions such as those brought about by the S.E.A., a consequent augmentation of the available resources is necessary. The ability to progress in the effort to improve economic and social cohesion, as well as in the gradual creation of a social space depends on it.

Once again, the main obstacle to this proposition will come from the more 'conservative' political leaders. An attitude of reluctance has been expressed regarding the Commission's call for an increased contribution from the Member-States to the budget. Already in 1988 there was fierce opposition when the increase requested was equivalent to 0.15% of the national budgets.¹⁴ Such opposition will, undoubtedly, be expressed again in the future.

Thus, in terms of budget increases, no drastic breakthroughs should be expected to occur within the next few years. In consequence, the implementation of the Act is likely to find insurmountable obstacles due to the shortage of resources which comes as a result of such attitudes. This in turn could certainly aggravate the existing economic imbalances within the EC and bring about the failure of the Single European Act.

B. FUTURE PATHS FOR EUROPEAN INTEGRATION.

If accompanied by the appropriate transformations, the implementation of the Single European Act would bring the Community one step closer to the European Union. The successful completion of this important step will greatly depend on the existence of a more flexible and efficient manner of taking decisions. This will depend in turn on two factors:

1. The political will of the Member-States.
2. The appropriate functioning of the decision-making mechanisms.

The Single Act does provide the means for a more efficient decision-making procedure. Most Council decisions are already being taken through the qualified majority method. In addition, the European Parliament has been assigned a role in the legislative process through the Cooperation procedure. Finally, the Commission has been invested with greater decision-making powers.

All these measures will positively contribute to a more efficient decision-making in Brussels. Most importantly, the

elimination of the unanimity rule is indispensable for a more efficient decision-making process. Not one single country will be capable of vetoing pieces of legislation related to the implementation of the Act, arguing that its vital interests are being endangered. Although there continues to be a number of exceptions to the qualified majority rule, the shift towards supranationalism is unmistakable.

The political willingness of the Member-States continues to be the bottom line of the decision-making process. Although the reformed procedural measures represent very positive contributions, no progress is possible without an integrationist attitude. It could be argued that the simple fact that such measures were approved is an indication of a more progressive attitude in the Council. One can only hope that European leaders will perceive the great benefits which greater integration would bring to Europe.

It is possible then that political long-term goals prevail over individualistic concerns and, in this manner, Europe would start to be the new center of political loyalties.

C. CONCLUSION

The reforms proposed by the Commission in the light of the implementation of the S.E.A. and of the latest enlargement are, in general terms, insufficient. Neither the Commission nor the Council of Ministers are responding effectively to the challenges which the Community will face in the 1990s. The reforms initiated by the Commission on the Structural Funds, the CAP, and the budget are

only small steps in the right direction and will not solve any long term problem of the Community of Twelve. After the Single Act is fully implemented in 1992, economic imbalances are likely to increase within the Community. The Commission's initiatives are essentially a short-term solution which will not contribute to alleviate the long-term problem of economic inequalities existing today in the EC.

If the Single European Act is to fulfill the goal of achieving higher levels of integration in Europe, the EC must take more decisive action and give more serious consideration to the type of initiatives Spain is advocating. A consistent and responsible attitude of solidarity throughout the EC is paramount if the EC is to successfully confront the challenges of the 1990s. Such solidarity would involve greater disbursement on the part of the richer Member-States. This should be perceived as a long term investment for the benefit of all members and not as a favour to the less developed members. Only such a Europeanist position will one day lead to the construction of a European union.

ENDNOTES CHAPTER 5

1. Commission of the EC Making a Success of the Single Act: A New Frontier for Europe. December 1987, p. 9
2. Croxford, G.I., Wise, M. and Chalkley, B.S. "The Reform of the European Regional Development Fund: A Preliminary Assessment" in Journal of Common Market Studies Volume XXVI, no. 1. September, 1987, pp.25-38
3. Rodriguez Saiz, Luis "La politica regional comunitaria en la encrucijada" in Revista de Estudios e Investigacion de las Comunidades Europeas. Enero-Febrero 1987. no.1, pp.153-155.
4. Calculations from Ibid and from Croxford, G.I., Wise, M. and Chalkley, B.S. "The Reform of the European Regional Development Fund: a Preliminary Assesment" in Journal of Common Market Studies.(XXVI, 1 September 1987) pp.25-38.
5. Own calculations from Croxford, G.I., Wise M., Chalkley, B.S. "The reform of the European ...," p. 32
6. Rodriguez Saiz, Luis "La politica regional comunitaria en la encrucijada" in Revista de Estudios e Investigaciones de las Comunidades Europeas. Enero-Febrero 1987. no.1. p.156
7. "La gran cita. Delors coloca a Europa ante la encrucijada" in Comunicad Europea no. 231 March-April 1987, pp.6-9, and Ibid note 1, pp.11-16
8. Commission of the EC Making a Success...., pp.13-14
9. Ibid., p.16
10. Own calculations from:
Commission of the EC Le Budget de la Communaute Enpeenne Periodique 1/1986. Luxembourg, 1985, p.11
11. Bonet Marco, Emilio Introduccion al Acta Unica Europea (ESIC, Madrid 1988) p. 94
12. Commission of the EC Making a Success...., pp.35-36
13. Ibid., pp.37, 39-40

14. Bonet Marco, Emilio Introduccion al Acta Unica Europea (ESIC, Madrid 1988) pp. 94-95

CONCLUSION

The accession of Spain to the European Community affects European integration as well as the implementation of the Single European Act in two ways. In terms of political integration, Spain's impact is a constructive one, since Spain has become one of the most euphoric advocates of integration in the EC. The Spanish population has expressed extraordinary enthusiasm towards the idea of a unified Europe. In addition, Spanish leadership has repeatedly declared their unequivocal support for this prospect. Furthermore, Spain's leaders have proven to be both willing and able to impulse policies which place Europe on the road towards integration. The results obtained as a consequence of the first Spanish presidential period confirm this claim. In all, Spain's entry in the EC has significantly strengthen the integrationist stream of the Community.

Regarding European Political Cooperation, Spain's contribution has continuously proven to be very constructive indeed. The most spectacular results have been accomplished in the area of EC-Middle East relations. Spain's initiatives have been crucial to the advancement in the organization of the Peace Conference. Spain's foreign policy orientation towards the Mediterranean has been conducive of a more decisive role for EPC in this area. The accession of Spain has also contributed to expand EPC's sphere of

influence to the other side of the Atlantic. Issues such as the Latin American debt problem and the conflict of Central America are nowadays priorities of the EC's foreign policy. Finally, a most decisive accomplishment was the transition from a policy of declarations to a policy of diplomatic actions which also occurred during the Spanish presidential period. In sum, Spain's contribution to the development of a common foreign policy counts already with numerous tangible results.

When speaking about the economic aspects of Spain's integration, it must be concluded that these will not be as positive as its political aspects. The integration of the Spanish economy introduces an element of difficulty to the completion of the Internal Market. The incorporation of a much less developed economy of the size of the Spanish one has resulted in a very heterogeneous Community. The gradual opening of trade barriers will aggravate this economic heterogeneity and will seriously undermine the level of economic integration already achieved in the EC. Such developments could in turn spillover into the political arena and originate negative reactions in those areas which lag behind as a consequence of the Internal Market. The final result would be the failure of the Single European Act as an instrument to generate a more integrated European Community.

Spain's accession to the EC has occurred at a time when the Internal Market is being completed, and therefore introduces economic complications for the integration process. However, its positive contribution in the area of political integration clearly

compensates for any immediate inconveniences which Spain may have caused. Spain's positive attitude towards integration takes expression in clearly pro-integrationist policy initiatives and in a positive stand by Spanish leaders when participating in Community institutions. But most importantly, Spain's contribution to integration is reflected in its Europeanism, which repeatedly takes precedence over the short-term interests of Spain as an individual country. This Europeanist position has come to strengthen the pro-integrationist stream of the Community. It is this political predisposition what will keep the goal of European Union within sight. Although some economic difficulties have with Spain's entry, the long-term political contribution makes Spain's entry unequivocally worthwhile.

The risks involved in the creation of the Internal Market in this heterogeneous Community are of such a magnitude that a strong reaction from Brussels is required. It is essential for the ultimate success of the Single European Act that the Community takes a considerable leap forward in its integration schedule. More attention should be paid to those initiatives proposed by the most pro-integrationist stream of the EC.

The recommendations introduced by Spain and supported by other Member-States include a more active cohesion policy aimed at the gradual elimination of the existing economic inequalities of the EC. This suggestion must not be interpreted as the pursuance of economic aid by the less developed periphery of the Community from the richer members of the north. This is the type of scepticism

which will never be conducive of an integrated Community, neither economically nor politically. Cohesion is the economic policy which will facilitate the successful completion and perpetuation of the Internal Market. Only an economically more homogeneous Community will guarantee the expanded consumer markets which are needed for a more prosperous economy. In turn, economic growth is paramount if a gradual shift of political loyalties and activities towards the new center of authority is ever to occur.

It has been the contention of this thesis that the central organisms in Brussels should start performing the role of resource distribution within the EC if the issue of economic heterogeneity is to be resolved. The Spanish doctrine for a more active cohesion policy provides an appropriate instrument for the development of such role. It could be argued that only then will the implementation of the Single Act be successful and will the Internal Market originate further economic integration. The resulting prosperity of all the members would culminate in the spillover of economic integration into political integration, thus bringing the EC one step closer to unity.

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