

Economic, Political and Social Implications of Integration Processes: the Spanish Case

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Coinciding with the twenty-fifth anniversary of Spain's joining the European Union, this article deals with the model of Spain's economic integration. It analyses the political, institutional, and economic changes arising from the process of adapting to the new set-up. Spain's incorporation into the European Union is interesting because of Spain's development from a closed and underdeveloped economy to a more prosperous and open one. The Spanish economy has been forced to advance continuously in order to keep in line with policy coordination between member states. Politically, the process has required radical changes to bring about democracy and, at a later date, the legislation had to be adapted to conform with the new European Treaties. Upon completion of the integration process, Spain had to continue adapting to the compromises of the common policies and to the progressive transfer of member states' competences to the institutions of the Union. The success of the European model is dependent upon an alignment between the interests of member states and the functioning of the European Union institutions. Having overcome substantial challenges during those years, its membership has helped advance its economic, political and social objectives within the Union's progressive framework. Changes brought about by integration with the European Union make the Spanish case an interesting one for analyzing strategic variables which could be used in similar processes of integration.

1. Introduction

The historical perspective afforded by twenty-five years' membership in the European Union enables us to study a process that drew a nation, embroiled in economic underdevelopment and political disarray, out of international isolation and made it part of one of the world's most powerful economic blocs, providing a more diversified economy and unprecedented political and social stability.

Changes brought about by integration with the European Union make the Spanish case an interesting one for analyzing strategic variables, which could be used in similar processes of integration. The Spanish experience serves as a viable model of integration applicable to projects with similar characteristics.

While integration with the European Union was essentially an economic project, social and political issues were also considered in the agreement. Therefore, the integration process, which requires changes and adaptations that extend far beyond the purely economic sphere, triggered the success of many recent changes in Spain and has had a definite impact on future approaches to integration. This article aims to assess these changes and the extent to which integration has helped achieve them. The study will focus mainly on the principal plans implemented to sustain progress on the economic, social and political fronts. This cross-sectional analysis attempts to assess whether a clear, consistent approach and a rigorous application, despite difficulties and tensions, created a stable environment for the country. Spain's desire to join the European Community was primarily motivated by its perception of the Union as a progressive and forward-thinking project. We will then seek to identify the essential elements of change and those changes that should be brought about in developing future goals.

2. Effects of Integration on the Economic, Political and Social Aspects

Based on the hypothesis that economic, political, and social variables determine the goals and success of integration, each of the three will be dealt with separately.

2.1. Economic Aspects. There is a wide range of economic literature on the effects of economic integration that bases its conclusions on the benefits of international trade and the resulting effects of cooperation among countries (Rodrick, 1995).

International trade theory addresses the impact obstacles and restrictions have on international trade. Eliminating tariffs between

two or more countries creates the first stage of forms of integration, a free-trade area, which may then be transformed into a customs union if a common external tariff is established. This discrimination might result in either a creation of trade or a diversion of trade, which may affect production systems, consumption, the balance of payments, and/or the growth rate (Mayda and Rodik, 2005; Scheve and Slaughter, 2001).

The countries might also put forward their own proposals and consider the free movement of factors, common economic and monetary policies, or even a common currency. The final stage would be political integration.

However, integration agreements can cause tariff discrepancies, since products originating from a member country will not be subject to a tariff, while those originating from a non-member state will. Consequently, economic welfare may be affected, either positively or negatively, in both member and non-member countries.

The economic implications of integration regarding welfare, economic growth, the balance of payments, and price stability among member and non-member countries have been analysed by means of customs-union theories (Allen, 1976; Andic and Teitel, 1977; Balassa, 1975; Grauwe, 2003; Baldwin and Wyplosz, 2003).

Ultimately, it is safe to say that integration can cause either costs or benefits that result from a resource re-allocation (static effects), and/or effects associated with the productive capacity and an improvement in income level, which directly affect the potential welfare of a country or group of countries (dynamic effects).

For these reasons, a country's participation in trade projects may lead to an improvement in national welfare that cannot be directly translated into quantifiable benefits, but provides the following advantages: greater economic cooperation and improved trade; more power in international negotiations (more relevant for smaller countries); strengthened external economies; improved policy coordination against external shocks; higher market potential; better exploitation of economies of scale.

The dynamic effects that arise from increased capability in an area of integration are more important than the static effects in making an

overall evaluation. Dynamic effects are those that affect the welfare of a country or a group of countries. They would include, not only an increase in income at a given time, but also a sustainable rise in the income growth rate. Among these dynamic effects are: a variation in the growth rate; changes in efficiency (increased competition); economies of scale; mobility of factors; terms of trade; improved investment.

Many other studies have focused on more specific aspects, such as employment, the consequences of trade openings and the corresponding price changes on businesses, all of which have been examined in developed, small, open or highly protected economies. The developed and highly diversified economies are less affected (Baker, 2005).

2.2. Political Assessments. The political variables that determine progress are clearly different from those related to individual economic gains. This approach has two main functions: to assess whether a decision benefits the community rather than an individual or a specific group, and to evaluate public policy based on this assessment. The overall effects on national welfare is extremely important politically, as it will determine whether the party that makes the decision to integrate will gain or lose votes in the next election.

Voters will support integration if they share partisan loyalties with the governing party. Political parties will therefore be crucial instruments in defining and articulating policies, especially through participation in public debates. Likewise, individual leaders can be catalysts for future institutional development, as was the case with some of the greatest and most inspiring advocates of the European project as a whole (Gabel, 1998).

Finally, the demonstrations of other forces such as unions, employers, consumer groups and marginal social groups, by means of protests and social movements organised around specific demands, may influence the political agenda or prevent the implementation of plans that do not reflect general interest, (Stein and Tommasini, 2006).

Nevertheless, for a project of this size to achieve the desired success and affect the general welfare of citizens, it must meet other requirements: stability, versatility, coherence and coordination, quality

of implementation and completion, orientation towards general public interest and efficiency. Stability during transformation creates an appropriate environment for implementing policies that can be amended if necessary, while versatility makes policies flexible and adaptable to all circumstances. Coherence helps to avoid the application of prefabricated recipes that might produce very different results from one country to another (the policies are applied objectively). Coordination in policy-making creates a climate of trust and cooperation. The quality of the implementing institutions and their orientation towards collective welfare (and not towards partisan interests of economic and political groups) is crucial. Finally, efficiency is necessary to guarantee the best allocation of resources and to avoid favouring specific issues.

2.3. Culture and Values. Other studies show that culture and values also influence trade-policy preferences. Such studies demonstrate how cultural beliefs regarding the concept of fate and ideas about how the international system should function determine the preferences of foreign trade policy (O'Rourke and Sinnott, 2001).

Moreover, research on public opinion and trade policy reveals the country's perception of adherence to supranational projects; the more entrenched nationalism is in a country, the more opposition to forming agreements with other countries there will be.

The European Union's integration model may be described as peaceful and gradual, involving economic, social and political content (partnership, political dialogue, economic agreements, insistence on democracy, technical cooperation, humanitarian aid, etc.). In terms of objectives, the model predicts long-term results and impact on the member countries' social, economic and political structures (states and regional groups) (Beach, 2005, Cecchini, and others 1994; Rojas, 2004).

According to Mark Leonard, the European Union progresses through a legal framework developed with a focus on values-such as the rule of law, a market-based economy, and the protection of human rights and minority rights, all of which have required significant structural changes.

Externally, the Union intends to serve as a model and transfer to other parts of the world those principles that characterise the European

countries; these principles are democracy, good governance, human rights, the peaceful settlement of conflicts, free markets, and regional cooperation and integration. In aiming to create peace and prosperity, the model has made the Union a good example of collaboration for the rest of the world. Policies like those of European Neighbourhood or Euro-Mediterranean Partnership are tools the Union possesses “to transform the world” as an international player (Leonard, 2005; Alvarez, 2004; Oreja, and others, 2002).

3. Background to Spain’s Integration with the European Community: A Historical View

Public support of openness and international cooperation is very important in processes of integration. In the case of Spain, integration required thorough consideration and planning that were sometimes contradictory but were determined by the circumstances that affected the country throughout the integration process. This resulted in delays to active participation in supranational projects.

3.1. Political Aspects. The Spanish Idea of Europe. The notion of ‘Europe’ has been a much-debated concept throughout the history of Spain (Brown, 1990; Abellán, 1988). Throughout the twentieth century the “traditionalism” (*casticismo*) movement and its first advocate, A. Gavinet, criticised what was “foreign” and defended what was “Spanish”; this idea was maintained and served as the foundation for the country’s development. This notion of separatism encouraged loyalty to the Spanish spirit.

On the contrary, M. Unamuno’s combination of “traditionalism” (*casticismo*) and “nationalism” argued in favour of moving away from a local vision to a universal one (Unamuno, 1943). Following the loss of the last Spanish colonies in 1898, ideas regarding the failure of a regime that had left Spain “without impulse” (*sin pulso*) entered the dispute between openness and the traditional approach towards Europe.

In reaction to this situation, J. Costa emerged as an advocate for the Europeanization of Spain by “school and food” (*escuela y despensa*), two

factors that had impeded "without impulse" (*sin pulso*) progress. It was necessary to conform to European standards by transforming individuals through education, but without neglecting the Spanish identity (Costa, 1900).

A group of intellectuals, the Fourteenth Generation (*Generación del 14*), under the leadership of Ortega y Gasset, joined the debate. This group considered Europe to be the solution to the problems plaguing Spain and sought to "purify" Spain by means of a Europeanisation process. In the same vein as J. Costa's theory, the Fourteenth Generation considered the problem of scientific backwardness within Spain and argued that the country had to be saved and regenerated through the process of Europeanisation ("Spain was the problem and Europe was the solution"). Subsequently, the consequences of World War I in Europe led Ortega, in response to the European crisis, to believe in "vital reason" (*razón vital*), a scientifically-rooted stance against the backwardness of Spanish society.

According to Marichal, the members of the Fourteenth Generation were men of science in its broadest definition. Europeanisation was synonymous with education, which would bring Spain one step closer to Europe and would be the best solution available to Spain (Marichal, 1975).

During the dictatorship of Primo de Rivera (1923-1930), Spain geared its foreign policy towards entering the League of Nations. However, due to growing tensions within Spain, this goal was set aside between 1926 and 1928.

The restoration of the Republic changed the image of Europe within Spain and the nation attempted to break away from traditional isolationism and adopt a position of pacifism and neutrality. Azaña, who initially favoured the inclusion of Spain in the League of Nations, later adopted a more realistic attitude after recognising Spain's limitations in international policy and thus called for the defence of neutrality. Azaña's concept of Europeanisation entailed internal reconstruction which would facilitate modernisation (Julia, 1990).

With his alternative view, Madariaga defends a more aggressive position for Spain in the international community. He does not consider

Europe a continent, but an ideal that has existed since the beginning of time in its spirit and its economy. Nevertheless, he argues that everything is possible if a common spirit exists and that Europe could become a new "motherland" (*patria*) with all its nations living in harmony (Madariaga, 1980).

The period that followed the Spanish Civil War was characterised by decay and the development of totalitarianism throughout the continent, which lessened interest in the concept of Europe. From the Spanish point of view, Europe was in terrible decline (Jover, 1986). In the wake of World War II, a renewed idea of Europe emerged from the core of the continent. However, Spain was caught in an internal struggle between nationalists who supported the autarkic economy dictated by Franco and those who opposed the regime. The international condemnation of Franco by both the Potsdam Declaration and the United Nations distanced Spain from the process of European integration.

Following the Spanish Civil War, Spain became isolated from the rest of the world and was excluded from the Marshall Plan, America's European aid package. Consequently, Spain remained on the sidelines of the European integration process that was advanced by the Treaties of Paris (European Coal and Steel Community), Rome (European Economic Community and European Atomic Energy Community) and Stockholm, that created the European Free Trade Association (EFTA).

Spanish foreign policy shifted between 1951 and 1961, following the country's isolation brought about by the Civil War. In 1951, Western ambassadors returned to Madrid and brought with them North American aid after years of frozen relations with the Franco regime.

Curiously, the political tensions that triggered the Cold War between the United States and the Soviet Union facilitated an improvement in foreign relations, as is borne out by the Hispano-American pacts of 1953, which provided economic resources and political support to further Spain's integration with Europe and international organisations. In the defence plan deployed by the United States during the Cold War, Spain was strategically attractive for the installation of military bases.

3.2. From the Stabilization Plan to Integration in the European Community. The 1959 Stabilisation Plan aimed to solve the economic problems Spain had inherited as a result of decades of autocracy. Some months before, in February 1957, the so-called "group of technocrats" approached the government and made the first big step towards the liberalisation of trade by securing Spain's admission to the Organization for European Economic Cooperation. In July 1958, Spain joined the International Monetary Fund and the International Bank for Reconstruction and Development, organisations that would support the Stabilisation Plan with economic aid and technical advice.

Although Spain was not viewed as a potential candidate at the signings of the Treaties of Paris and Rome, the Spanish government set up the *Comisión Interministerial para el Estudio de las Comunidades Económicas y Atómica Europea* (CICE) to analyse the possible internal repercussions and to propose necessary measures for adapting to this new reality. Thus, towards the end of 1960, the government appointed its first Chief of Mission to the European Community, a representative who initiated the first exploratory conversations between Spain and the Community in 1964.

At the beginning of 1962, Spain presented its official request for admission with the possibility of gaining full membership of the European Community, but the request was poorly received for political reasons. At the insistence of the Spanish government, in 1964 the Community Council authorised the start of discussions that led to the Preferential Agreement of 1970, which was valid until 31 December 1985.

The contents of the agreement were originally intended to be implemented in two stages. However, following the death of Franco, Spain began the transition to democracy, and in 1977 Spain once again presented a formal request for admission to the European Community, which did away with the need for the second stage. The Preferential Agreement of 1970 dealt primarily with the economic and commercial aspects of integration and was the first step towards entry into the European Community.

The progress made between Spain and the European Community came to a halt at the beginning of December 1973 with the

announcement of the trial of the union leaders of the "Comisiones Obreras" ("Summary 1,001") in Madrid and with the execution of several ETA and FRAP militants in October 1975. However, the death of Franco on 20 November 1975 brought an end to the political obstacles to European integration. Subsequently, with the restoration of the monarchy Spain's new government showed its pro-European aspirations. At the formal request of A. Suárez, the Council unanimously accepted Spain as a full member of the European Community. Domestic and foreign calls for a return to democracy, Spain's ardent desire and Commitment to enter the European Community, and the convergence of political, economic and social forces essential to belonging to the Community facilitated the path towards integration.

To sum up, Spain's recent history clearly reflected a debate over the country's fate in the international context.

3.3. The Negotiations for Spain's Entry into the Community (1977-1985). It was necessary to surmount the numerous obstacles that stretched negotiations over three stages. During the first stage, work was done to meet the basic requirements and to define the model of integration with the Community; in this phase, the political and institutional components were established. The second stage emphasized economic aspects while the third stage involved the political endorsement of the Heads of State of the European Community member countries, which speeded up the negotiations and resolved most remaining problems.

Meanwhile, Spain's desire to join the European Community was demonstrated by political changes and by clear manifestations of popular support.

a) Requirements for Integration

Spanish period of integration is defined by its move towards democracy. In 1976, as part of the process of preparing the application to join the European Community, the Spanish Foreign Affairs Ministry began to undertake visits to Brussels and to the capitals of European Community member countries in order to win their support.

The general elections on June 15, 1977 were a triumph for

democratic institutions and represented a victory over the political obstacles on the path towards European Community membership. From this moment onwards, Spain's objective was to solve its economic problems and analyse structural difficulties.

It must be noted that, at this time, the principal justification for joining the European Community was the Spanish desire to do so. Political parties, employers' organisations, and trade unions in Spain unanimously supported joining the Community: this fact elicited support among the organisations and institutions of the European Community as well as of member states. Several factors contributed to popular support for Spain's joining the European Community: from a historical-cultural point of view, Spain was a country with European traditions; politically, Spain met the Community requirements as far as respecting human freedom and democratic principles were concerned; economically, joining the European Community would endorse the existing *de facto* integration between the Spanish economy and the Community, given that 50% of Spanish foreign trade was with Europe.

In the short term, the foreseeable consequences of integration were that it would be seen as a great political achievement. Despite difficulties, such as the damage the less competitive Spanish companies would face and the possibility of strikes, many advantages would be gained from the importation of European products, from economic aid from the Community, and from the necessary reorganisation of Spanish firms and economic sectors. In the long run, full political and cultural integration with Europe would be achieved. Therefore, a new foreign policy was adopted that was based on fundamental European values. Between 1977 and 1980, Spain worked to become a member of the Council of Europe, and signed the European Agreement for the Protection of Human Rights and Fundamental Liberties. Spain also signed the European Social Charter and formulated the Declaration recognising the authority of the European Court of Human Rights. The support of the European Communities and the rest of Europe was of inestimable value in the Spanish transition to democracy. Successive governments led by Adolfo Suárez, Leopoldo Calvo-Sotelo and Felipe González worked intensely for Spain's definitive entry into the European Community (Colomer, 1999).

On 27 July 1977, Spain presented its application for membership to the Council of Ministers of the European Community. In April 1978, the Commission sent the Council their report, which contained an overview and the possible consequences of expanding the European Community in Southern Europe.

The Commission considered a transition period with a maximum of ten years and a minimum of five, divided into two stages. The first stage would deal with the less difficult objectives and the second with the more complex objectives that would require a longer period of time to be reached.

b) Negotiations and Resulting Issues

The Commission prepared a Report that served as a basis for negotiations which officially opened in Brussels on 5 February 1979. They also delivered a report to the European Parliament and to the European Economic and Social Committee.

During the first year no final agreements were made. In June 1980, French President Giscard D'Estaing declared that Spain's admittance would not be as easy or as swift as had previously been thought, and that, before it could be achieved, the European Community would have to revise the controversial Common Agricultural Policy. Later, the President of the Commission, Roy Jenkins, confirmed that the internal problems of the Community could have a highly negative impact on the negotiations.

These difficulties brought conversations to a halt and slowed the progress of the negotiations. Despite the political support of the institutions, internal pressures from countries and groups affected by specific economic problems prevented them from reaching definitive agreements.

In March 1981, after the Suárez government crisis and the attempted *coup d'état* of 23 February 1981, the European Parliament unanimously accepted a resolution suggesting an acceleration of the process. On 24 March 1981, the European Council expressed its satisfaction with the reactions of King Juan Carlos I, the government and the Spanish people against attacks on their democracy. This was a way of supporting Spain. Likewise, it was suggested that the Council undertake an

inventory of the problems associated with the enlargement of the Union to include Spain and Portugal, especially with regard to resources and financing the European budget, Mediterranean agricultural products, the free movement of labour, and fishing policies.

The slowing down of the negotiations' however, once again generated pessimism in Spain. Another hurdle arose during the Stuttgart Summit in June 1983 when it was made clear that Spanish entrance into the European Union would be conditioned upon its participation in the North Atlantic Treaty Organization (NATO), which would lessen the tensions concerning the Spanish agreement with Western defence. This caused great unrest in Spain, where the Spanish government had previously shown that it had no intention of participating in NATO; once again politics determined progress. After a change in the government's position on this issue, on 30 May 1982, Spain became the sixteenth member of NATO as decided by a referendum in Spain.

Having overcome this obstacle, in June 1984 negotiations advanced rapidly and in July the EU position focused on the liberalisation of trade in industrial products, with a seven-year period for dismantling tariffs that was more intense during the first few years. Spain had to accept a two-stage system for fruit and vegetables. By January 1985 there had been fifty-seven rounds of negotiations and six matters still remained: agriculture, fisheries, social affairs, resources, the issue of the Canary Islands, and that of relations between Spain and Portugal. In late January 1985, the Council of Ministers expressed its willingness to conclude negotiations in March; otherwise the agreement would be finalised later at a date still to be fixed. After sixty-one meetings they arrived at a final document, and on 12 June 1985 the Treaty of Integration was signed, and the date for Spain's entry was set for 1 January 1986.

Due to the economic problems that were likely to ensue, Spain had a transitional period of seven years, two more than those of the previous additions of the United Kingdom and Greece. Thus, 31 December 1992 marked the end of the transitional period and the date on which Spain would be recognised as a full member. The democratisation of the country, the unanimity among political leaders and economic efforts all eventually led to Spain's becoming part of Europe.

4. Progress after Spain's Integration

Even after its official entry, Spain had not completed the process of merging with fellow European Union member countries. Economic, political and social issues would continue to be central forces in the project's advancement. (Geotz and others, 2001; Torreblanca and others, 2005; Viñals, 1992; Antuñano y Fuente, 2002; Dehesa, 1995; Martin, 2000).

4.1. Economic Aspects. After joining the EU, Spain had to overcome new obstacles, such as the common currency and the allocation of structural funds. Despite the inevitable economic hardship associated with becoming more involved in monetary cooperation, in a gesture of goodwill and solidarity with Europe, Spain decided to add the peseta to the European Monetary System, as provided in the Treaty of Accession. This decision created high interest rates that were necessary to keep the value of the peseta within the established fluctuation bands.

After ten years of major economic and institutional reforms in the Union, in 1995 a schedule was adopted for introducing the euro, which began circulating on 1 January 2002. The criteria established in Maastricht, indispensable to the achievement of a monetary union, brought with it profound change in Spain. By mid-1998, Spain was to have achieved the structural reforms and convergence goals. It was then up to the Council of Ministers to decide who would continue on to the third stage of the monetary union (Anchuelo *et al.*, 1998).

All these efforts would not have been successful if they had not relied on the solidarity of Union members and EU funds. It is well understood that, in processes of integration, economic benefits are not shared equally by all the countries involved; they are reassigned by the market according to resource endowment. Regional policy and European solidarity work together to mitigate these imbalances. In this sense, Spain has been a net beneficiary of EU funds since 1986, receiving a large financial boost from its fellow members. However, due to the most recent widening of the Union, Spain's situation will change in 2013 when the country will become a net contributor.

According to the Commission, the Spanish GDP between 2000 and 2006 was 1.1% higher than it would have been without the aid of the Structural Funds.

4.2. Institutional Representation. As the number of participants in an economic union increases, the way in which each country is represented must evolve. After Spain and Portugal joined the European Community, structural changes were carried out that gave the new members a more significant role in decision-making. In the Council, Spain, as the country with the fifth highest population in the EU, received eight votes, compared to the ten votes of the "big four" while the European Commission came to be composed of 17 Commissioners, two of whom were Spanish, thus giving Spain the status of a "great" country. In Parliament, Spain was to be represented by 60 MEPs (Members of the European Parliament) out of a total of 518 seats; the Act of Accession provided a term of two years and election by direct universal suffrage and the first elections in Spain were held on 10 June 1987, and in 1989 Spain's Enrique Barón was elected President of the European Parliament (1989-1992). In the Court of Justice the number of judges increased from 11 to 13 and the number of advocate-generals rose from 5 to 6. On the Economic and Social Committee, Spain would have 21 members and in the Court of Auditors the representation of member states remained set at one per country while in the European Investment Bank, the number of vice-presidents was increased from five to six, with the new vice-presidency shared by Spain and Portugal. In the Governing Council, two seats were given to Spain and one to Portugal. The head of the Permanent Representation of Spain to the EU (REPER) - which is the channel through which all official communication between the Spanish administration and the institutions of the Union must pass, serving as an additional coordination filter - was also to occupy a seat on the Committee of Permanent Representatives (COREPER), the body of ambassadors of all member states that meets weekly to prepare the decisions of the Union Council. Finally, it was necessary to ensure the participation of all Spain's Autonomous Communities in these organisations. (Committee of the Regions) (Molina, 1995).

In short, Spain acquired a new political prominence with its participation in the organisation of European institutions.

4.3. Other Commitments and New Treaties. Following the implementation and progress of the Common Market, new objectives were introduced. The European Union Treaty, signed in 1992 in Maastricht, was meant to bring about a major step forward in Europe's economic and political integration in preparation for the creation of an Economic and Monetary Union.

Setting aside many of its own interests, Spain's government made its main goal fulfillment of the requirements necessary to be part of the first group to join the Economic and Monetary Union. Having obtained the required economic stability, Spain adopted the common currency on 1 January 1999, along with eleven other member states. The adoption of the euro and the European Central Bank were historical landmarks in moving towards a more united Europe. The Treaty of Amsterdam became effective on 1 May 1999; it was a new step forward in the building of Europe, which reinforced the community policies that had been established previously in the Union Treaty and which regarded specifically the establishment of an employment policy and the creation of a freedom, security, and justice space.

In December 2000, the leaders of all fifteen member states and governments of the European Union signed the Treaty of Nice and in 2005 they approved by referendum the European Constitution. Lastly, in December 2007, the Treaty of Lisbon was signed and was implemented on 1 December 2009 (Mangas and Liñan, 2005; Arandazi and others, 2001; Fraile, 2003; Rodriguez, 2002).

5. The Common Foreign and Security Policy (CFSP)

One of the primary reasons a Political Union treaty was drawn up was to give the Commission a presence and an international voice to complement its impressive commercial and economic power. To carry out this newly-found objective and assert an international authority, the Common Foreign and Security Policy (CFSP), was established. The

European Union would present its opinion on armed conflicts, human rights, or any other issue having to do with the fundamental principles set out in Union law. The Common Foreign and Security Policy objectives reinforced security in the European Union, encouraging international cooperation and developing and consolidating democracy, the rule of law, and respect for human rights.

In accordance with the terms of the European Union Treaty, progress was made in a common defence policy, and the inclusion of a Western European Union as a future structure in the common defence. The structure of the CFSP included distinct institutions that completed specific tasks. The most notable are: the European Defence Agency (EDA), created in July 2004; the European Union Institute for Security Studies (EUISS), created in 2002; the European Union Satellite Centre (EUSC), effective from January 2002; the European Union Military Committee (EUMC), approved in December 1999 as a high-ranking military body; the Political and Security Committee (PSC) – Article 25 of the European Union Treaty established that the Political and Security Committee was to take responsibility for the European Union's response in the event of a crisis – the European Union Military Staff (EUMS), set up in 2001.

5.1. Foreign Policy. European integration has not only to do with economics, nor is it limited to the space that exists within its borders. The European Union has been a world leader for international initiatives that are now considered fundamental. Thus the political element has been reinforced and since 2003 all new agreements must include a clause in which the partner countries agree to the non-proliferation of weapons of mass destruction. Various aspects of foreign affairs converge to convey a clear global message: in 1999, a High Representative for the Common Foreign and Security Policy was appointed, and in June 2004 an agreement was reached to create the figurehead of the Ministry of Foreign Affairs of the Union. Regarding the eradication of poverty and sustainable development, the European Union is the world's largest donor and its aid accounts for more than half the total official development assistance (ODA). Moreover, the EU provides

unconditional human aid to those in need as quickly as possible, without discrimination on the basis of race, religion or political principles.

The Union is committed to enlargement: autumn 2005 marked the beginning of negotiations for the integration of Turkey and Croatia and the former Yugoslav Republic of Macedonia was recognised as a potential candidate. Acting on the principle of good neighbourliness, with every new enlargement the EU intends to maintain good relations with its neighbours, including Russia, the Ukraine, Moldavia, the Republic of Belarus, and the Mediterranean countries. With the Good Neighbourhood policy, these countries will benefit from the domestic market, trading agreements and financial aid.

With regard to relations with Latin America, Spain and Portugal's incorporation in the European Communities opened a new front, the Latin American front, which until then had been almost forgotten in Europe's foreign-affairs policies. Current relations with Latin America are defined by general agreements: the European Union and the "Grupo de Río" signed agreements to facilitate the discussion of common interests, while the Latin American countries created a political consultation forum. The Strategic Association between the European Union, Latin America and the Caribbean (ALC-UE) is formed by groups that share the same principles in terms of human rights and democratic values, market economy, and the willingness to share the benefits of globalisation and new technological advances. The groups met for the first time in 1999 in Rio de Janeiro, in 2002 in Madrid, in 2004 in Guadalajara (Mexico) and in 2006 in Vienna. The EU has also established regional agreements with Central America, the Andes Community, and MERCOSUR and bilateral agreements with Mexico and Chile. Although it has not done so with Cuba, a dialogue does exist (Cuenca, 2002).

5.2. Free Movement of People. Significant progress concerning the free movement of European citizens was reached with the Single European Act (SEA) which was included as one of the domestic market's four fundamental liberties, requiring the abolishment of internal frontiers.

The Schengen Agreement was a new step that specified the principle

of free movement for all those living in or visiting the countries involved. The integration of the Schengen Agreement in the European Union was finally carried out by means of the Treaty of Amsterdam; as a result, border regulation disappeared in thirteen of the fifteen states, with the exception of Great Britain and Ireland. Nevertheless, it was agreed that in future this principle had to be adopted by all new member states.

5.3. Freedom, Security and Justice Space. The Maastricht Treaty established close cooperation in the Justice and Home Affairs sectors by creating an asylum policy and harmonizing foreign affairs with the Union's immigration policy. Since 1993, any national of a member state has the freedom to travel and reside freely in the European Union. The Treaty of Amsterdam introduced the establishment of a Freedom, Security and Justice Area as a new objective. Cooperation in the Justice and Home Affairs departments is modified by partially "universalising" some issues about "visas, asylum, immigration, and other policies related to the free movement of people."

The fight against terrorism is high-priority in the Union. The European Council, in June 2004, in line with the Declaration of 25 March (adopted after the 11 March attacks that re-established the principle of solidarity, which dictates that a terrorist attack against a country is an attack against the entire Union), approved the European Union Plan of Action to fight against terrorism with united intervention, not only overseeing its suppression but also taking responsibility for prevention and assisting the victims of an attack.

In judicial cooperation, all decisions made in a member state are recognised and applied in another state. The Commission incorporated a European information system for the exchange of information based on the European Criminal Record developed by Spain, France and Germany, and reinforced by EUROJUST as a body to assist member states in judicial cooperation. In civil law cases, the mutual recognition of legal decisions would allow the application of European legal precedents in cases regarding divorce, child custody or the non-payment of invoices. In the sphere of financial justice, the Commission

proposed a Fundamental Rights and Justice Framework programme with four specific programmes concerning fundamental rights, violence and drug abuse, civil justice and criminal justice.

6. Present Relations between the European Union and Spain

As we have already shown, Spain's entering the European Community brought important political and social changes, and required the country to open its economy to trade and investment, modernise its industrial base, improve infrastructures and revise economic legislation to conform to EU guidelines. These measures helped the economy to grow rapidly over the following two decades.

Unemployment fell from 23% in 1986 to its lowest point of 8% in mid-2007. The adoption of the euro in 2002 greatly reduced interest rates, spurring a housing boom that further fuelled growth. The strong euro also encouraged Spanish firms to invest abroad, where several of them have made significant investments in banking, insurance, wind and solar power, biofuels, road construction, food and other sectors.

The end of the housing boom in 2007 and the international financial crisis led to a recession that began in the second quarter of 2008. Housing sales and construction declined dramatically, and the unemployment rate nowadays is the highest in the European Union. Government spending on public works and unemployment benefits, along with declining revenues, have generated a high budget deficit.

The European Union has overcome other difficult moments, and made progress through them. Today, in the midst of an international crisis, we must all once again provide the leadership and energy necessary to ensure that Europe has the power and the voice it deserves in the face of the challenges and crises of our global world.

We believe that for Spain, which is presently facing a major crisis, Europe is more than ever the solution. Europe is a supranational region that sets global trends and it is also an example for social cohesion. However, in Spain, the international crisis has changed some perspectives in the interpretation of the consequences of European Union membership. Given the success of previous years as a member

of the Union during periods of high growth, it is only today that some of the hidden problems, which had not been sufficiently addressed in the past, have begun to appear, and are now requiring important governmental reforms. Thus, the crisis has shown that, as a member of the European Union, Spain needs to be more competitive. Productivity is one of Spain's main problems: It is also true that Spain can no longer use devaluation to solve its problems, because it is part of the euro zone. Spain cannot draw up its own monetary policy, given that the European Union has this capacity through the European Central Bank. In addition, in order to address the high unemployment rate, Spain has sought to make the labour market more flexible for less-skilled workers.

As far as European funds are concerned, the European Commission has already introduced changes in the use of those funds, and Spain will lose hundreds of millions of euros. Spain is to suffer a sudden, abrupt loss of funds, or at best will enjoy a mild and moderate phasing-out.

Finally, the so-called European Higher Education Space implies that the educational system of each member state must adapt to common frameworks and curricula and aim towards the same objectives. This process must be completed with the adoption of common basic principles regarding the goals and management of educational institutions and their main global objectives.

7. Conclusions

This article has highlighted the difficulties associated with the process of European integration. It has shown that, while the European Union is primarily an economic project, the consequences of Spain's integration have stemmed far beyond the borders of economics into political and social arenas. This provides the valuable lesson that, though economics plays a huge role, the political will and support of citizens is also crucial for the success of these projects.

Spain is an example of a country's adaptation to a supranational European system: the peaceful transition to democracy, demanded by its future partners, makes Spain a point of reference and study for

numerous countries in the process of democratisation, openness and major international integration. Entry into the EU in 1986 was a decision that forced the Spanish economy to modernise. Along with the Stabilisation Plan of 1959 and membership of international economic bodies, joining the EU is recognised as one of the most important events in recent Spanish economic history. As an entry condition, Spain accepted the Community Legislation (*acquis communautaire*) in numerous policies, while taking into account the necessary adjustments demanded by the single market, the common currency and the new common policies. It is a project that demands constant adaptation.

The Spanish example has confirmed the success of tying economic policy to the European integration project, despite the initial difficulties. Spain has not only reached a per capita income which is closer to the European average but has also consolidated its democratic base and linked the country to international flows, once and for all, leaving behind periods of isolation and narrow visions of reality. The negative effects of restructuring economic sectors have been mitigated by establishing transient periods, along with channelling specific community funds.

Spain's entry into the European Union has also brought changes leading to the creation of a freedom, common security and justice policy, with the free movement of people, as well as changes in foreign affairs.

In conclusion, the great efforts made by Spain's economic and social sectors are a positive reflection of the country's strong aptitude for Europe.

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