

## On stage without a script

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In the last few years, the Spanish government has untiringly presented Spain (at least on a national level) as a major, though scantily acknowledged, global power, which ought to have more influence within the main decision-making bodies where it supposedly plays a “clearly active” role. Behind this façade, the reality is more modest. Spain has traditionally been absent from the important international debates on development. The self-styled activism of Spain is actually a circumspect performance, both regarding the destiny of human and financial resources and initiatives for political action. Lacking a national strategy, Spanish representatives take shelter under the assumptions of the dominant position (usually held by the European Union, the International Monetary Fund or the United States), and only rarely dare to go beyond their script. This same silence has accompanied the preparations for the International Financing for Development Conference, with the added difficulty that in this case, Spain is cast in a leading role, as it will be chairing the European Union in the first half of 2002. Will it be capable of putting on the show and contributing an original script of its own?

### Official Development Assistance: regression on the way forwards

Official Development Assistance (ODA) is practically the only area in which Spain has a different vision from the rest of the international community. Unfortunately this position does not involve greater commitment to international development objectives and the struggle against poverty. Spanish policy strays further every day from the principles and recommendations of the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD). These principles include the right of association, appropriation of assistance funds by the receiver, integration of development instruments and coherence of policies. Spain has denounced the DAC as an ineffective instrument in the struggle against poverty and questioned the appropriateness of the 0.7% GNP development commitment. By refusing to endorse commitments by the Council of the European Union to reach the 0.7% GNP goal within the specific time frame, by giving priority to the donor country's national interest over the needs of the receiver, and by continuing to be one of the countries within the DAC with the greatest volume of tied aid, Spain has betrayed the people they are claiming to help.

These circumstances have led over 200 development professionals and 100 assistance-related organisations to sign a declaration opposing regressive changes in the foreign aid system and favouring a policy that is effectively geared to alleviate poverty. The conflict between the government and these groups has worsened and there are serious indications that the critical stance of some development NGOs has influenced the process of assigning official resources for non-governmental cooperation. Tension and lack of confidence among the stakeholders involved in assistance have increased at one of the worst times in its history.

### The incongruity of international trade

Regarding trade policy, Spain has been part of the majority consensus in the European Union that negotiates trade issues with one voice. At the ministerial meeting in Qatar in November 2001, this position centred on the defence of a broad agenda of negotiations, including an interim agenda for agriculture, services and industrial products together with other issues such as investments, competition, government procurement and the environment. The outcome of the meeting was a victory for the European Union, with some nuances.

For its part, the Spanish government maintains an ideological position that is almost fundamentalist in its support of free trade. It has defended this position untiringly in its bilateral relations with Latin American and the Maghreb countries, in contrast with its position of protectionism in areas that are sensitive to poor countries, such as agriculture or textile production. In this respect Spanish policy is no more inconsistent than that of other developed countries, such as the United States, Japan, Canada or the other members of the European Union.

Over the past few years, Spanish NGOs have demanded reform of the government's trade policies with the countries of the South, promoting a liberalisation of the markets in sectors that are economically more sensitive for those countries and a more energetic defence of the position of poor countries in conflicts such as those regarding patents and access to essential drugs. They have also requested that Spain take advantage of its presidency of the EU to promote a more coherent and energetic performance by the whole of the EU.

## Foreign debt: fulfilment of the minimum

Unfortunately, Spain made little progress in 2000 and 2001 in its goal to abolish external debt. Despite the endorsement given time and again by the Spanish people, initiatives that go beyond the strict observance of international agreements on the issue have not been promoted. This strict observance of the international timetable for external debt cancellation has, in practice, caused a decrease in the amounts effectively cancelled in the year 2000 (over 80% of cancellation computed as ODA between 1999 and 2000) since indebted countries are reaching the end of the HIPC Initiative. One positive note was the contribution by Spain to the initiative's trust fund, amounting to USD 70 million.

Debt conversion programmes that have been launched by the Spanish government are encountering various difficulties, such as in the case of Morocco, where a cooling off in the relationship between the two countries is paralysing an initially successful process. The major obstacles to decreasing external debt are severe financial conditions, giving priority to looking for trade benefits beyond promotion of local economic activities and failing to include civil society in decision-making and implementation of development programmes.

Furthermore, the Spanish government has not sought innovative solutions to the external debt crisis in countries such as Ecuador. This issue is very much in the news in view of the constant influx of Ecuadorian immigrants, yet the government has not even considered the proposal made by the *External debt, eternal debt?* campaign. Spain has not yet spoken out on various proposals such as one made by the IMF regarding the creation of a new insolvency and suspension of payment mechanisms that could be very useful to countries like Argentina, where Spain has considerable economic interests.

What causes even more concern is the attitude of the Spanish government in Parliament, where each and every one of numerous initiatives promoted by political groups and social organizations and movements advocating more discussion of the effects of foreign debt on the countries of the South and possibilities for its alternative management has been paralysed.

## Private capital and development: a debate that never takes place

Over the past few years, Spain has consolidated its rank with respect to international capital flows, presently holding sixth place among the industrialised countries in Foreign Direct Investment (FDI) and eighth place in reception of investment. This presence is particularly significant in the case of Latin America, where Spanish companies occupy predominant positions in fields such as banking, telecommunications and energy.

Beyond campaigns against and specific complaints about the impact of some companies' behaviour (such as that of Repsol in Bolivia or Endesa in Chile), there has not been sufficient debate on the role of Spanish companies abroad from the standpoint of the economic and social development of the receiving countries. Some private initiatives do exist, geared towards generating new standards of ethical and social management of companies, but in general there is insufficient interest shown by the major companies involved and these processes are at a very early stage. It is hoped that the discussion on the European Union's Green Book on Corporate Social Responsibility<sup>1</sup> will contribute to raising the level of this debate and lead to more energetic support from the government for this issue.

## International financial architecture

Historically, the government has expressed regret that Spanish representation in the governing bodies of the international financial system (such as the World Bank and the IMF) has not reflected Spain's importance in the world economy. On the basis of the economic interests of Spanish companies abroad, particularly in Latin America, Spain should play a larger part in the decision-making of these institutions. Thus far the timid Spanish role in the debate about international financial architecture has been the promotion of world financial stability, taking special interest in problems related to moral risk and the participation of the private sector in the prevention and solution of financial crises. The objective of poverty eradication usually appears on a secondary level. Issues such as increased participation by the countries of the South in global decision-making are not even mentioned among the areas of interest.

Spanish involvement in this international debate is still at a very early stage and is characterised by the defence of national economic interests. The executive branch has persistently refused to discuss with Parliament and civil society issues regarding Spanish participation in international financial institutions. This attitude has reached such an irrational level that an official reply to Congress stated that it was impossible to provide reports on the subject because "communications with the Spanish representatives... take place in a very agile and fluid manner, through various media, especially by telephone and by e-mail." Attitudes of this kind contradict the spirit of "participation and appropriation" that theoretically prevails in international discourse. This obscurantism and disregard for the representatives of the people's will is unfitting for a democratic state. ■

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<sup>1</sup> "Green Books" are communications published by the European Commission on a given specific political area. The *Green Book on Corporate Social Responsibility*, published in July 2001, includes a specific appeal to all interested stakeholders to submit their opinions on this matter.