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**NATIONAL FOREIGN ASSESSMENT CENTER**

WASHINGTON, D. C. 20505

121 AUG 1980

NOTE FOR THE DIRECTOR

Here is the mood piece on Spain requested by Ambassador Kubisch when you and the DDCI lunched with him on 15 July. During a subsequent exchange with the Assistant NIO for Western Europe, Ambassador Kubisch indicated that he was in no particular hurry for the paper; we therefore delayed until we could send him this internally coordinated Overview from the Interagency Intelligence Memorandum on Spain.

Bruce C. Clarke, Jr.  
Director

cc: DDCI

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The Director  
Central Intelligence Agency



Washington, D.C. 20505

*ER-80-1742/a*

*25 Aug 80*

The Honorable Jack Kubisch  
Department of State  
Room 7208  
Washington, D.C. 20520

Dear Jack,

In response to your request for a mood piece on Spain, here is the Overview of the Spanish Interagency Intelligence Memorandum that is due to go to press shortly. The Overview provides a bird's eye view of Spain today along with our best estimate of where the country is likely to be heading between now and the next scheduled election in 1983. The IIM itself is a lengthy and comprehensive study of prospects for Spanish democracy, but it does not delve very deeply into the Spanish position on negotiating a new bases agreement. We would be pleased to undertake a more detailed study of any of the issues raised in the Overview, if you think it might be useful to you.

Yours,

*/s/*

STANSFIELD TURNER

Attachment:  
Political Prospects in  
Spain: Overview

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19 August 1980

MEMORANDUM

POLITICAL PROSPECTS IN SPAIN: OVERVIEW [REDACTED]

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Summary

Our prognosis for Spanish democracy is guardedly optimistic. The institutional framework is in place, and the political leaders have demonstrated their ability to cope with shocks to the system in a democratic manner. Despite growing popular disillusionment with democracy's failure to solve problems overnight, only a negligible minority would prefer a return to Francoist authoritarianism. The major strain on the system throughout the 1980s is likely to be the "Basque Problem" and its attendant terrorism; a convincing case could be made for considering this a serious threat to the consolidation of democracy, but we believe that the odds now narrowly favor a peaceful solution. In foreign policy, Spain's first priority will continue to be "joining Europe" (in the broadest sense) while maintaining enough "independence" to serve as a bridge between the West and the Third World. The most contentious international issue is the government's recent decision to join NATO sooner rather than later; the opposition is adamantly opposed, and political pressures over the next year or two may cause the government to back off again. [REDACTED]

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This memorandum, requested by Ambassador Kubisch, was prepared by [REDACTED] the Western Europe Division of the Office of Political Analysis. The paper was coordinated with the National Intelligence Officer for Western Europe, the Office of Economic Research, and the Directorate of Operations. Research was completed on 1 August 1980. Questions and comments may be addressed to the Chief of the Iberia Aegean Branch, Western Europe Division, OPA, [REDACTED]

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Spain has completed its transition from authoritarianism to parliamentary democracy in a strikingly short time with relatively little disruption--revealing in the process an unexpected unity in a society that has historically been bitterly divided between "the two Spains." [redacted]

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The success of the transition owes a great deal to the transformation of Spain that took place during the latter half of Franco's 40-year rule. Economic, social, and political evolution laid a firm foundation for the move to democracy. The Spanish people were ready for change; in a sense, they were waiting for Franco to die so that they could get on with becoming a modern, pluralistic society. [redacted]

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Nevertheless, democracy would not have been achieved with such deceptive ease but for a group of talented leaders who rose to the occasion. King Juan Carlos and Prime Minister Suarez, in particular, mapped out the reform program and kept the military in line. Above all, they fostered a consensus among political leaders on the basic reforms that were necessary--a positive feeling that all were headed in the same direction, however much they might quibble about the pace. When difficulties arose, the memory of the Civil War encouraged compromise. [redacted]

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The goal of all major parties was to promulgate a constitution guaranteeing the rights of all Spaniards and providing for a parliamentary democracy similar to that in other West European countries. This was accomplished by the referendum in December 1978 and the legislative and municipal elections that soon followed. The result--a democratic framework and a constitutionally elected government in charge--was either fully supported or at least acquiesced in by all major institutions. [redacted]

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In many ways the process of consolidating democracy is proving a greater challenge than the transition itself. The issues are no longer so clear-cut, and the spirit of cooperation that earlier dominated has gradually given way to a more contentious atmosphere. Though the parties still agree on the general shape of Spain's future, there has been a shift toward more partisan politics as Suarez moves to buttress his position and the Socialists act more like an opposition. Though this dwindling of the spirit of consensus is part of the evolution to democracy, it will weaken the government's ability to deal with a series of problems, many of them made more urgent for having been deferred so that the constitution could be put into effect as quickly as possible. [redacted]

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The most volatile of these deferred issues, involving nothing less than the fundamental restructuring of the Spanish state, is the demand for regional autonomy. The constitution's largely open-ended provisions on devolution respond to a widely held desire--fueled by 40 years of

Francoist authoritarianism and hundreds of years of administrative centralism--for decentralization. Regions with little tradition of autonomy or even sense of identity are clamoring for home rule, but the Basques and Catalans are the driving force. The "Basque Problem" in particular is a tough challenge for Madrid, which must strike an equilibrium between devolving enough power to the regional government to head off the radicals while keeping ultimate control to itself. Basque terrorism and military reluctance to grant regional autonomy compound the problem and add to its urgency. [redacted]

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Because of political preoccupations, major economic problems were not addressed until late 1977. Though the all-party Moncloa Pact helped reduce inflation from 28 percent to 16 percent in one year, the government has had little success in reducing it further. The unemployment rate, very low under Franco, soared to over 10 percent in 1979 and is almost double that in parts of depressed regions like Andalucia and Extremadura. [redacted]

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These seemingly intractable problems have contributed to a growing skepticism about the current government--indeed, about any democratic government. Exaggerated expectations that democracy would solve all problems have been dashed, and this has led to declining turnouts in referendums and elections. Should this trend continue, the political center--which suffers more from abstentions than the extremes--could be hurt, and the system itself weakened. [redacted]

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Along with disillusionment, a sense that government has not really changed much has grown. Although there is a flourishing opposition and a government responsible to parliament, when it comes to basics, things still get done much as they did under Franco. Politicians meet behind closed doors to thrash out their differences, and agreements are presented to parliament as faits accomplis. The smaller parties are squeezed out of the action, and even within the larger parties, a few key people make the decisions. Suarez's style of government [redacted] draws upon the Francoist textbooks. Moreover, it is becoming increasingly clear that the system--the electoral laws, government control over patronage and television, and ingrained distrust of any alliance of the left--shores up the conservative establishment. [redacted]

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Though Suarez's position has weakened, he would be difficult to dislodge. Parliamentary arithmetic requires the Socialists either to strike a deal with the right (which seems highly implausible) or to split Suarez's Union of the Democratic Center (UCD). Despite its squabbling factions, the UCD is unlikely to fall apart--partly because of Suarez's considerable skills and partly because the defectors would fear losing their positions of power. If over time, the UCD begins to function as a party rather than an electoral coalition, its grip on power could become unshakeable. [redacted]

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The Socialist Party (PSOE) faces a serious challenge. How can they respond to a system in which they are always the bridesmaid? The party has gone far toward becoming a responsible center-left party with a social-democratic orientation. Like all major Spanish parties, it is rent by factions, but none is likely to split off anytime soon. Having brought the party through the trauma of his resignation and reelection last year, Felipe Gonzalez now seems to have the PSOE firmly in hand. Frustration and fear of political isolation could drive the Socialists toward a more militant line, but, on balance, the perilous economic times that lie ahead would seem to dictate moderation. The Socialists, therefore, will probably focus on enhancing their positions in municipal government and organized labor while integrating themselves into the complex network of political, economic, and organizational ties that underlie the power structure in Spain. [redacted]

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The Socialists could come to power in a grand coalition with Suarez, but this is unlikely before 1983 unless political or economic matters take a drastic turn for the worse. Both parties fear such an alignment would boost their respective rivals--the Communists on the left and the Democratic Coalition on the right. Suarez, moreover, would be loathe to give the Socialists a further cachet of legitimacy that could bolster their election prospects. [redacted]

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Though the government's mettle will be fully tested by its economic and regional problems, the bogeymen of the early transition period--the Communists, the far right, and the military--no longer appear a serious threat either to democracy or to Suarez's tenure. The first election revealed that neither the Communists nor the right can muster much more than 10 percent of the vote. Though the Communists are still strong in labor, they have been shoved to the political sidelines during the past year, and even labor seems less inclined to respond to agitation by the Communist-dominated Workers Commissions. The old Francoist establishment has been largely absorbed by Suarez's party, though a rear guard still marches to Manuel Fraga's drum in the Democratic Coalition, and a still smaller number fulminate in the political wilderness of the ultraright. Military opponents of the transition are leaderless, and their capacity for independent action has been sapped by decades of inactivity. Short of a major breakdown in internal order, the chances of a coup or even a pronunciamiento are remote. [redacted]

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Suarez, then, seems reasonably well-placed to carry on at least until the next legislative election, which must be held no later than 1983. From that standpoint it matters little that the forces keeping him in power have become more negative than positive: credible alternatives to him are few and far between; to splinter would mean loss of power by his party; the Socialists and Communists will think long and hard about a more radical course that would strain the system and bring on an alternative that could be worse than Suarez. [redacted]

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As long as democracy is not seriously threatened at home, Spain will be active in foreign affairs, seeking to carve out a larger role for itself on the world stage. How its critical domestic issues are played out will influence the direction and pace of Spain's foreign and defense policies, but there are enduring elements in its external outlook that are likely to prevail. The fundamental tenets, which evolved under Franco, emphasize Spain's European, Western, and Mediterranean identity; reach out for defense and friendship ties with the US; and highlight historical and cultural links with Latin America and the Arab World. More recently, Madrid has sought to expand relations with Eastern Europe and to cultivate Africa below the Sahara. [redacted]

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Spain's chief foreign policy goal is to join the EC, and this is supported by all major parties. Negotiations are likely to be painful and protracted because of unrealistic Spanish demands, French tactical delays, and internal EC problems that may first have to be resolved. Despite these potential difficulties, Spain is likely to achieve full membership in the EC eventually--though almost certainly not by the early 1983 date it projects. [redacted]

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There is also a consensus on the need for Spain to participate in a defense system broader than any it can provide for itself. All parties accept in principle the desirability of extending the bilateral treaty with the US--on suitable terms. The leftist opposition, however, parts company with the government on membership in NATO, which it adamantly opposes. Should the government continue to link NATO membership to the bases agreement, it could jeopardize leftist acquiescence to that agreement. In a new, more assertive mood, Suarez has chosen to push forward with a membership bid. Since his motives for doing so at present appear largely tactical--to throw the Socialists off balance, put pressure on the EC not to delay Spain's admission, and persuade the US to weigh in with the UK on Gibraltar--they may shift with the political winds. Nevertheless, Spain has taken an important step toward integration in the Western defense system. [redacted]

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Spain's primary commitment--ideological, political, and economic--is to the West, but it also retains strong interest in the Third World, particularly in Latin America and among Arab nations. Because its aspiration to serve as a bridge between the West and the Third World is founded on real security and economic concerns as well as desire for enhanced international stature, Spain will continue to work this vein, undeterred by the possibility that its efforts will be a source of unpredictability in its relations with the West. Spain will seek ties to Western institutions that leave it a credible "independence" to trade on in the Third World. This could work to the benefit of Western and US objectives--if Spanish influence in these regions can be harnessed to common goals. There is a danger, however, that if Spain is rebuffed in the EC negotiations, it would put greater emphasis on its Third World vocation. [redacted]

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On both the domestic and the external side, the indications are that Spain faces a rough period ahead in which it must make difficult choices. The team that will be making those decisions is most likely to be the familiar one: Suarez, the King, and the Union of the Democratic Center. This being the case, we can make certain assumptions. The Basque Problem--including its most virulent manifestation, terrorism--will drag on well into the 1980s no matter what happens; the roots of the problem are too deep. But the passage of the Autonomy Statute last year gives some cause for hope; the major interlocutors--Suarez's party and the Basque Nationalist Party--are responsible people who realize that the alternative to cooperation is chaos. The odds now seem to favor a political, as opposed to a military, settlement. Nevertheless, we cannot be confident that the Basque government will be able to cope with terrorism or that Basque aspirations for self-government will be satisfied through the autonomy process. One way or another, the Basque Problem will remain one of the most serious threats to the consolidation of democracy in Spain. [redacted]

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The loss of popular confidence in the government will probably continue--and may even deepen--because the problems Suarez must deal with are not responsive to the face-to-face solutions at which he is most adept. Moreover, he will find it exceedingly difficult to change his Francoist spots and conduct an open, participatory government. In the long run this could be a danger to Spanish democracy. There are signs, however, that Suarez may be forced to change as his position weakens and dissidents in his party push for more participation. [redacted]

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Suarez will pursue to his full ability Spain's bid to enter the EC: it is the cornerstone of his foreign policy, and his prestige is very much tied to it. We suspect that his commitment to joining NATO is not so solid and could be susceptible to tactical change. Nevertheless, the chances seem better than they have for a long time that Spain will try to join the Alliance before 1983. At the same time, Suarez will vigorously pursue his elusive dreams in the Third World. Should Suarez for some reason falter, other UCD leaders would probably follow the same policies, although a member of the social democratic faction might be more inclined to back away from NATO. [redacted]

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Were the Socialists to come to power, it is unlikely that there would be major shifts in domestic policy. The main difference in party platforms is on regional devolution, where the Socialists are advocating federalism. Even there, the Socialists, once in power, would think hard before following through on positions that developed as tactical responses to government initiatives. NATO membership would become much more uncertain, and there might be a slight increase in Third World activities. Fundamentally, however, the Socialists are pro-European and, like Suarez, they would push for integrating Spain into the EC. [redacted]

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We believe Spain has created a functioning democracy capable of supporting alternative governments and of withstanding the stresses on the way. So far, the political leaders and the constitution have coped with shocks in a democratic manner. The vast majority of people and institutions support democracy--only a minuscule company of diehards would prefer a return to Francoist authoritarianism. A significant crisis might shift the center of political gravity to the right or left, but it would avoid the extremes. The military might nudge policy in a particular direction, but the possibility of a praetorian intervention in the political process--either to install a new government or to assume political power--seems remote. [redacted]

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The eventual shape of the government structure will depend on how the vague passages in the constitution and the autonomy statutes are interpreted, and it is too early to tell how his will come out. It does not seem likely, however, that a state as highly centralized as Spain will go overboard in granting powers to the regions. There will certainly be an elaborate system of checks that can be exercised by the central government. The result could be something both uniquely Spanish and also a model for other autonomy-minded regions in Western Europe. [redacted]

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Distribution: Political Prospects in Spain: Overview

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