

Spain and Germany in a divided Europe. Issues and Perspectives of a relationship

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Spanish-German relations have gone through quite some change over the past decade, just as Spain underwent a massive change. Although it may have been largely disconnected from the rest of Europe during the late Franco period, Spanish democracy has turned around to embrace Europe. Over the past decade alone, Spain's gross national income per capita has nearly doubled, having a massive impact on the lives of Spanish people. USDA-data¹ shows that Spain's real GDP has also nearly doubled over its three decades of EU membership. By comparison, according to the same sources, the GDP of Italy in 1986 exceeded that of Spain in 2014, but while Spain's wealth was doubling since, Italy's GDP increased by less than 15 percent.

Before the financial crisis the Spanish-German relationship had been close since the formative years of building democracy. Spain's accession to the European Union and to NATO has been helped and supported by successive German governments while many in the Spanish political class, socialists, conservatives and the Catalan liberal-conservative regionalists alike, looked at Germany as a reference point of their country's development. This focus on Germany also supported the gradual departure of Spain's early role on the margins of the EU in favour of an engagement in the political centre in the course of the 1990s. As Spain matured in the EU and as a result of the long economic upswing the country experienced through integration, political relations also developed into a more balanced relationship despite the differences in size, GDP and political weight. Following reunification, on the other hand, Germany developed a stronger inward focus, while its import boom benefited many of Germany's neighbours in the EU, and not least Spain. In the Spanish view, Germany continued to be a model for the modernisation of Spain, while in the German view, Spain had become the most promising pro-integration partner in the south of the EU, especially since Italy's role in European affairs had changed significantly with the rise of Silvio Berlusconi.

¹ See <https://www.ers.usda.gov/data/macro-economics/Data/HistoricalRealGDPValues.xls>

The financial crisis of 2008 hit the country hard. It ended the real estate bubble and exposed clientelist structures that were still in place behind the façade of a modern economy and generally effective public administration. While the Spanish financial sectors received much needed assistance from the EU, the government sought to avoid becoming a “programme country” under the euro zone rescue mechanism. However, the crisis changed the perception of Spain in Europe. From being seen by many as the most “northern” country of the South, the crisis has seen the public image of Spain reduced to the more stereotypical aspects of the “Club Med”.

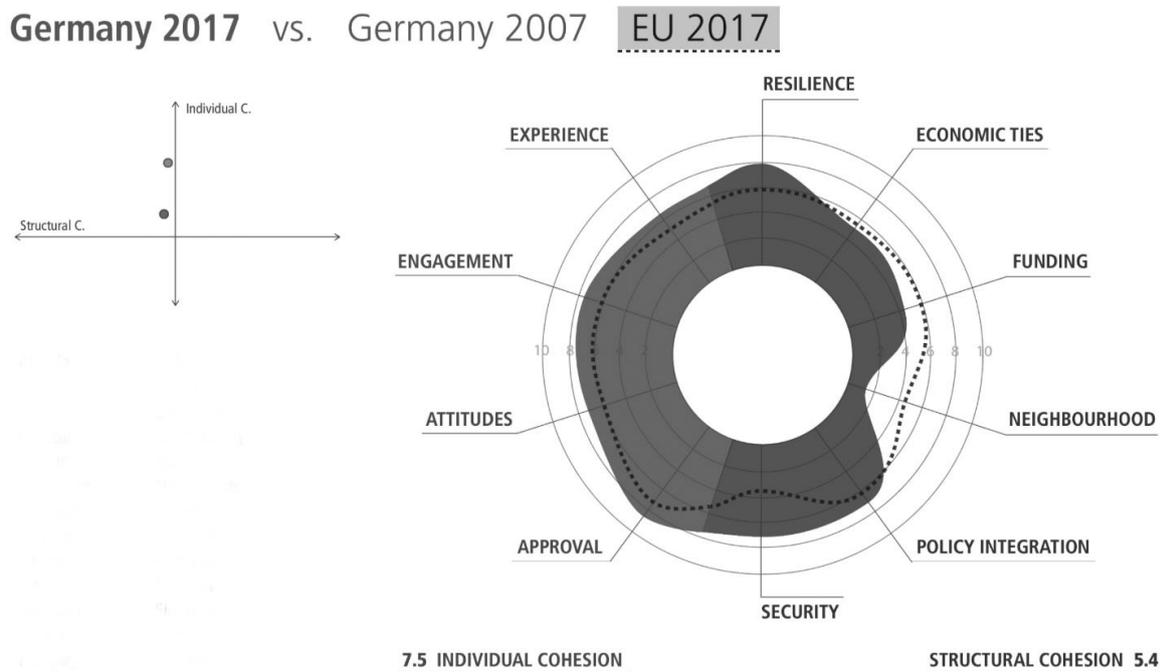
No doubt, this brief sketch of Spanish-German relations misses a lot of nuance in the bilateral relationship, it could, however, be useful to define the point of departure for both countries in the financial crisis and its aftermath. This paper seeks to describe and to understand the change which took place over the past decade in order to derive some conclusions and recommendations for the future of the relationship. The analysis is based on the findings of two major studies conducted in the context of ECFR’s project “Rethink: Europe”.

Cohesion – the willingness to cooperate within Europe

The crises of the past decade, notably the sovereign debt crisis and the refugee crisis, have visibly affected the level of EU cohesion in most member states. The overall trend for 2007-2017 shows significant growth in EU cohesion for structural or macro-level indicators in most countries to the east of Germany, while countries west and south of Germany have lost. A second divide runs between the north/northeast and the southwest of the EU – in the former, individual or micro-level cohesion has grown while in the latter it has decreased. Over the decade, Germany and Spain have moved apart: While Germany has remained stable in its structural cohesion level and gained in individual cohesion, Spain has lost on both accounts.

As can be seen in the graph below (**Chart 1**), Germany’s profile across ten cohesion indicators lies well above the EU average, indicated by the dotted line, except for the indicators Funding and Neighbourhood. Also, the level did not fall over the past decade, except for economic ties (the world outside the EU has become relatively more important) and for engagement, due to the rise of an explicit anti-EU party, the Alternative für Deutschland (AfD). A similar trajectory is found among the affluent smaller countries of the EU – the Nordic states, the Benelux countries and Austria. For all of them, structural factors have become less decisive, whereas individual factors carry the momentum of growing cohesion. In relative terms, the level of individual cohesion in Germany now ranks 5th in the EU, up by

Chart 1 EU cohesion in Germany 2017, compared to EU average



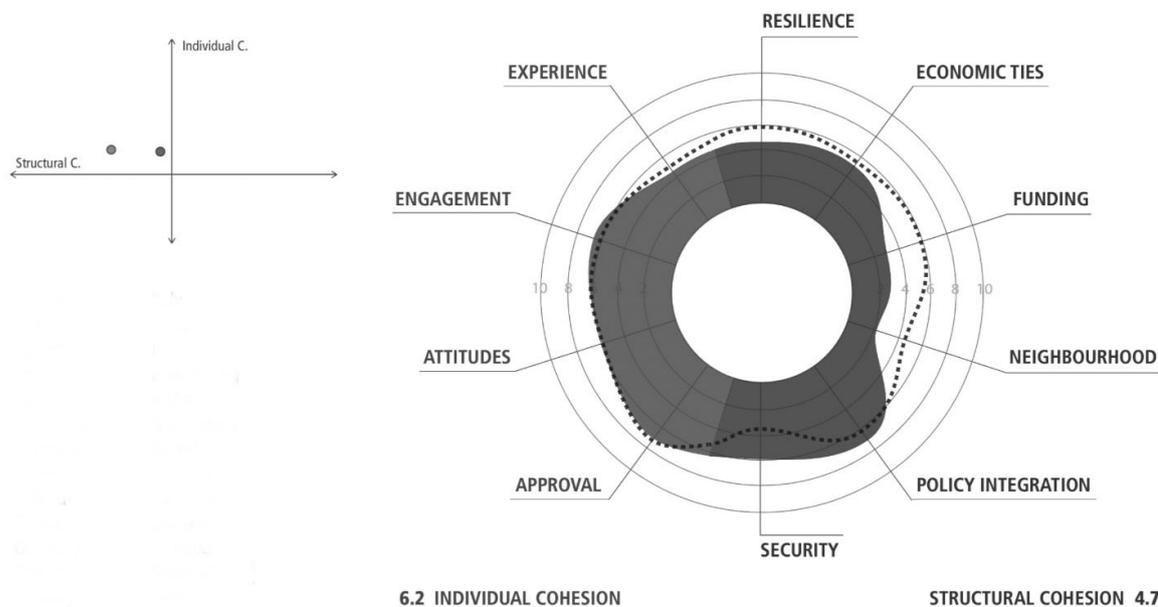
one place compared to a decade ago, while structural cohesion in Germany ranks 13th, down from rank 8 in 2007.

On individual cohesion, Spain today reflects the EU-average except for weaker experiences of the Spanish people with Europe. On structural cohesion, however, the country falls significantly below the EU-average except for the higher level of policy integration and a much closer cooperation with others on security and defense. As fallout from the financial crisis, socioeconomic resilience in Spain went down 2.9 points, the Funding indicator lost 1.4 points, and the indicator Economic Ties went down by 0.4 points. On individual cohesion the vote for EU-sceptic parties went up considerably, though the country does not have an open anti-EU party. The Attitudes indicator lost 1.0 points, but Approval, the indicator which reflects the view on the outcomes of integration, went up 1.5 points (**Chart 2**). In relative terms, Spain's structural cohesion potential has decreased substantially, falling from rank 8 in 2007 (the same level as Germany and France) to rank 19 in 2017, one rank place behind France. On individual cohesion Spain did not lose as much cohesion as Greece, Italy and France, but in relative terms the country went down from rank 7 to rank 14 over the past ten years.²

² To view and compare the cohesion profiles of the countries mentioned in this text, as well as all those of other EU member states, please download the EU Cohesion Monitor from www.ecfr.eu/eucohesionmonitor

Chart 2 EU Cohesion in Spain 2017, compared to EU average

Spain 2017 vs. Spain 2007 EU 2017



In 2007, Spain and Germany were close neighbours in the EU Cohesion Monitor matrix, with the same level of structural cohesion, and Germany leading by just 0.2 points in the individual indicators. A decade later, a gap of 0.7 points has opened on structural cohesion; on individual cohesion, the delta increased to 1.3 points. In cohesion terms, Germany is about as much ahead of Spain as Spain is ahead of Italy. So, while cohesion in Spain has suffered, it is still substantially stronger than in Italy.

Spain and Germany in the network of member state interaction

While the EU Cohesion Monitor builds on a structured analysis of existing statistics and public polling data, the EU Coalition Explorer³ gathers qualitative survey data from hundreds of online interviews with EU policy professionals in governments and think tanks

³ For a detailed analysis see Janning, Josef, & Zunneberg, Christel: The invisible web - from interaction to coalition-building in the EU, ECFR, May 2017, available at http://www.ecfr.eu/publications/summary/the_invisible_web_from_interaction_to_coalition_building_in_the_eu_7289; The EU Coalition Explorer full data visualization is available at www.ecfr.eu/eucoalition-explorer.

working on EU policy issues of the 28 member states. The findings of this pan-European expert survey provide insights into the perceptions among the class of European policy professionals, and allow an assessment of the connectedness, the reputation, and the significance of member states for others in the EU.

Among the currently six largest member states of the EU (Big Six), Spain occupies a comparatively marginal position, which is predominantly defined by geographic proximity. France, Italy, and Portugal are the countries Spain focuses on most, and these countries also have a strong focus on Spain. Regarding the density of contact, Spain is least often mentioned of the Big Six. The Spanish themselves list Germany as their most contacted member state, followed by France, Italy and Portugal; the attention is reciprocal except for Germany. In terms of shared interest, the biggest overlap exists with Italy, France and Portugal. Spain finds the same three countries also to be most responsive, followed by Germany. In the German professional class, however, Spain's responsive rating is rather low. While Spain is seen as disappointing mostly in the UK and France, and much less so in Germany, the Spanish top three disappointing partners are the UK, followed by Germany, with Netherland/Poland in third place (**Chart 3**).

The same items for Germany show a totally different picture. In all aspects of connectedness researched in this study, Germany is leading the board across the EU. Berlin's closest partners are France and the Netherlands. Germany is contacted often by many countries around the EU, while its own contact priorities focus on the large member states (except

Chart 3 Shared interests. Votes for Spain by Spain

Shared Interests Votes for Spain by Spain

Q2 "In your view or experience, which other EU member states generally share many of your own country's interests and preferences on EU policies? (select up to five)"



for Spain), Netherlands and Austria. The southwest and the north of the EU strongly share interests with Germany; the Germans emphasize joint interests mostly with the Netherlands, France and Austria, and to a lesser degree with Belgium, UK and Scandinavian countries. The same pattern emerges on responsiveness: here, the German professional class favours the other founding members but not Italy, Austria, UK and the Nordics stand out to a lesser degree. Looking at disappointing countries, the German professional class is most disappointed in Poland, Hungary, the UK and Greece, showing moderate levels also for the two other Visegrad-countries and France. Here as in all other aspects of connectedness, Spain does not show up in the German perception (**Chart 4**).

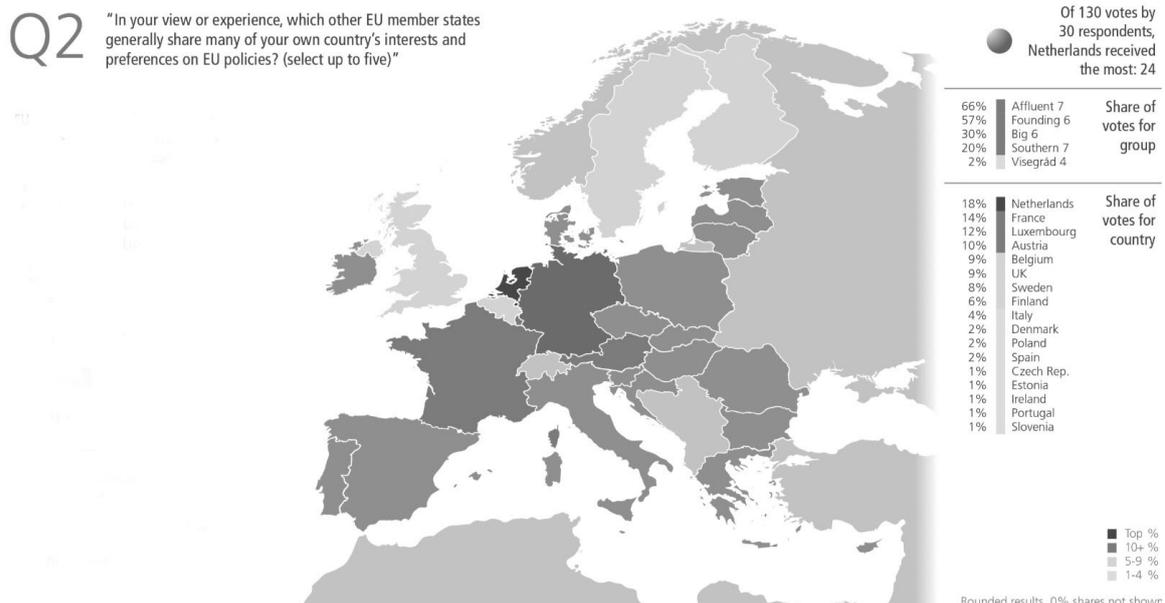
Political weight and relevance: Germany and Spain among the large member states

It comes as no surprise that Germany is leading the ranking of the Big Six in terms of overall influence on EU policy, though the consensus around the EU on the significance of Germany is striking. It is least explicit on foreign policy, security and defence, where Germany overall still is put in first rank more often than any other country. However, the view of the Big Six of Germany puts the country in second place after France, and that is also the German, the British, and the Spanish view – the professionals surveyed in Poland and Italy clearly see Germany in first place.

Chart 4 Shared interests. Votes for Germany by Germany

Shared Interests Votes for Germany by Germany

Q2 "In your view or experience, which other EU member states generally share many of your own country's interests and preferences on EU policies? (select up to five)"



Spain, on the other hand, is listed in sixth rank overall and on foreign/security policies, behind Poland. They switch places on fiscal policy. The period in question is the past five years, so Spain's troubles in the financial crisis and Poland's proximity to Germany before the change in government and its "spoiler role" after the change may be reflected here. Still, being seen as less influential than Poland despite a larger population, 2.5 times the GDP, participation in the Euro, and with a longer record of membership, indicates that Spain is currently punching below its weight (**Chart 5**).

When comparing results for Germany and Spain it is interesting to see that Spain is viewing its own influence clearly more positively than the EU average. Furthermore, in all three policy areas surveyed here (influence overall, influence in fiscal policy, influence in foreign policy/security/defence), none of the other large member states ascribes more influence to Spain than the Spanish themselves. A direct comparison shows an almost reverse assessment: compared to the EU average, the German professionals hold a slightly more positive view of Germany's influence overall, but a clearly less positive one of Spain's influence overall. Spanish professionals, on the other hand, hold a much less positive view of Germany's influence than does the EU average, and a much more positive view of their own role. The graph shows the same on foreign policy, security and defence matters, only that in this case both sides think more positively about Spain's influence than does the EU average.

A look at the professionals' view of essential partners by external policy clusters shows both countries in focus of EU partners, although in a rather different dimension. Spain is found at the bottom of the list of most mentioned countries in all four clusters with 3-4 percent of the vote, whereas Germany is found at the top with ratings between 12 and 17 percent. In the range of Spain will be countries such as Belgium or Austria, Sweden or Finland. In the range of Germany there is only France. While Spanish professionals list Germany alongside

Chart 5 Deviation from the EU average assessment of influence overall (left graph) and of influence in foreign/security/defence (right graph)

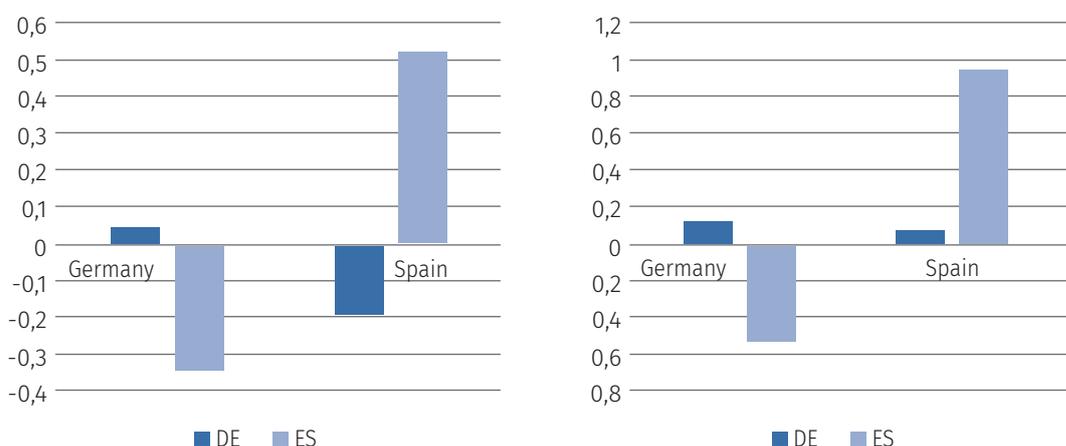
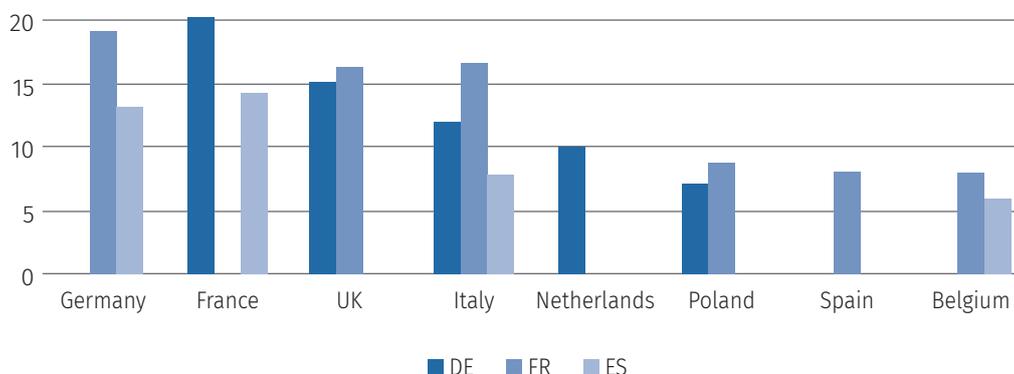


Chart 6 Essential partners in security and defence: the German, French and Spanish view

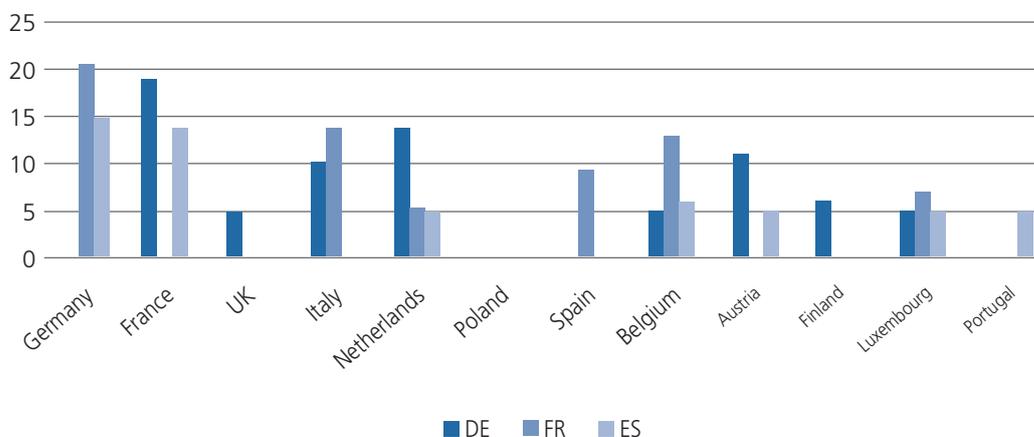


France most frequently as essential partners, German professionals list Spain in rather low numbers among the essential partners only on the economic and social policy cluster (**Chart 6**).

The pattern of essentiality becomes more obvious when comparing the assessments to each other. The graph shows the German, French and Spanish most essential partners on the policy cluster of security and defence – it is in this area where differences in judgement are most visible (**Chart 6**). Evident is the focus of France and Germany on each other. Both put rather strong emphasis on the UK and on Italy, a lesser emphasis on Poland. Next to that, the preferences diverge: for Germany, the Netherlands is an essential partner, for France it is Belgium and Spain. Spain itself views Germany and France as most essential, shares the Franco-German focus on Italy and the French focus on Belgium. Proximity is closer to France, the east and north of the EU are not in focus.

Regarding fiscal policy, a topic which favors cooperation among Eurozone member states, reveals a somewhat different positioning of Spain. Here, the Spanish partner preferences reach beyond supposed like-mindedness, including the Netherlands and Austria, but excluding Italy. Germany and France are focused on each other as usual; both put emphasis on Italy and their generally preferred smaller partner in the political core of the EU, Belgium for France and the Netherlands for Germany (**Chart 7**).

In sum, a gap appears between the political aspirations of Spain’s policy-makers and the professional class. While the leadership seeks to move the country closer to the governance and politics of Germany or Europe’s North, the interaction preferences and patterns as reported by the policy elite in government and the expert community speak for Spain’s southern orientation and network. In short – neighbourhood matters more. However, the orientation is not reciprocal: Neither the German view of Spain nor that of the Benelux or the Nordic countries matches the supposed northern orientation of Spanish politics. In its

Chart 7 Essential partners on fiscal policy: the German, French and Spanish view

southern neighbourhood, the Spanish view is mirrored by that of the Italian policy elite, but much less so by the French. Possibly, Spain's linkage to Europe's north will have to come through a reinforced relationship with a France that seeks to move the EU forward with Germany and with Belgium.

Conclusions

In light of its demographic and economic weight and in view of its location at the crossroads of Europe and North Africa, Spain seems to be underrated in the current line-up of the large EU member states. Its appreciation among EU governments appears to be shaped by an "eastern bias" among many EU governments and constrained by the fallout from the financial crisis. Over time, both factors will have to be reassessed, or European policy will be locked into misperceptions. In particular, a strategy that is focused on strengthening the political centre of the EU needs to pay attention to the EU policy of Spain. For years to come, Spanish politics will have to deal with the aftermath of the debt crisis, as Spain's fiscal position will remain tense for demographic reasons. At the same time, the country's European outlook and capacity could be constrained by internal conflict over autonomy and decentralization. If and when the new balance of the Spanish party system consolidates, and the financial crisis is kept under control, Madrid could become again a key player in shaping Europe as part of a coalition of pro-integration member states.

To many observers and practitioners, 2017 was assumed to be a year of renewed ambition and action on the European stage. In the policy debate, a "return" of Spain to a more active and engaged role in EU matters was widely expected. The domestic agenda, notably the conflict over the status of Catalonia have prevented Spain's comeback in Europe. The country has been in focus, but not for its capacity to act in the EU.

With regard to Germany, the general expectation has been to see a renewed Franco-German Motor following the German elections in September 2017 and presentation of Emmanuel Macron's vision for Europe shortly thereafter. As it turned out, the transformation of European societies and political representation also affected the German political system more profoundly. As the forming of a new government drags on, the momentum of a Franco-German restart for Europe is crumbling. When a new government finally arrives, its European mission will be overshadowed by the quarrels and casualties of domestic coalition-building. In all likelihood, the next German government will continue the pragmatic approach of its predecessor, mindful not to alienate the German public in its deliberations within the EU.

The domestic constraints in both Germany and Spain weaken their capacity to act at a moment in which the EU-internal dynamics are changing. With Britain leaving the EU, and an integration-averse coalition in East-Central Europe, the network of relationships between member states is in flux. In many of the smaller member states, a review and reflection process has begun to sort out options and partnerships for the coming period, most notably in countries like the Netherlands and Sweden. In a broader sense, a new sensitivity is seen among the affluent smaller countries, including Austria. Ireland is obviously repositioning itself, and also the Baltic states appear to become more active not to disappear behind the Visegrad block. In Italy and Spain, the meetings at four, with France and Germany, have been perceived as a new and hopefully permanent layer of interaction, while leaders in Paris and Berlin seem to take a more instrumental view of the format.

It seems the EU and its member states are in search for a renewed political centre in which member states come together to launch common policies, take ownership, and work with the European institutions in their pursuit. The debate about flexibility and opt-in initiatives such as PESCO has to be read in this context.

German EU-policy faces the decision about its preferred modus operandi: whether to lead in presidential style in the way Berlin has frequently acted over the past years, or how to build new coalitions between member states. The former approach has suffered in the aftermath of the refugee crisis and appears less convincing in light of the current troubles to form a government. The latter requires initiative and coordinated action between the Chancellor and her Foreign Minister – something, the coalition partners have spelled out in their agreement. When reaching out, Germany should focus on the affluent smaller member states to respond to the evident interest in becoming engaged, and it should work to broaden the base, including the search for more common ground with pivotal EU partners such as Spain and Poland.

For Spain, the European Union is the one framework in which both its structural reform challenge and its open conflict over state organisation could be overcome – not via Brussels but by putting the domestic decisions into a European proportion as Spain's interests require an active and shaping role of the country in Europe.



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