

# Interview with **José-María Siles**

By Ali Onur Özçelik\*

Although he was born in the heart of Andalusia, Spain, those who know him are quick to point out that his perfectionism in work seems *more Swiss than Spanish*. Some would argue that his *teutonic* work ethic has something to do with the fact that he spent long periods of time in Germany as a foreign correspondent for the Spanish National Television (TVE). Spending time as a foreign correspondent in Berlin (covering the fall of the Wall), Rabat, Sarajevo (during the siege), Madrid, Port-au-Prince, Kinshasa, New York, Washington and finally Brussels, José-María may have had to acclimatize to local cultures, but that has never meant adapting to local working hours. He likes to define himself as a fighter, never giving up and always going beyond (and behind) the news, looking for new ways to understand reality.

And it is a great opportunity that Mr. Siles will discuss his approaches to issues from the Greek crisis to Euroscepticism.





***So Mr. Siles, given the fact that Spain, Portugal, Greece and Ireland have received massive structural funds from the EU, why do you think all cohesion countries are struggling with an economic crisis? What is the main reason behind the economic crisis in those countries?***

I don't think both things are related. In terms of the funds, some countries (like Spain) have used them well, in a transparent and efficient way; others (like Greece) have not been as efficient at using the money and apparently the level of fraud has been high. The main cause of the crisis in these peripheral countries is the high level of public spending, which far exceeds national income. In other words, such states have spent more than they have produced. They have lived in a bubble of well-being that has exceeded their means and now they have to pay for what they didn't have. And continue lacking. But because they're in the Eurozone their liquidity problems affect the others.

***The Greek crisis has led to fears that this is only the beginning of a deeper sovereign debt crisis that could ultimately destabilise the Eurozone. Are these fears exaggerated? How to deal with these problems?***

In fact, the Eurozone has already become destabilised. The Greek problem became everyone's problem, just like the Irish, Portuguese, Spanish or Italian problems. When things become difficult, politicians blame markets, but no one takes responsibility nor shows leadership. The sovereign debt crisis has exposed the lack of leadership qualities, courage and vision of European leaders. Every time that they act they do so late and timidly. The measures adopted at the last euro summit, on 21 June, should have been adopted a year earlier. Let us not forget that the first thing that European leaders did as soon as Athens' real debt and deficit were known was to announce that Europe would not help Greece. In the last 18 months we have continually seen how every single measure that has had to be adopted has implied a U-turn or correction vis-à-vis an earlier policy decision.

***What needs to be done to rescue the Greek economy? Is it even possible to rescue the Greek economy?***

I believe that what is being done is the only thing that can be done to save the Greek economy and the euro. There was no alternative to the bailout, even though both the first and second phases have not provided sufficient funds to this end. However much Greece tightens its belt I cannot see them viably reducing debt to the levels foreseen in the plan, much less if we consider that the austerity measures undermine the possibility of economic

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growth, putting the public purse under even greater strain. In those countries in which an outside intervention has been necessary to reduce public debt and excessive deficits, economic recovery has been a longer and more painful process.

***Is there any room for Greek government to stabilize its economy in the near future? Or is there worse ahead for Greece?***

The problem of the peripheral Eurozone countries is that they have lived for over a decade beyond their means, in a bubble of the *nouveau riche* that, when it burst, has revealed the structural weaknesses of their economies. When there was prosperity they did not undertake the necessary economic reforms and now that they in trouble they are being forced to adopt them. In the case of Greece, with an especially reduced capacity for wealth-generation currently, I foresee many years of difficulty. I don't think that it will leave the Eurozone because that would imply a huge political failure on the European stage. However, the Germans, who feel that they have done their homework, are increasingly reticent to pay for those who have not met their obligations and have spent what they didn't have in the first place.

***There are some expectations that the crisis in Greece can spread to the rest of Europe. What do you make of this? What are the possible consequences of such a crisis for the future of European Integration? Do you think a renewed wave of Euroscepticism is likely?***

European leaders agree on the fact that the failure of the euro would mean the end of European integration, even the end of the European Union. I think they are exaggerating. No one believes that they are going to allow the euro to collapse. If we look back, European integration has advanced slowly, with much hesitation, but never has even one iota of progress ever been seriously questioned. Well, it has to be said that maybe the current revision of the Schengen Agreement, in the face of rising xenophobia in a few European countries and the generalised fear of a massive influx of foreigners, bears the seed of a historic step backwards in the process of integration. But I feel that Schengen will stay in place and that European borders, once opened, will only be subsequently closed through war. And war is something unthinkable in Europe precisely because what we have built in the past 50 years is the best vaccine against nationalism and hatred amongst the peoples of Europe.

***What steps do EU leaders need to take to prevent another crisis in the eurozone? Do you think that the EU should be***

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***given more power and responsibility to manage the European economy?***

There is increasingly talk of a European economic government that would see Member States relinquish further national sovereignty. This sort of control from Brussels would have prevented the Greek crisis. Well, a real form of control would have. But there were already rules of the game to the Eurozone which were supervised from Brussels and which the Member States have not respected. In terms of the rules on deficit spending not even Germany, which was on the verge of being punished by Brussels, respected the 3% rule. Greece manipulated its statistics to be able to join the euro because its debt already far exceeded the 60% threshold by the beginning of the 1990s. As a result, it has to be said that the first thing that states need to do is stick to their commitments while mechanisms need to be put in place to ensure that those who do not do so are punished. That is what the Eurozone leaders are working on at the moment. Spain's economic policy, for instance, is now set in Brussels, not just that of countries having already received a bailout. So yes, I think we have already begun acting, timidly, as though there was a European economic government. Jean-Claude Trichet, President of the ECB, called for a "ministry of Finances for the Union". I think it is real nonsense. I wonder how has a "de facto" European foreign minister helped to give more weight to Europe. The next step, once we overcome the taboo that the ECB buy the sovereign debt of those countries in trouble, would be for the ECB to directly issue Eurobonds to cover the debt of the 17 Eurozone members. But it's not going to be an easy task. Rejecting the Eurobonds as the solution for the crisis, Mrs Merkel was backed by her finance minister, Wolfgang Schäuble, who said during this summer markets turmoil, that the Eurozone would become an "inflation community" if countries opted to sell a joint bond without first unifying their fiscal policies.

***Do Member States have to relinquish some national sovereignty? Will they be willing?***

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The extreme case within the European Union, could be the UK, which will never accept the euro as its currency and the growing (and inevitable) loss of sovereignty that it would entail. At the other end of the spectrum are those peripheral countries, both those having received a bailout and those who haven't, who see in the euro the best guarantee against bankruptcy. Germany, whose economy has benefitted the most from the establishment of the single currency, the issue of relinquishing national sovereignty has been a tricky one, but it always ends up being accepted. France and Italy, the other two major European economies, see more gains than losses from monetary integration and they accept (and even request) more European economic

governance. I strongly believe that if we don't move forward on the issue of relinquishing sovereignty this is because German public opinion is reluctant to pay for others' damage and does not want the fate of its public spending to be decided in Brussels.

***The Cyprus Question has been a critical issue in EU-Turkey relations for quite some time. Do you think the normalisation of relations between Greece and Turkey during the enlargement process is threatened by the crisis?***

I don't think so. We are basically talking about a political problem here. The recent announcement that Cyprus, also in the Eurozone, might need a bailout has not affected the sovereign debt crisis brought about by the Eurozone's peripheral members. In the face of fears that Spain and Italy might fall, the small size of the Cypriot economy renders it an anecdotal case. Cyprus is a political issue, but not even the lack of agreement over its reunification could stop it from joining the European Union, to the surprise of some. In terms of relations between Greece and Turkey much the same can be said. I don't think the economic crisis can affect in any way this other, political crisis.

***In light of Turkey's high rate of economic growth and the economic crisis faced by the EU, do you think that joining the EU is no longer an economically attractive prospect for Turkey?***

Turkey's entry into the European Union has more to do with psychology and history than with the economy or politics. It has to be said that Europe's political leaders would have to muster the courage to face up the choice of either admitting Turkey or rejecting outright its membership application. This is what they ended up doing with countries in Eastern Europe, which were allowed to join mainly for historical reasons (and as a result of economic interests, particularly those of Germany) rather than because of their inherent merits or the ability of the EU to absorb them. Europe has to have a proper debate about this issue. Our leaders have prevented both those of us in favour and those of us against enlargement to properly discuss of the issue. In terms of the citizens of Turkey, I understand that they are tired of this game that has been played for far too long. That being said, I believe that if the day arrives where we talk about Turkish membership seriously, both in the EU and in Turkey there would be much to say about. **PR**

**Note:**

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