
Downward Spiral: Southern Europe Remains Stuck in Crisis

3 July 2013. **Spiegel.de.**

<http://www.spiegel.de/international/europe/efforts-to-halt-the-euro-crisis-ineffective-in-southern-europe-a-908856.html>

- **For years, EU leaders have been trying to put a stop to the debt crisis that has been tearing apart Southern Europe. They have made little progress. Is it time for a change in strategy?**

Spanish top models strutted on the stage to the sounds of flamenco music. They were wearing tightly fitting clothes made by their country's most famous designers and presenting plates of bold tapas creations by Spanish chefs.

Staged in the middle of the European Parliament in June, the show represented a rebirth of sorts. "We have something to offer to the world. We are not just a land of crisis," said Foreign Minister José Manuel García-Margallo. And he hopes to use the blend of fashion show and cooking event to present the Spanish brand name, the "Marca España", to the world. It comes with a promotional video proclaiming that Spain has the "world's best bank," the largest number of installed solar panels of any country across the globe and a big heart. The Iberians, the video notes, are also unbeatable when it comes to the number of organ donors.

But will that be enough to lead Spain and the rest of Southern Europe out of the current crisis? There is plenty of room for doubt on that score.

Aside from the lender praised in the video, Banco Santander, Spain has a weak savings bank sector with an uncertain future, all efforts to rehabilitate it notwithstanding. And despite the many reforms, government debt and unemployment are still on the rise in Spain, while the economy remains stuck in recession. And Spain remains one of the more hopeful of Europe's many troubled economies.

The sovereign debt crisis has been eating its way through the Continent for the last four years, despite the various remedies prescribed by crisis managers in Brussels and Berlin, and at the European Central Bank (ECB) in Frankfurt. The situation in the euro zone eased somewhat after ECB President Mario Draghi's announcement last summer that he intended to do everything possible to preserve the euro. But it is now becoming clear how deceptive this period of calm was. Since US Federal Reserve Chairman Ben Bernanke announced his aim to gradually pump less money into the financial markets, interest rates have gone up considerably in both the United States and Europe.

By SPIEGEL Staff