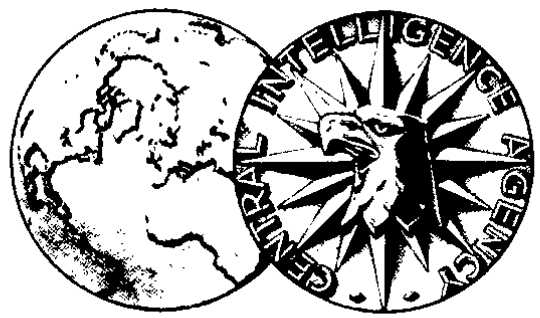


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SPAIN

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- Military Regions

SUPPLEMENT — AN INTERPRETIVE ACCOUNT OF RECENT SPANISH HISTORY
(Published under separate cover)

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SUMMARY

Spain is of interest to US security strategically, because of its geographic position which makes it a potential base for operations involving the western Mediterranean area, and politically, because of the present resistance of the Spanish people to Communist penetration. The situation in Spain affects the development of US policy in Europe because Franco's totalitarian and anti-democratic government makes Spain unacceptable to the other Western European nations as a participant in the European recovery program and in the Western Union. Political aspects of Spain's Protocol with Argentina are of interest to US policy in the Western Hemisphere, and its doctrine of *Hispanidad* affects US interests in all the Latin American nations and the Philippine Republic.

In economic terms, Spain is relatively unimportant to the US, except insofar as the US might have to deny to its enemies Spanish strategic raw materials. Normally less than two percent of US exports go to Spain while less than one percent of US imports come from that country.

The military power of Spain is slight, although its armed forces are maintained at a numerical strength of more than 500,000 and almost half of the national budget is devoted to the military and police establishments. These forces lack modern equipment, and their training is curtailed by a shortage of oil and gasoline. Spain could not repel attack by a strong modern army. Its military capabilities cannot be effectively improved without weapons, aircraft, and equipment from foreign sources. The national economic development is retarded, and the capacity for war production is insufficient to sustain the armed forces except in brief combat. Although there are important deposits of strategic minerals, these are not sufficiently inclusive to meet the demands of war. In the event of war, Franco probably would align himself eventually with the Western Powers, both out of expediency and because of his genuine abhorrence of Communist expansion. He would first, however, attempt to remain neutral.

Spanish agricultural and industrial production has not been restored to the level attained before the Civil War of 1936-39. Modernization and renewal of equipment are sorely needed in all fields, but Spain's foreign exchange position is extremely poor.

At the end of World War II, Spain was denied admission to the UN as a former Axis collaborator. Since December 1946, the government has been under the more specific disadvantages resulting from an UNGA resolution which, after censuring Franco because of his former close ties with Nazi Germany and because of his rightist totalitarian regime, excluded Spain from participation in international agencies or bodies affiliated with the UN, and recommended the withdrawal from Madrid of ministers and ambassadors of member nations. General Franco's calculations have

Note: The information contained in this report is as of September 1948.

This report has the concurrence of the intelligence organizations of the Navy and the Air Force. Dissents by the Office of Intelligence Research, Department of State, and the Intelligence Division, Department of the Army, appear immediately following the Summary.

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included the possibility that danger of war between the USSR and the Western democracies would overshadow the reasons for this international diplomatic and economic isolation and lead, if not to full normalization of his international relations, to the granting of direct aid by the US in the form of credits and goods necessary to rehabilitate the Spanish economy and equip the Spanish armed forces. The US, however, has not deviated in the case of Spain from its general policy with reference to all of the Western European nations in such matters: namely, action through multilateral accords and the UN. Because of their opposition to Franco, the 16 European nations concerned have excluded Spain from the European recovery program.

What line Franco will finally adopt in dealing with these conditions is not yet clear. During 1947 and the summer of 1948 he chose to draw close to Argentina in foreign relations, obtaining from Peron at crucial times two large loans for food imports and expressing solidarity with Peron's proposals for a "third international position" apart from either the Communist or "the capitalist" bloc. In domestic policies he re-emphasized the Falangist theories of national self-sufficiency under close economic and social regimentation and denial of press and political freedom. He took an attitude of intransigence toward suggestions of the US Department of State that he improve Spain's unfavorable international position by liberalizing his regime so as to make it more acceptable to public opinion in the US and the Western European nations. On the eve, however, of the 1948 UN General Assembly in Paris (where the Spanish question has been placed on the agenda at Poland's request), he gave ground by announcing that municipal elections would be allowed, and he renewed his efforts to obtain a rapprochement with the Spanish Pretender, Don Juan.

Although objectionable to large numbers of the Spanish people, the Government of General Franco has been able to remain in power for nine years after obtaining mastery of the country in the 1936-39 Civil War. Under this regime, Spain is an "authoritarian, National Syndicalist State" which, for reasons of political strategy, has been proclaimed a "kingdom". The legitimate claimant to the throne is in exile and the Government in practice is a dictatorship under General Franco, who by law is Chief of the Armed Forces as well as Chief of State, with no limit to his term of office and the right to name his successor. The Government exercises absolute control over press and propaganda, has suppressed civil and political liberties, and forcibly suppresses all political opposition, including that of Monarchists. It has regimented the national economy to a point which all but suffocates private enterprise.

Most Spaniards are friendly toward the US and unfriendly toward the USSR. As the proletarian opposition to Franco has lost its former hope of intervention by the democracies to overthrow the regime, some sectors have tended to turn to the Spanish Communist Party. Moderate liberal forces have been weakened by repression and by their inability to unite. Were these processes to continue, ultimately only the Communists, now a discredited minority, might be ready to act with discipline and to obtain outside help if an emergency weakened the Government.

The stability of the present Government depends on maintenance of a preponderant physical force and capacity to keep the faltering national economy on its feet. Franco has given no indication that he would relinquish his authority voluntarily, and there

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is no present sign that the Army will withdraw its support. The future reliability of this support will depend a great deal, however, on economic trends. At best, in the foreseeable future, Franco will have to continue his practice of intrigue in order to maintain a balance among the three pillars of his power: namely, the Army, the Spanish Catholic hierarchy, and the fascist-type unitary "party" known as the *Falange Española*. Franco has skillfully used and coordinated these groups despite antagonisms among them, but his Government has not achieved national unity. It is strong because it holds the population in subjugation and has kept alive mutual fears of reprisal between Spaniards who took opposite sides in the Civil War.

A popular uprising against Franco is unlikely. A coalition of anti-Franco centrist forces, combining Monarchist, Socialist, and labor groups, in the interior and outside of Spain, is being sought by exiled leaders with the object of obtaining peaceful transition from Franco's anti-liberalism to a more moderate regime. Even if such a group demonstrates capacity for unified action, it will succeed against the entrenched power of the regime only if it obtains moral support from the Western Powers or is able to capitalize, possibly through pressure by Spanish bankers, on the government's financial weakness and vulnerable economic position. In any case, the backing of a strong group of the Spanish Army generals would be required to induce Franco to yield his power.

The only serious threat to the regime at the present time thus lies in the precarious economic situation. Early relief through UN or similar channels appears doubtful. Credits sought from private sources abroad have been denied, principally because of lack of confidence in the long-term stability of the regime and because of its restrictions on foreign investments and free enterprise. Bilateral trade agreements concluded during 1947 and 1948 plus indirect benefits from the European recovery program have begun to provide some relief and probably will continue to do so in the coming year. These benefits may avert, at least temporarily, the danger of economic collapse.

So long as he feels able to keep the economic situation under control, Franco is unlikely to make important concessions toward democratic evolution, and there may be a prolongation of the Spanish totalitarian system under his rule. As a long-term prospect, this probably would lead eventually to a violent explosion of popular forces, in which the Communists would enjoy at least an initial advantage. The short-term outlook, however, is that the nation's economic situation will be critical during the fall and winter of 1948-49; if no striking development occurs to reverse this prospect, Franco will continue under domestic and foreign pressures which may oblige him either to make basic policy changes, radically altering the character of his regime, or abandon power. His ability to withstand these pressures will be impaired if there is marked contrast between the rate of Spanish economic rehabilitation under bilateral agreements and the rate of recovery in the other Western European countries under multilateral international arrangements. On the other hand, if he decides to make policy changes and revamp the Government in order to satisfy these pressures, he will have to run the risk of strong opposition and possible overthrow at the hands of the forces whose vested interests would be endangered by change.

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**DISSENT OF THE OFFICE OF INTELLIGENCE RESEARCH
DEPARTMENT OF STATE**

The Intelligence organization of the Department of State cannot concur in the subject report, particularly with respect to Sections I and II which analyze the general economic situation in Spain and the position of the Franco regime. It is our view that the economic outlook in Spain is not as unfavorable as the report implies and that no political change is to be expected in the foreseeable future. There is now a distinct trend toward the improvement of Spain's international position which may well strengthen the Franco regime both economically and politically. On the one hand, an increasing number of bilateral commercial agreements with Western European and Latin American countries, together with the indirect aid derived from ERP assistance to the Western European countries, should improve the economic position of Spain; on the other, the action of various Latin American countries in accrediting Chiefs of Mission to Madrid will enable Franco to escape, at least in part, the burdens of diplomatic isolation imposed on Spain by the UN General Assembly. In view of the widening East-West split, Franco can expect to receive increasing support, directly or indirectly, from the Western powers.

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DISSENT OF THE INTELLIGENCE DIVISION
DEPARTMENT OF THE ARMY

The Intelligence Division, Department of the Army, substantially dissents with the conclusions set forth in this paper as to the probable future developments in Spain which will affect United States security. These conclusions are that, while no change is probable within six months, the situation in Spain is ultimately one of danger to the United States because of the possibility of Communist domination of the area. It is indicated that such domination might result from (a) revolution aided by the USSR, or (b) military aggression by the USSR.

a. Regarding the first possibility, revolution, the paper states that the dissatisfied working classes are susceptible to Communist propaganda. Furthermore, the assumption is implicit that no evolution toward a form of government more satisfactory politically and economically is possible within the Franco regime and that no alleviation of internally and externally imposed pressures can be expected. This division, on the other hand, believes revolution unlikely. It considers the Franco government one of the most stable in Western Europe and it believes the Spanish people to be much less susceptible to Communist propaganda than those of France or Italy. This division also believes that, given its present strength and stability, the Franco regime can begin to implement certain long-considered plans for internal evolution which in turn will help relieve external pressures. That the external situation is not static even now is shown by the betterment of Spanish relations with many countries during the past year, and particularly with France where anti-Franco feeling has had great strength. That the internal situation is not static is shown by the partial compromise between Franco and Don Juan and by the announcement of the forthcoming municipal elections.

b. As to the second possibility, direct military aggression by Soviet forces, this is believed impossible unless the USSR first dominates the major part of Western Europe including either France or Italy. This set of circumstances is not mentioned in the paper, leaving one with the impression that aggression might be undertaken from present bases in the USSR or satellite countries, without a European or World War.

c. The Intelligence Division, Department of the Army, considers that the paper fails to bring out the two most pressing problems affecting United States security which the Spanish situation presents. First, the potential strategic importance of Spain to the United States in the event of war with the USSR renders extremely serious the present coolness of relations between Spain and the United States. Second, the strategic importance to the United States of Western Europe as a whole renders equally serious the present coolness of the major Western European nations toward Spain. The United States has shown that it recognizes the importance to its own security of the integration of Western Europe economically, politically, and militarily. Such integration is incomplete and inadequate without Spain, yet Spain has been specifically

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excluded from all moves in this direction. The Intelligence Division, Department of the Army, realizes that the problem of bringing Spain into the Western group of nations is a difficult one but does not consider it insoluble. This division believes evolution within Spain is not only possible but probable and considers that evolution will lead to bettered relations with the Western Powers, including the United States, with the possible ultimate inclusion of Spain in the Western defense system. However, should efforts to achieve a measure of union of Western European nations fail or should they prove so inadequate as to merit no further encouragement or support from the United States, the strategic value of Spain to the United States would warrant increased efforts on the part of the United States to establish full cordiality in relations between the two countries.

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SECTION I

POLITICAL SITUATION

1. HISTORICAL BACKGROUND.

For a century and a half, the Spanish people have struggled against oppression. Their history during this period is a record of poverty, insurrection, administrative incapacity, class warfare, declining world influence, and determined resistance to foreign domination. Above all, there has been a conflict between authoritarians and liberals, between the desire of the Church, the Army, and the propertied classes to preserve the medieval Spanish Catholic tradition by the discipline of a powerful government and the wish of anti-clerical intellectuals and workers to modernize Spain and free it from traditional backwardness and misgovernment. This conflict of classes and ideas has been intensified especially in the 20th century by parallel movements for regional autonomy in Catalonia, the Basque provinces, and Galicia. Since 1800, the Spanish people have fought two of the bloodiest civil wars of modern times, while five monarchs (from three different dynasties) have been exiled. Two republics have been short-lived and unsuccessful experiments. Military dictators, after several years of rule, have had to abandon power and take refuge abroad. Stability of government has thus, at best, been measured by decades rather than by generations, and instability has gone so far that in one year (1873) Spain had five Chiefs of State.

This record of change is the outward manifestation of deep maladjustments which are as yet far from corrected. It is noteworthy, however, that after several centuries of disintegration, culminating in the war with the US, Spanish thinking began to alter in response to the loss of Cuba, Puerto Rico, and the Philippines. The "Generation of '98" was awakened to a critical analysis of its country's plight and produced the first large group of distinguished, progressive intellectuals and writers Spain had known since the 17th century. Simultaneously, a demand developed throughout the nation for a more representative government.

It was not until 1931 that these developments had a directing influence on public affairs. In April of that year the municipal elections resulted in an overwhelming victory for the Socialists and Republicans who stood for the establishment of a republic. On the evening of the 14th the leader of the emerging provisional government advised King Alfonso XIII that he should leave Spain. To avoid bloodshed, the King departed immediately.

There followed, between 1931 and 1936, a republican period in which the liberal and leftist forces of the nation attempted to establish long-needed reforms. Such changes required, among other factors, a considerable period of political education conducted in a favorable atmosphere, which was denied by the situation itself and the personalities involved.

Whether or not the Republic could have succeeded in modernizing the Spanish state remains an academic question. The reforming elements were opposed, then

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as now, by the Army, which during the past century has been the controlling factor in the nation's *Real Politik*, by the propertied classes, and by the Spanish Catholic clergy which traditionally has been identified with reactionary political forces and has been unresponsive to progressive policies adopted by the Church in other countries.

The position of the Republic was precarious even without this powerful opposition. The successive Governments were weakened by the factionalism of their components, conservative Catholics, anti-clericals, Socialists, and left and right Republicans. The Governments were pressed for reform from all sides; parliamentary discussion was interminable; strikes were followed by insurrections characterized by great ferocity. The world economic crisis added to these difficulties.

The period ended on 17 July 1936 when the Army in Spanish Morocco mutinied under the leadership of Franco and other generals. On the following day, garrisons throughout Spain rose according to plan. The Army leaders with the backing of various conservative groups and the radical new Falange Party aimed at a quick seizure of the Government but were confronted by a widespread and furious popular resistance, which they quelled only after nearly three years of bitter fighting. On 29 September 1936 the council of rebel generals appointed General Franco Chief of the Government to take over the powers of State. Immediately thereafter, on 1 October, he assumed the position of Chief of State which he has retained ever since.

Foreign aid was a decisive factor in the military operations of the Civil War. While the Western democracies largely adhered to a policy of non-intervention, General Franco received substantial aid from the Axis powers from the beginning of the uprising until his victory was assured. Soviet aid was given the Republican Government, but was limited in amount and effectiveness because of eventual Republican refusal, following a period of collaboration, to accede to Soviet political demands designed to secure the predominance of the Communist Party.

The end of hostilities was announced on 1 April 1939 by General Franco. During the conflict, more than one million persons died; half that number went into exile; and almost as many found themselves in prisons and concentration camps. One effect of this violence has been to implant in the people a strong desire to avoid a renewal of civil conflict.

After the war, harsh laws were enacted; a police state was organized, and cordial relations were maintained with Hitler and Mussolini. Franco's domestic maneuverings, which involved playing off the Army, Church, and Falange against each other in masterly fashion, were successful. With equal skill he manipulated his "neutrality" in World War II. He encouraged the Axis during its early victories and as far as possible supported it in ways short of war. With the decline of the Axis he became more amenable to the desires of the Allies.

Much informed foreign and Spanish political opinion had believed that, in view of his pro-Axis policies and dictatorial procedures, Franco would be forced out as a result of the Allied victory. Condemned by the Potsdam Declaration, censured by the United Nations, he nevertheless was able to convert these foreign criticisms into a challenge to the Spanish people themselves, many of whom put aside their opposition to him out of nationalistic pride.

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While Franco's prestige at the head of national affairs has been prejudiced by diplomatic and economic isolation, and by the decline of the national economy, his foreign relations have been substantially aided by his long and outspoken anti-Communism and by the fact that Spain's strategic position might be of great importance to the western democracies should the USSR drive toward the Atlantic. His domestic position is stable for the immediate future because of the close support of the Army, the Church, and the Falange. The Army, particularly the officer corps, is maintained at maximum strength and is allowed special economic benefits; the Church and the religious orders enjoy privileges and influence greater than at any time since the 18th century; and the Falange has a heavy vested interest in the regime because it dominates the bureaucracy which directs the national economy, labor, students, and the youth movement.

2. EXTERNAL SPANISH POSSESSIONS.

Although Spain's importance as a colonial power ceased after the Spanish-American War, Spain controls the Protectorate of Morocco and possesses three small territories and several islands off the Atlantic coast of Africa. They are: Alhucemas, Piñon de Velez de la Gamorea, and Chafarinas Islands off the Moroccan Coast; Ifni (enclave in French Morocco on the Atlantic Ocean); Rio de Oro (including Spanish Sahara and Sekia El Hamara); Spanish Guinea (including Rio Muni, Los Elobeyes, Corisco, Fernando Po, and Annobón Islands). The colonies and protectorate are administered by the military under a Directorate for Morocco and Colonies.

These areas are generally economic liabilities rather than assets to Spain. A large part of the cost of administration has been borne by the central Government and the value of raw materials supplied to Spain up to the present has been exceeded by the value of foodstuffs and manufactured goods supplied by Spain. Within the past year, however, the Government has begun to take serious cognizance of the potentialities of these regions. In late 1947 construction was commenced on a 200 kw. radio broadcasting station on Fernando Po Island. When completed, this station will be an important link in Spain's propaganda network, particularly its *Hispanidad* program. In January 1948 an aerial survey of Spanish Guinea was made by several Cabinet Ministers, and funds were appropriated for development of two seaports, Bata, on the mainland of Rio Muni, and Santa Isabel on Fernando Po Island. Trial air service between Madrid and Spanish Guinea reportedly has taken place. Scientific expeditions have been dispatched to outlying areas.

Spain has always been interested in North Africa. The cities of Ceuta and Melilla have been administered since 1640 and 1470, respectively, as Spanish cities although physically located within Morocco. In 1904 a Spanish-French treaty recognized the integrity of the Moroccan Empire and established "special rights" of each nation therein, which actually was equivalent to the creation of two zones of influence. Negotiations in 1912 provided that the Sultan be represented by a Caliph at Tetuan, seat of the Spanish Commissioner General. Titular chief of Government only, the Caliph has in fact no genuine governing powers, and Spanish Morocco in reality is under military occupation with some 66,000 troops, about half of them natives.

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Spanish occupation of Morocco has been bitterly resisted and so costly in Spanish lives and money that it has caused the downfall of many Spanish governments. In 1909 and 1921 Riffian revolts were successful, but when the Riffs attacked the French in 1923 a combined Franco-Spanish military force defeated them and sent their leader, Abd-el-Krim, into exile. Abd-el-Krim's escape to Egypt in mid-1947 stimulated the nationalistic spirit of his former followers.

Spain has done little for the internal welfare of Morocco but has striven to make the Moors believe they are treated with more consideration in the Spanish Protectorate than in the French. Despite these efforts, the Moors are no more satisfied in the Spanish zone than in the French. Nationalist activities are increasing, and efforts are being made to have the question of Moroccan independence brought before the UN. Another uprising of the Riffs is a future possibility. Against it Spanish troops now are no more likely to be successful than in the past.

a. Other Island Possessions.

The Balearic Islands (Mallorca, Minorca, Ibiza), in the Mediterranean, and the Canary Islands, off the coast of Africa opposite Ifni and Rio de Oro, are administered as part of metropolitan Spain. Trade with the Canaries is of high importance in the national economy as this area supplies fish, tomatoes, bananas, and onions for mainland consumption and for trade with the UK and other northern European countries. The Balearics are mainly developed as a vacation place. Several good harbors exist in both island groups and the Government is engaged in improving the air facilities. Military installations include a submarine base in the Canaries.

3. PRESENT GOVERNMENTAL STRUCTURE.

a. Theory of Government and Basic Law.

Spain is a totalitarian syndicalist state,* defined in 1947 as a monarchy in which Franco is the Captain General of the armed forces, Chief of State, and head of the Falange.

The Government has proclaimed itself "a totalitarian instrument at the service of the Fatherland opposed to liberal capitalism and Marxist materialism." It was additionally defined in the Law of Succession, announced 31 March 1947 and promulgated 27 July 1947 and interpreted in Franco's speeches as a Catholic kingdom of corporative type, devoted to social and material advances through a mechanism of "organic democracy." "Organic democracy" means that an individual citizen's participation in the management of State affairs occurs, to the limited extent permitted, by reason of membership in a family, a vertical syndicate,* a provincial or municipal organization but not in a political party.

* Spanish State Syndicalism is identical in basic pattern to Fascism and Nazism, with certain differences in application. It views the nation as a collectivity of "producers" who exist and work primarily for the benefit of the State. It therefore compels the regimentation of all "producers" in a series of "vertical syndicates," each syndicate embracing the workers in a given industry up and down the scale vertically through entrepreneurs, managers, technicians, and laborers. The vertical syndicates in theory replace and are opposed to the "horizontal" organization of labor in free trade unions. These are forbidden as provocative of "class struggle" which State syndicalism is supposed to eliminate. Professional workers, such as lawyers and doctors, are organized in national corporations. Both vertical syndicates and professional corporations are controlled by the State.

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Through a referendum on 7 July 1947, the regime obtained ratification of the "Law for the Succession of the Chief of State." Since no freedom of press, radio, or assembly was allowed prior to the voting, the referendum cannot be assumed to reflect accurately the will of the majority. This referendum, however, has been the only direct reference of a public question to the Spanish people since General Franco set aside the Constitution of the Republic and established the Syndicalist State. Elections have been announced for November 1948, in which heads of families and syndicates will vote for two-thirds of the members of town and city councils.

The new Law of Succession allows General Franco to retain power indefinitely and establishes the procedure, over which he retains control, for the selection of his successor, who may, but does not have to be of royal blood. Additionally, the act establishes as the fundamental laws of the nation the *Fuero de los Españoles* or Spanish Bill of Rights, the Bill of Labor Rights, the Constituent Law of the Cortes, the Law of National Referendum, and the Law of Succession.

Despite the existence of a "Bill of Rights" on the statute books, the Spanish people possess neither civil nor political liberty. Arbitrary arrest and imprisonment without trial are common. Freedom of speech and press and freedom of association are strictly proscribed. Freedom of religion is limited by legal provisions assuming that all Spaniards are Catholic by birth, and specifying that "the only external public [religious] services or demonstrations permitted will be those of the Catholic Church." The right to work is curtailed by laws fostering the integration of workers into the Falange syndical organization. Those excluded for political reasons are deprived of free access to many standard means of livelihood other than self-employment, irregular, or menial work.

The *Fuero de los Españoles* was approved by the Cortes 27 July 1945, as an instrument describing the liberties, duties, religious rules, property rights, and capital-labor relationships of all Spaniards. Its provisions may appear generous, but they have no meaning in practice, because the Cortes has never passed the necessary enabling legislation. The *Fuero* contains a clause, moreover, which limits the civil and political rights described, by providing that they shall not be exercised in any way endangering the security of the State or attacking its fundamental principles. The State, meanwhile, enjoys unlimited authority to interpret this provision as best suits its convenience.

The *Fuero del Trabajo* or Bill of Labor Rights (promulgated 9 March 1938) is designed to realize the "National-Syndical Revolution" by regimenting the entire economic-social activity (i.e. all personnel engaged in production, including employers and management) in "vertical syndicates," under the control of the Falange Party, in accordance with principles of "unity, totality and hierarchy."

The authors of this legislation sought to wipe out all traces of what they regarded as the errors of the liberal democratic state, particularly by doing away with "class struggle" through subordinating all persons engaged in production to the single objective of serving the State. Under this system, the "citizen" of the democratic state is replaced by the "producer," who possesses many duties but few rights. The *Fuero del Trabajo* deals with the "social duty of work" and is the basic Spanish law by which virtually all industry and commerce have been brought under strict Government

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regulation and fully organize in vertical syndicates. (See note at bottom p. 4.) Free labor unions have been outlawed; their properties seized and transferred to the National Syndical Delegation.

The *Law of Referendum* provides that the Chief of State may, at his discretion, refer to the people any matter of transcendent importance. In such case, voting is obligatory, and those who fail to comply are subject to rigorous penalties. The franchise is extended to women, but is denied to a large number of persons disfranchised for political reasons. Only the Chief of State may initiate a referendum.

4. GOVERNMENTAL ORGANIZATION.

a. *Legislative Branch.*

The legislative power resides ultimately in the Chief of State.

The Spanish *Cortes*, as constituted by a decree-law of 17 July 1942, amended 9 March 1946, forms a corporative assembly of about 450 members which acts upon any legislation the Chief of State submits. The *Cortes* may recommend laws for consideration by the executive, but there is no provision for legislation to be introduced by individual members, and no proposed law may be drafted without the approval of the Chief of State.

A representative character is ascribed to the *Cortes* since some of its members are elected by provincial and municipal councils and professional corporations as well as by the National Syndicates. The majority of members, however, owe their offices directly or indirectly to the Chief of State, who may summarily remove any appointed member.

b. *Judicial Branch.*

The organization of the courts and the administration of justice have not greatly changed since the regime came into power. The judicial system is similar to that of other European countries where the law is based on the Napoleonic Code.

The ordinary civil and criminal courts are almost completely independent of the legislative and executive branches of the government. Judges are selected through competition under a Superior Council of Judges (*Consejo Superior de la Magistratura*). A complete purge of judges and public prosecutors throughout Spain was ordered, however, after the defeat of the Republic and the resulting vacancies were filled by adherents of the National Movement (i.e., Falange). Franco controls the appointment of the Superior Council of Judges, and an oath of allegiance to the Chief of State is required of all persons involved in the administration of justice.

Labor Courts, which adjudicate cases arising under the labor laws, are separate from the civil and criminal courts. The judges are appointed by the Minister of Labor.

The Council of State (Consejo de Estado), an advisory body of the executive branch of the government, acts as a court for hearing complaints or suits by private individuals against the Government.

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More characteristic of and more closely identified with the regime are the extraordinary courts charged with administering special laws for the defense of the security of the state, some of which are *ex post facto*. These courts are:

Tribunal for Political Responsibilities during the Republic. This court was established by a decree of 9 February 1942 which was an adaptation of a similar law of the Republic directed against Monarchists. It formerly prosecuted persons on charges related to political activities of the Popular Front during the Republic. The Tribunal is now inactive but continues in legal existence, represented by a secretariat which maintains its archives.

Tribunal for the Repression of Freemasonry and Communism. This court was established under a law of 1 May 1940. The court is presided over by political appointees. It was mainly devoted to prosecution of alleged Masons and has now become relatively inactive except for supervising a parole system under which persons sentenced for Masonic affiliation and subsequently released from prison must report to the tribunal at frequent intervals. Trials of persons charged with other political crimes are now conducted almost exclusively by military courts.

Military Courts handle all cases concerning attacks on "the security of the State." By law and custom a broad interpretation is given this phrase, generally in accordance with Franco's declaration that "dissidence is treason." Severe penalties, ranging through fines and imprisonment to death, are prescribed for activities regarded as subversive. The Supreme Court of Military Justice in Madrid acts as the supreme court for the revision of sentences imposed by the lower military courts. Civilian lawyers may appear before the lower tribunals, but the defense normally is conducted by an Army officer whom the defendant is allowed to choose from a panel named by the Court. Petitions to employ civilian counsel usually are refused.

c. *Executive Branch.*

As Chief of State, President of the Government, and Chief of the Falange Party, General Franco controls the executive branch. Theoretically he is aided by a Council of State, a Council of Ministers, the National Council of the Falange, and the related Falange Political Council. To this list, a Council of the Realm has been added, in accordance with the Law of Succession. Most members of these bodies owe their appointment to Franco, either directly or through their Falange Party or other affiliation. They serve for indefinite terms and most of them may be dismissed at his will. Although supposedly guided by their advice in his conduct of the Government, General Franco has authority to issue orders and decrees independently. He may conclude treaties with other countries but only after consultation with the Council of the Realm.

The Council of the Realm is a consultative body created in keeping with the concept of a renovated monarchy proclaimed by the Law of Succession. It consists of fourteen members, mainly chosen because of other State, Army, and Church offices they hold.

The establishment of this council tended to consolidate the already advanced centralization of the Spanish Government under the personal rule of General Franco. Since the council legally is responsible for advising the Chief of State on all matters

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within his exclusive competence, it could supersede all other advisory and executive agencies of the Government. It brings together the Presidents of the Council of State, the Cortes, the Spanish Institute, the Supreme Court, the Chief of the Supreme Military Staff, the senior Army General, and the ranking prelate from among those Churchmen who are members of the Cortes. In addition the Cortes is represented in the Council by seven members, four of whom are elected within the Cortes, the remainder named by General Franco. The Council of the Realm was formally constituted on 26 February 1948.

The Regency Council, likewise created under the Law of Succession, consists of three members of the Council of the Realm, namely the senior Army General, the President of the Cortes, and the prelate. This Council would assume the executive power in the event of the death or incapacity of the Chief of State pending the installation of his successor.

The Council of State was created provisionally on 10 February 1940 and reorganized by decree of 26 November 1944. It is in theory the chief consultative body on all national administrative and economic matters and may make recommendations to the Government in affairs of public interest. Its functions are largely honorary, as it meets only at the call of the Chief of State and is infrequently summoned. The appointment of the Council of the Realm probably will further diminish the importance of the Council of State.

The Council of Ministers is presided over by General Franco as President of the Government. This council is composed of the heads of the twelve ministries or departments of government: Foreign Affairs, Government, War, Marine, Aviation, Justice, Finance, Industry and Commerce, Agriculture, Education, Public Works, and Labor, listed in the order currently approved by official censorship. Their importance as advisers to the Chief of State may be reduced in the future as a consequence of the creation of the Council of the Realm, their duties becoming largely administrative.

Four of the Ministries—those of Government, Education, Labor, Industry and Commerce—preside over activities of special importance in guaranteeing the stability of the regime and rooting its policies deeply into the national life by means of (1) the police force, (2) education, propaganda, and control of information, (3) economic control, and (4) labor regimentation and bureaucracy.

The Ministry of Government controls the police, the armed constabulary or Civil Guard, and the important DGS, or Directorate General of Security, all of which are charged with maintaining internal order.

The DGS is the servant of the dictatorship; through it Franco is the master of a "police state." While not as thorough as the *Gestapo*, the DGS is similar and was given its present organization on the advice of Nazi experts, including Heinrich Himmler. Its persecution of Franco's political opposition is relentless and effective. It maintains close liaison with other intelligence agencies of the government, including Army intelligence and the High General Staff. It has numerous subdivisions including a Commissariat General of Public Order and a Commissariat General of Politico-Social Affairs. The secret police in these two subdivisions number about 7,000.

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Long famed in Spanish history, the Civil Guard has a record of severity as the guardian of any government to which its loyalty is pledged. Its present strength is 60,000. Its personnel and pay administration are handled by the Army, but its operations are under the control of the Ministry of the Government.

Local government also comes under the authority of this Ministry. In contrast to the traditional autonomy of the old Spanish communities, the central government and the Falange jointly control local administration. Each of Spain's fifty provinces is administered by a Civil Governor who represents the central Government and is also the Provincial Chief of the Falange. These appointments are made by General Franco. Mayors of municipalities owe their appointment to the Minister of Government. Municipal elections, promised by the government in 1945, are to be held in November 1948, according to recent announcement.

The Ministry of Education controls public education and information. Through the Subsecretariat of Popular Education, it issues government policy statements, censors all newspapers, radio broadcasts, books, magazines, motion pictures, and the legitimate theater; and promulgates directives which must be obeyed by all Spanish press agencies. It also issues press cards to foreign correspondents. While their despatches are not subject to censorship, the Ministry can and sometimes does withdraw the cards of correspondents whose articles are considered "inaccurate" or "unfriendly to the regime."

Education is state controlled. The Ministry of Education has administrative supervision while the Church greatly influences policy. The preparation of all textbooks is supervised by the Falange. Instruction in Catholic doctrine is compulsory in all grades, including the universities. The Spanish secondary schools approximate US high school and junior college grades and provide their graduates with a Bachelor's degree. Private secondary schools, largely operated by religious orders, far outnumber state schools.

The law places in the Falange the responsibility for indoctrination of all students in the principles of the National Syndicalist Movement. Students enrolled in the twelve state universities (there are no private universities) are compelled to maintain membership in the Falange Syndicate of University Students.

The law provides for compulsory school attendance in the lower grades, and the government is making efforts to overcome Spain's age-old blight of illiteracy and ignorance. Progress is slow, however, as funds for education are meager, and the attendance law is not enforced. School facilities are inadequate; most instructors are selected for their Party or Church loyalty rather than for their technical qualification.

Government efforts to regiment the cultural life of the country by assuming restrictive control over such institutions as the National Academies and former liberal forums retard creative effort and critical capacity. The arts are not flourishing, and the creative and critical spirit in literature is largely subordinated to repetitious glorification of ancient Spain, attacks on nineteenth century liberalism, and defense of the National Movement and the Franco regime.

The Ministry of Labor desires to bring every Spanish worker under its supervision and protection. The Ministry fixes wages and hours, regulates working condi-

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tions, and in general is charged with carrying out the social welfare program outlined by the Falange. Its activities parallel, and at some points interlock, those of the National Syndicates. Although the Falange has been divested of the prominence it formerly had in the Franco Government, it has not been eliminated as a working organization. It retains undisputed control of this Ministry and of the related National Syndical Organization.

The Ministry of Commerce and Industry has been one of the main instruments for expanding State control over the nation's business and industry, restricting private enterprise within narrow limits which the State agencies constantly tend to invade still further. The process is illustrated by the history of the most favored agency of this Ministry, namely INI (*Instituto Nacional de Industria* or National Institute of Industry).

Although INI is chartered only as a State financing agency, in practice it is an operating agency which has entered various fields normally covered by private enterprise. INI can intervene in any industry judged of "national interest." It has established various subsidiaries which are engaged in shipbuilding, aircraft construction, and other industries. In one phase of its activities, an INI subsidiary operates all merchant vessels belonging to the State, which now number forty. INI receives government aid in various ways. It is directly subsidized with the proceeds of government bonds and the Bank of Spain may provide it with "working funds" at an interest rate of .75 percent. The industries in which it intervenes enjoy tax reductions up to 50 percent, customs duty exemptions, preferential allocation of controlled supplies, and are favored by Government price regulations.

While the list of INI projects is long, concrete results in the form of increased production or capacity for production are less impressive. INI is firmly entrenched, however, and shows no sign of withdrawing from any of the fields it has entered; rather, it probably will continue to expand under the present regime.

5. THE FALANGE OR "NATIONAL MOVEMENT."

On 19 April 1937 Franco, by forcing the merger of several groups of his supporters, formed the *Falange Española Tradicionalista y de las J.O.N.S.* (the Falange Party) and declared it the sole, legal political party. It is in effect a division of the Government. The designation of National or National-Syndical Movement was adopted so as to make clear that the organization bears no resemblance to the free political parties of liberal democratic states. It was formed by uniting the Spanish Falange, organized on Fascist lines in 1931, the rival *Juntas de Ofensiva Nacional-Sindicalista* with which the Falange voluntarily combined forces in 1934, and the much older *Comunión Tradicionalista*, a body of Catholic Absolutists dating back to the Carlist Wars, in recent years active mainly in Navarra.

Because of its similarity to the Nazi and Fascist movements, and the pro-German sentiment of many of its most prominent members, the Falange became an embarrassment to the Franco Government in its international relations after the defeat of the Axis. It was not disbanded, however, and continues to receive Government funds and

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to have an influential part in the administration of the Government and in molding the national life. In recent months, various indications have appeared of a Falange resurgence.

The largest division of the Falange directly incorporated into the Government is the National Syndical Organization, which embraces nearly all workers in most branches of production and maintains a large administrative bureaucracy. The Falange jealously guards its prerogative of indoctrinating the rising generations in the ideology of National Syndicalism. It controls the Syndicate of Spanish university students and the Franco Youth Movement. Apprentices seeking employment may be required to show proof of membership in the latter. The Feminine Section has a somewhat parallel national organization for girls and women, but its operations are limited and are gradually diminishing in range and effectiveness. The Falange is a para-military body and has a uniform which is commonly worn by Section Chiefs, National Delegates, and other officers. It maintains, on a small scale, a University Militia and has its own arsenals of small arms. It has special representation in certain sections of the Direction General of Security, particularly the Politico-Social Brigade. In Madrid and other large cities the Falange endeavors to maintain a network of militant members organized as House, Block, Neighborhood, and District Chiefs, particularly in the sections where large numbers of the poorer working class families are concentrated.

Over-all planning and direction of the Falange are carried on by a National Council and a Political Council composed of high-ranking Falange officers and ecclesiastical advisers.

6. POLITICAL ALIGNMENTS.

Although the Falange is the sole legal party, the Army, the Church and its official lay affiliate, *Acción Católica Española* (Catholic Action), exercise political influence. Many clandestine opposition political groupings and parties also exist.

These legal and extra-legal organizations and groupings fall naturally into three divisions: (a) groups supporting Franco, (b) the rightist opposition, and (c) the leftist opposition.

a. *Groups Supporting Franco.*

(1) *The Army* is the chief bulwark of the Franco regime. While Franco has placated the Army in many ways, he has taken care to shift appointments so that no other officer has been able to build up sufficient following to challenge his power. Many officers who have shown either sympathy with the monarchist movement favoring Don Juan, or an inclination to believe that the elimination of Franco might benefit the nation have been relieved of active command. The Army's group loyalty to the regime is reinforced by the knowledge that a liberal, constitutional regime would reduce its forces, particularly the excessively large officer corps.

(2) *The Falange* is Franco's largest and best-organized body of supporters. It is deeply entrenched in the machinery of national and local government and in the operation of the state-directed syndicates of workers, and it controls the syndicate of

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university students. It contains a nucleus of revolutionary Fascists inspired by ideas of social reform and the Nazi strong-arm technique of imposing it, but the original party ideology has been somewhat diluted by the influx of bureaucrats and orthodox conservatives who have regarded the Falange as a vehicle for personal advancement. This element has an enormous vested interest in the regime and constitutes a formidable obstacle to any attempts to modify its basic policies. On some issues, the Falange has lost ground in clashes with the Church and the Army, but Franco has juggled these forces so as to preserve an equilibrium, yet avoid suppression of the Falange. During 1947-48 it regained influence in the shaping of foreign and economic policies and showed marked resistance to efforts of some *Acción Católica* leaders to recapture a dominant role in social reform and labor welfare. Because its existence absolutely depends on the successes of the regime as now constituted, the Falange militants will fanatically defend the maintenance of the totalitarian state.

(3) *The Catholic episcopacy*, which is rigidly conservative, has an important influence upon certain spheres of public opinion and on the conduct of governmental affairs. Most of its members support Franco, although some are severely critical of his policies and a few are in open opposition to him. By an agreement with the Vatican, even though the Pope retains and reportedly recently exercised the power to reject his nominations, Franco has virtually controlled the appointment of the Spanish higher clergy. Both out of religious conviction and political expediency, Franco is disposed to magnify the role of Catholicism in the national life and has been a willing instrument whereby the Church in Spain has fully regained the position of privilege, wealth, and influence lost during the growth of constitutionalism in the nineteenth and twentieth centuries. The Spanish Church, in its turn supporting Franco, has followed the policy of allying itself with the political force best able to guarantee its prerogatives. In the present century, as in the past, this highly national church has execrated every liberal institution that found a place in Spanish life. As a consequence, most Spanish liberals, including monarchists, desire the separation of Church and State, while the anti-liberal hierarchy continues to regard Franco, with his dream of recreating the 16th century Spanish Catholic monarchy of Philip II, as the defender of its most cherished interests.

(4) *Acción Católica* (Catholic Action) is predominantly pro-Franco. It officially exists for the purpose of translating into reality the ideals of the Papal Encyclicals and is composed of four associations (for men, women, young men, and young women). Boasting a membership of more than 360,000, it is efficiently organized and enjoys the benefits of adroit clerical guidance, educated lay leadership, and substantial financial banking. Although it appeared in 1946 to be a potential nucleus of conservative opposition to Franco-Falangist rule, its apparent endeavor to gain ascendancy by participating in the Government has been frustrated. Several of its lay officials nevertheless occupy important positions, including that of Foreign Minister. While supporting Franco, they have worked for reduction of the power of the Falange. Members of Catholic Action and affiliated groups such as the National Association of Catholic Propagandists have authority in the Government offices controlling education, censorship,

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and propaganda but possess little influence in the Ministries of Government, Labor, and Industry and Commerce.

(5) Monarchist "Conservatives," especially a faction of the anti-liberal Carlist movement, supported the regime from its inception. Indications have appeared, from time to time, that a body of such loyal Monarchists might be given the status of an official opposition party for the purpose of making the regime appear more democratic. During late 1947 and thus far in 1948, however, Franco has placed renewed emphasis on the "authoritarian" character of his regime and has postponed fulfillment of his promises to move toward political liberalization. He is likely to show little interest even in the fiction of tolerating any opposition group.

b. The Rightist Opposition to Franco.

(1) Monarchist "liberals," who advocate the restoration of a constitutional monarchy, with Don Juan de Borbón, third son of Alfonso XIII, as King, have sponsored the most serious opposition to Franco within the complex of groups that rebelled against the Republic. Don Juan has made it clear that he would institute a constitutional monarchy if in power. The Pretender's supporters include army officers, politicians, and diplomats who have been in Franco's service, few of whom, however, remain in positions of power. Certain important industrialists and financiers are identified with his cause in the belief that Spain's economic problems can best be met under the type of government he offers. The extinction of male heirs to the Carlist succession, coupled with disillusionment with Franco's regime, also has led one faction of Carlists to support Don Juan. Franco's determination to maintain his authority and his skill in arrogating to himself certain advantages connected with the monarchical institution have prevented the badly divided monarchists from making effective inroads upon the Army's loyalty.

The extremely reactionary attitude of many monarchists clashes with the desire of others to broaden the Crown's appeal through advocacy of constitutionalism and cooperation with the Socialists and trade unions. Don Juan's problem is, therefore, twofold: to outbid Franco for leadership of the Right, and simultaneously to obtain mass support through friendly relationships with moderate leftists. Promulgation in 1947 of the Law of Succession to Franco was denounced by Don Juan and his supporters and stimulated a renewal of their organizational and propaganda efforts. It was reasserted that Don Juan would continue to reject proposals to take the throne on Franco's terms. The campaign against Franco since then has been focused on the weakness of his economic policies, denouncing in particular the concessions made to Argentina in return for credits and his failure to obtain for Spain the benefits of participation in the European recovery program.

c. The Leftist Opposition to Franco.

The leftist opposition is numerically greater than the rightist opposition. During the Republic, the Spanish leftists stood for representative parliamentary gov-

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ernment, land tenure reform, a less influential Church, vastly extended public education divorced from Church control, international cooperation, reduction of the Army, and other measures which they considered essential to making Spain modern and progressive.

Because of the repression of all opposition by the Franco Government, the real strength of the leftist groups, their degree of organization, and their positions on major issues are not clear. Abundant evidence exists, however, that in spite of unremitting persecution, the leftist movement has not been destroyed. To the contrary, the parties which were in existence during the Republic have continued to maintain clandestine organizations, and new leftist parties and groups have been formed inside Spain. Parallel organizations of both old and new groups also operate in exile. Communications between the groups inside and outside Spain are precarious, but exist.

(1) *The Socialist Party.*

One of the oldest in Spain, the Socialist Party has always had a large following among middle-class professional groups and skilled workers. The majority of the Spanish Socialists, both in Spain and in exile, are anti-Communist and favor middle-of-the-road policies. A dissident, left-wing group, under the leadership of Juan Negrín, adheres to policies similar to those of the Communist Party. The moderate and right-wing Socialists, led by Indalecio Prieto, have taken the initiative in negotiations with representatives of Don Juan with the object of uniting leftist and monarchist forces in support of an interim government to succeed Franco.

The Spanish Socialist Party maintains a close relationship with the Socialist parties of the other European countries. Its voting strength in the past was, and again would be, greatly increased by its trade union affiliate, the UGT (*Unión General de Trabajadores* or General Union of Workers).

(2) *The Trade Unions.*

The trade union movement exists tenuously in spite of repression and the compulsory regimentation of labor in the Falange Syndicates. Organized labor has long been about evenly divided between two groups—the UGT and the CNT—whose combined strength before the Civil War was 3,000,000. The UGT was established by the founder of the Spanish Socialist Party, Pablo Iglesias, and has always been directed by Socialist leaders. At present most of the UGT members are believed to be anti-Communist. There is a minority faction corresponding to the pro-Communist faction of the Socialist Party.

The CNT (*Confederación Nacional del Trabajo* or National Confederation of Labor), which is the anarcho-syndicalist trade union, has always been unalterably anti-Communist. In its early development it was strongly influenced by the theory of the anarchist, Bakunin, that labor should effect the social revolution by direct means, such as strikes, rather than through organized participation in politics. At the present time, the majority leaders have temporarily abandoned this policy in favor of political action. They advocate cooperation with all the non-Communist opposition in order to establish a liberal government to succeed Franco. Inside Spain, CNT leaders who

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believe in political action have been at the forefront of the effort to unify the opposition to Franco and were first to undertake negotiations with the monarchists.

A minority faction of the CNT rejects this program and still clings to the theory of pure anarchism, which would have nothing to do with any government save to work for its destruction.

Although factionally divided, the Anarcho-Syndicalists, like the Socialists and their affiliated trade union, represent a deeply ingrained aspect of Spanish politics. Franco has been no more able than was the Dictator Miguel Primo de Rivera, to eradicate the appeal of this formerly extremist, now apparently more moderate, labor and social reform movement, which draws its main strength from the deep-seated social and economic maladjustments in Catalonia and Andalusia.

The small *Partido Sindicalista* (Syndicalist) Party, which is an offshoot of the anarcho-syndicalist movement, also maintains an existence inside Spain and in exile. Its influence is negligible.

(3) *The Spanish Communist Party.*

This party's strength is not in numbers but in the discipline and training of its members. The party is hated and distrusted by most Spaniards, including the majority of leftists, but if the economic deterioration of Spain continues, it is conceivable that Communist leadership will be able to outbid other leftist organizations in the exploitation of mass resentment. The younger members of the other parties of the Left are particularly susceptible to Communist propaganda and some of them are being won over because of the inability of the other parties to offer a program of direct action at this time. The excellent organization of the small Communist Party enables it to maintain communications between the units in Spain and in exile with more success than that of other leftist groups. It receives directives and substantial propaganda but little or no financial aid from Moscow. Scattered money contributions are sent by sympathetic organizations all over the world, but the fact that the Party has to raise funds from among its own members to cover most of its operational costs limits its program.

The current strength of the Spanish Communist Party cannot be estimated accurately. It may have 100,000 affiliates or sympathizers but probably has less than 10,000 active or trained members. Its efforts are mainly directed toward infiltrating the Socialist and other leftist groups. Its activities have been in part favorable to the continuance of the Franco regime in that it has worked to confuse, retard, and disrupt the efforts of moderate opposition groups which it has been unable to dominate. It formerly participated in such opposition organizations as the Republican Government-in-exile, the National Alliance of Democratic Forces, the Basque and the Catalan Nationalist governments; but during the past two years it has been dropped or expelled from all of them.

(4) *The Republican Parties.*

The Spanish parties having the most purely democratic doctrines are the three Republican groups: *Izquierda Republicana* (Left Republican), *Unión Repub-*

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licana (Republican Union), and *Partido Federalista* (Federalist Party). Their appeal always has been principally to the white-collar classes and liberal intellectuals.

The Spanish Republican leadership in exile has been distinguished from that of the other leftist parties by its refusal to participate in attempts to solve the Spanish problem through any means other than direct restoration of the Republic. There are indications that some of them now are prepared to modify this die-hard, legalistic attitude should other opposition elements form an effective coalition.

Members of the three Republican parties have formed two loosely organized clandestine "blocs" in Spain, known as the ARE (*Alianza Republicana Española* or Spanish Republican Alliance) and the *Bloque Republicano* (Republican Bloc). The former advocates the restoration of democracy in Spain by means of a plebiscite, while the latter desires the re-establishment of the Republic under the 1931 Constitution.

(5) *The Regional Parties.*

Another type of movement which has always had great vitality, despite severe repression by successive governments, is that for regional autonomy and a reduction of the centralizing authority of Madrid. It is manifest particularly among the Catalans and Basques, and, to a lesser extent, among the Galicians. These proponents of a federalized Spain are part of the Spanish Left because the Right, advocating the principle of centralized authority, has always uncompromisingly opposed their aspirations. In the social and economic sense most Basque and Catalan nationalist leaders are moderates or even rightists, but it was the Republic which granted Catalonia and the Basque provinces a certain measure of autonomy, whereas Franco has banned even their regional languages, except as folklore.

Linguistic and historical diversities, geographical barriers, and conflicting economic interests have given Catalan and Basque nationalism considerable inherent strength, especially during the past half century. Much of the effective political power of these movements has been dissipated, however, by the diversity of parties seeking to represent each region's aspirations. As the seats of Spain's most important industrial centers, they also are strongholds of the labor movements.

(6) *The Republican Government-in-Exile.*

This body was established in Mexico on 17 August 1945 and moved to France the following winter. It bases its authority on a quorum of deputies elected to the Spanish Cortes in 1936, whose popular mandate was considered by many leftists to be still in force because no authentic free elections had been held since. This Government-in-exile has been weakened by several crises and reorganizations caused by the questions of cooperation with the opposition monarchists and of inclusion of Communist representation. The Communist Party is presently excluded. The Socialists and certain other leftist groups have withdrawn voluntarily, so that only the three Republican parties now participate. These representatives, moreover, appear at the present time to be carrying on the Government-in-exile mainly for the purpose of preserving its existence as a symbol of the legal institution of the Republican Government, pending the time when the Spanish people will be able freely to express their choice as to the form of government under which they wish to live.

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(7) *Coalition Movements.*

(a) *The ANFD (National Alliance of Democratic Forces).*

Beginning in 1943, the leftists in Spain endeavored to unite the opposition in a clandestine coalition which all parties of the Left were invited to join. They succeeded in organizing the ANFD or *Alianza Nacional de Fuerzas Democráticas*, an organization composed of all the leftist groups except the Communist Party. Subsequently the Communists gained admission. Their activities weakened the group and, in 1947, finally rendered it ineffective.

(b) *The Leftist-Monarchist Rapprochement.*

Since the end of the Civil War, in 1939, moderate leftist and rightist leaders have advocated the formation of a Centrist coalition as the only feasible way to solve the problem of replacing the Franco regime without recourse to violence. Efforts toward this end made by monarchists and leftists in Spain were unsuccessful, but the project has never been abandoned. Current negotiations are being carried on mainly by representatives of these groups in exile. Indalecio Prieto, moderate Socialist leader, has taken the initiative for the Left in meetings with followers of Don Juan, represented by José Maria Gil Robles. Prieto's object is to procure the removal of Franco and establish an interim regime to be followed by a constitutional government. This movement appears to have the support of the UGT and CNT trade unions and is positively opposed only by the left-wing Socialists and the Communist Party, which has been excluded from the negotiations. The discussions between Prieto and Gil Robles were initiated in October 1947, and several meetings have taken place, the most recent between Prieto and one of Don Juan's emissaries being in August 1948. Agreement has been reached on most issues, including the form of government to succeed Franco on an interim basis, and the deferment of a plebiscite thereafter for an indefinite time, depending on internal conditions following the change in regime. The means of removing Franco must still be found and successfully exploited before the validity of this secret agreement between opposition factions can be tested.

An additional problem is that of effecting agreement between the opposition groups and leaders in exile and those in Spain. Distrust and resentment color the attitude of the latter toward many of the former political leaders who fled following the defeat of the Republic. Few of them, either in monarchist or leftist ranks, could soon return to party leadership in Spain if political liberty were restored. The paucity of experienced leaders now existing might, however, lead to temporary acceptance of such men as Prieto during a period of national reorganization.

7. STABILITY OF THE PRESENT ADMINISTRATION.

The stability of the present Government depends primarily upon Franco's retaining control of the instruments of force now at his command. The allegiance of the Army and of the police is essential. To maintain this allegiance, Franco provides special privileges for the armed forces and the Falange. To insure that his position is not undermined, he must also provide security for the bureaucracy and must exercise skill

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in maintaining a balance between his supporters and, at the same time, keeping opposition divided.

Franco's government has remained in control mainly because his rightist and leftist oppositions have been unable to compose their differences, because the armed forces are determined to prevent a reversal of the political outcome of the Civil War, and because the people fear a renewal of disorder and violence. The military would withdraw its support from Franco in certain circumstances; for example, should the opposition offer superior inducements with which to tempt them, and should the weakness of the national economic situation endanger the individual welfare of the higher officers. The laboring classes, while deeply dissatisfied, cannot undertake large-scale strikes or similar protest actions so long as they remain at bare subsistence level. Both physical and economic weakness reduce the likelihood of a spontaneous mass revolt.

No time limit can be set for the ending of this artificial and ruthlessly imposed stability. It probably will depend in the long run on economic rather than political factors. While Franco today appears to possess political strength as great as at any time in his career, his power rests on a basis of support which has narrowed since the beginning of his rule, despite outward appearances, and which recently has been further straitened because of his renewed attacks on the Don Juan monarchists and because of the impact on various sectors of society of the practical disadvantages resulting from Spain's international diplomatic and economic isolation. Franco has met international diplomatic criticism and has overshadowed the defections of former elements of support by using the powerful propaganda machine of his regime to stir up nationalistic resentment against foreign interference with the domestic affairs of Spain, always a potent stimulus to Spanish patriotic sentiment. This has led to wide acceptance of the belief that overt pressure on Franco from abroad strengthens rather than weakens his standing with the Spanish people.

Such a reaction is apparent particularly among vast numbers whose jobs and prospects depend on preserving the regime, or who fear change in the absence of a clear and safe alternative, even though they dislike the regime and distrust its ability to resolve the nation's problems. Franco's domestic propaganda position has been weakened nevertheless by the recession of the Communist menace in France and Italy and by the protracted economic hardships at home. The decisive rejection by other European nations of Spain's inclusion in the European recovery program in March 1948 evoked little popular response to the government-sponsored show of resentment, as compared with the mass demonstration stirred up after the adoption of the UN resolution of December 1946 * which Franco then was able to exploit as foreign intervention. Fear of change, nevertheless, continues as the most important factor in Franco's favor.

The greatest threat to the stability of the Franco Government lies in the country's precarious economic situation. Although the regime survived a severe crisis in 1945-46 and perhaps could weather another, although by a narrow margin, and although some recuperation may take place during the next six months, far-reaching agricultural,

* For text of the Resolution see Appendix F, p. 85.

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industrial, and transport rehabilitation will be required to put the national economy on a secure basis. Bilateral trade agreements concluded during 1947-48 with Argentina, France, the UK, and other countries will afford relief, but probably will not be sufficient for effective recovery. There is, moreover, no assurance that Spain will be able to fulfil the commitments it has made in these agreements, in view of the difficulty it has had in meeting obligations contracted to date.

Economic improvement without some political and economic reforms could even become an additional factor of instability for the Franco regime. The will and the ability of the popular opposition to organize probably would gradually increase with improvement in the standard of living of the laboring and middle classes. This standard is at present too low to enable wage earners to finance organizations of any kind or to strike. Their basic complaints have not been overcome by labor regimentation practices. The failure of the Spanish governing classes, past and present, to eliminate conditions which have caused immense discrepancy between the means and opportunities of the impoverished masses and those of a small class of very wealthy Spaniards has injected vitality into all movements aimed at progressive government as well as virulence into extreme radical movements. These conditions cause groundswells of discontent which the Franco regime has contained by unrelenting political and physical repressions. Those in power are constantly aware that beneath them are multitudes ready to grasp the first opportunity to throw off the authority which they believe has withheld justice from them, that a repressed people, apart from any particular political ideology or leadership, vengefully seeks to abolish the laws, institutions, and personalities of the government under which they suffer. This knowledge, combined with fear of Communism, has been a factor in Franco's refusal to modify the governmental system which protects him and his adherents. It has caused bankers and industrialists, despite their severe criticisms of the regime, to accept the disadvantages of economic totalitarianism, even though they have recognized the possibility that these policies eventually may lead to economic breakdown and political chaos.

Although the stability of the Franco regime depends primarily upon control of the domestic situation, certain powerful external influences affect it. Because of Franco's avowed anti-Communism, and because of fears abroad that his removal might be followed by Communist rule, or a period of chaos favorable to Communist aims, certain foreign governments have declined to participate in any direct action aimed at forcing him out. This determination has been reinforced by the demands of the USSR and satellite states for such a solution, and by some acceptance of the theory that the Iberian peninsula, while Franco is in power, could serve as a bulwark against Communist control of the European continent. Also, the failure of opposition forces to unite on a program for removing the present Government and on the kind and composition of regime to replace it has caused lack of confidence abroad in their ability to govern the country if in power.

Franco also has been aided by the substantial economic support and moral encouragement given him by Argentina following the disastrous 1945 drought and particularly after passage of the 1946 UN resolution. This assistance enabled him to adopt an independent and self-assured attitude in rejecting or evading the official and

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unofficial intimations from the US and other countries that while improved relations with the Spanish people were desired, basic liberalization of the policies of the Spanish Government was essential to progress toward this objective.

External influences unfavorable to the regime lie chiefly in the practical and psychological disadvantages of the exclusion of Spain from the UN and its related international organizations. The Spanish Foreign Office failed, with certain exceptions, in a campaign to win return of ministers and ambassadors to Madrid before the UN General Assembly of September 1948. Despite some favorable international developments, Franco's prestige both at home and abroad is still impaired by diplomatic isolation.

Other external influences detrimental to stability are Spain's failure to gain inclusion in the European recovery program and the rejection of Portugal's proposal to bring Spain into the framework of the Western European Union. The tolerance of the French Government toward the Spanish Government-in-exile and the encouragement given by the French and British Socialist parties to Indalecio Prieto's initiative for a non-Communist coalition movement against Franco have also been of concern to the regime. By permitting opposition groups to remain in France, the French have provided them with a well located base for their operations and ready access to press and radio. The British Government has not concealed its preference for the restoration of a constitutional monarchy, although it evidently contemplates no direct intervention in favor of Don Juan.

The attitude of the Vatican also is somewhat unfavorable to Franco. The Pope has received Don Juan and approves his claim to the Spanish Crown. Certain Vatican statesmen fear that a general upheaval will take place in Spain when Franco's dictatorship ends and are apprehensive as to the effect on the stability of the government of his current financial and economic policies. As a means of peaceful transition to a successor government, they would favor an accord between Franco and Don Juan, whereby Franco would prepare to retire voluntarily, so as to make possible the establishment of a regime under which Spain can be integrated into the Western European Union and participate in the European recovery program. Certain former leaders of Spanish thought have been studying for the past two years the possibility of forming a Christian Democratic Party in Spain in case of political liberalization. Some members of the Spanish hierarchy are known to favor these endeavors, of which the Vatican is informed.

Franco's control of the Government will be endangered only if some of the high Army, Church, or Falange leaders become seriously alarmed over the deterioration of the national economy, in which case some combination of these elements might act against him. In such circumstances, the succession might be determined through seizure of power by a *coup d'état* backed up with force, although a precedent exists in Spanish history for the voluntary retirement of a military dictator. General Primo de Rivera withdrew when his policies were definitively rejected by the Army leaders after the nation's bankers had withdrawn their financial support from his Government. It is improbable that the three groups named above would act with unity against Franco; he well understands how to keep a balance between them and there appears to be no

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alternative to him on which they could agree. If fears of national bankruptcy caused some combination of national leaders to attempt his removal, their problem scarcely could be confined to anything so simple as putting him out of office and selecting a successor to replace him. It would involve decisions as to the type, extent, and timing of changes to be made in the structure and policies of the Government. The only unity of purpose which at present holds these groups together under Franco is the desire to preserve their vested interests as protected by the regime, since none of them can be said to be primarily concerned with the interest of the country as a whole but rather with special group and class interests. If any of the leaders decided to abandon Franco, it would be because they considered him unable further to protect their interests. A question of preponderance of power would then arise. It is unlikely that any realignment of the forces now sharing power could be accomplished so as to change their present relative strengths, or that any one of these elements alone could assume control, except through force. The possibilities of a period of strife would follow, opening the way for widespread, if sporadic, disorders.

A peaceful transition from Franco's regime to a successor government, therefore, either in the near or distant future, probably will be possible only under the leadership which can get the support of a strong group of military officers and of elements now excluded from influence in public affairs. A new government could then be established on a broadened basis of popular support.

If important defections among his military, clerical, or Falangist supporters became imminent, Franco might act in time to avert disaster. He apparently has put off criticism and alarm among some of them, during the past year, by his assurances that direct aid would eventually be forthcoming from the US. His only bargaining point for this aid, i.e., Spain's strategic importance, is debatable. Unless an outbreak of war between the US and the USSR were imminent, such a grant would be subordinated to international political considerations.

Various efforts to obtain credits from private US sources have failed. An offering of dollar bonds by the Spanish Government—a device which appeared to be almost a last-resort attempt to raise needed foreign exchange—has been received with little interest. The short-term outlook is that the economic situation will remain critical during the fall and winter of 1948-49. Franco will probably continue under domestic and foreign pressures which could oblige him either to make basic policy changes, radically altering the character of his regime, or abandon power. His ability to withstand these pressures will be reduced if there is a marked contrast between the rate of Spanish economic rehabilitation under bilateral agreements and the rate of recovery in the other Western European countries under multilateral international arrangements.

Franco is not likely to liberalize his regime so long as he believes he can retain power without doing so. If he decides concessions are unavoidable, he will first attempt to make them piecemeal, in token form.

Economic betterment resulting from foreign aid, if distributed so as to benefit the working classes as well as the favored ranks of Franco's supporters, could lessen political tensions and make possible gradual restoration of civil liberties. Before this could develop, Franco's personal power would be put to a severe test. He has become ever

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more deeply committed to anti-liberal, totalitarian policies and to the advocates and beneficiaries of these policies. The structure of his regime has become rigid; there are many antagonisms between its components, and it is riddled and corroded with favoritism and corruption. No liberalizing change of any kind can be made without invading the privileges of some of the elements supporting him. Franco's regime is one of extremism, and it will be difficult even if he has the will, to change the course of his policies or evade their consequences.

The long-term outlook for Spain at best is for a slow and halting recovery of economic stability and political liberty, while Franco's totalitarian rule, unless substantially modified, would probably lead ultimately to revolutionary violence.

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CHAPTER II

ECONOMIC SITUATION

1. GENESIS OF THE PRESENT ECONOMIC SITUATION.

Spain today is economically weak, incapable of providing either the US or another power appreciable assistance in time of emergency and is dependent on foreign aid for basic economic recuperation. Spain's long-term economic problems are both chronic and acute. They arise from such deep-seated causes that no government has yet been able to survive the political consequences of serious attempts to make far-reaching reforms. A marked and continuing characteristic is the unwillingness of the privileged classes to bear a fair share of the costs of government, national defense, and public works and their consequent effort to place the main burden on the middle classes and the perennially impoverished working population. Historically, wealthy Spaniards have not used their capital or devoted their energies to improving the nation's basic industries. Foreign capital, especially British, was allowed to play a prominent part in exploiting the national mineral wealth while the electric power potential, mainly kept in the hands of Spanish enterprise, was only partially developed. Agriculture has suffered because many large proprietors have held arable land out of production, while both proprietors and peasants have resisted modern methods; moreover, comparatively little has been done to irrigate potentially productive land. Centuries of inefficient land use and exploitation of natural resources have contributed to the national heritage of unsolved economic problems.

Spain shared the universal depression of the 1930's. During the Spanish Civil War industrial plant sustained severe damage and business was generally dislocated. Large areas of agricultural land were damaged or abandoned and have been only partially restored to production. Livestock numbers were decimated and have not been restored to the pre-1936 level. Recovery which might have been initiated after the Civil War was retarded by World War II, when few capital goods and industrial raw materials could be obtained. Mining, steel, and textile industries deteriorated during this period for lack of new machinery. Since coming to power in 1939, Franco's "Syndicalist State" government has pursued the object of making the country more nearly self-sufficient. This has led to adoption of policies inimical to the interests of foreign investors and has thus halted the inflow of capital, while available capital and labor have been directed into some inefficient and uneconomic enterprises. Even though it be conceded that the country is adversely affected by world economic troubles, these policies and the types of controls imposed by the government over labor and business are partly responsible for the present low levels of production and low standard of living.

The answer of the Franco Government to the undeniable need for economic reform has been an effort to extend government control even more closely over every economic act and to adopt measures dictated by political theory or expediency rather than economic need. In addition to such necessary emergency controls as the rationing of

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basic foods and other scarce supplies, and the allocation of limited foreign exchange, hundreds of decrees have been issued providing for detailed regulation of production, distribution, and transportation. Most business and industrial enterprise nominally operates under the profits system but is regimented under controls applied through a system of organization designed to merge the technical administration with the political operations of the Falange Party, as in the case of Nazi Germany and Fascist Italy. Management has been shorn of almost all the powers and prerogatives of private ownership as understood in the United States, such as the setting of wages and prices, and the control of operations, including the right to cease operations. Labor likewise has lost the right to organize independently and bargain collectively.

The authoritarian government of Spain has attained nothing like the success of Nazi Germany in making efficient use of available resources through imposition of controls. Although a radical revolution in government has taken place, little has been accomplished to correct the age-old ills of the country arising from concentration of wealth in the hands of a relatively small group while a low standard of living * prevails for the great majority and acute poverty is common. Some traditional weaknesses have been magnified under the present system: corruption among officials and immense expenditures for the Army and police are a heavy drain on Spanish resources. Black market operations and staggering price rises measure the ineffectiveness of the price control and anti-hoarding laws. Because of the inefficiency of the rationing system, all Spaniards are driven to patronize the black market, not only for foods but other commodities such as building materials. It thrives by official consent, the main benefits going to individuals and classes of individuals in the Army and the bureaucracy whose loyalty is politically important to the regime. Because of its inability to control prices, the regime also tolerates the universal practice by public employees including Army officers in all ranks, railway and bureaucratic job-holders, teachers and university professors of occupying two or more paid public positions at once and devoting much of their government-paid time to outside business, with a consequent toll of inefficiency upon government operations.

2. GENERAL CHARACTERISTICS OF THE ECONOMY.

The Spanish national income for 1946, the most recent year for which figures are available, has been estimated roughly at 80 billion pesetas or \$4.8 billion. United States national income in 1946 was \$178.2 billion. Per capita incomes for 1946 were: Spain, \$177 and the US, \$1,122. At the same period, the purchasing power in Spain of the peseta equivalent of one dollar was not more than twice the purchasing power of one dollar in the United States.

The economy of the country is primarily based on agriculture. About 53 percent of the working population is engaged in agricultural pursuits, compared with 20 percent in mining and manufacturing, other occupations accounting for the remaining 27

* Spain's standard of living is about on a par with that of Italy, ranking considerably lower than that of other nations in Western Europe.

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percent. There has been a slight relative increase in the number of non-agricultural workers during the past 25 years.

Spain possesses most of the mineral resources that are prerequisite for the development of a prosperous economy, but must import certain goods of vital importance. This includes part of the coal supply, 99 percent of the petroleum, and more than 90 percent of the cotton required by the national textile industry. The country is also heavily dependent on outside sources for machinery, automotive vehicles, transportation equipment, fertilizers and other chemicals. Agricultural production is insufficient for the national needs, and certain foodstuffs, currently in relatively large amounts, must be imported.

Agricultural products and wines constitute the principal exports, with minerals, such as mercury, tungsten, pyrites, and potash, in second place.

All fields of production in the country are suffering from the depreciation and obsolescence of most of the capital equipment and of the rail and highway transportation systems, and from marked deficiencies in fuel, power, and raw materials.

Spanish labor is potentially capable of productivity comparable to that of labor in most other European countries. The ranks of skilled labor were decimated in the Civil War and have not yet been refilled by the rising generation. The physical strength and morale of the existing labor force have been weakened by low-level real income, unpopular regimentation, repressive government action, and some unemployment during the period since the Civil War. An extensive government program of social benefits has not given workers enough real benefits to offset these liabilities.

3. AGRICULTURE.

Before the Civil War of 1936-39 Spain was self-sufficient in the production of foodstuffs for a very low standard of living.* Since then failure to restore devastated land to productivity, poor crops, and increased demand have made necessary the importation of a considerable quantity of essential commodities, including wheat, the most important native crop.** The quantities of foodstuffs available from all sources, including imports, have not been sufficient to satisfy domestic needs.

Although agriculture is the nation's chief occupation and employs more than one-half of the national labor force, nearly a third of Spain's 39,000,000 arable acres remain idle. Contributing to this condition and to the low productivity of the cultivated areas are the lack of initiative among large landholders and resistance to modern methods arising from ignorance, poverty, and dread of unemployment among peasants. Other

* Comparison of acreage planted to the five major cereals before and after the Civil War:

1931-35 average	20.3 million acres
1940	15.0 million acres
1943	17.0 million acres
1947	17.5 million acres

** Production of bread grains in 1947 was estimated at 3.5 million metric tons as compared with 4.1 million metric tons in 1946 and the pre-Civil War (1931-35) average of 4.9 million metric tons. The 1946-47 grain imports totaled one-half million metric tons.

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major factors include lack of nitrogenous fertilizers, the low output and poor quality of the Spanish farm machinery industry, the scarcity and high cost of petroleum products for use in farm motors, shortage of work animals, and inefficiency in the use of the animal traction available.

Two-fifths of the cultivated land is planted to cereals, the most important of which are wheat, rice, maize, and barley. The grape crop ranks next in importance, followed by olives, citrus fruits, nuts (almonds and filberts), and vegetables. Other crops include sugar beets, sugar cane, cotton, tobacco, flax, and hemp. Tomatoes and bananas are grown in the Canary Islands for the domestic market and for export.

Livestock raising, mostly of sheep and goats, was once a foremost national industry, but has been declining since 1865. Serious losses occurred during the Civil War and during the drought of 1943-45. Although livestock numbers increased slightly during 1946 and 1947, they remain 40 percent below the 1935-36 "normal" level.

Inadequate rainfall in the years 1943-44, culminating in a severe drought in 1945, caused damage to all crops. In 1946, the production of most important agricultural products was approximately double that of 1945, but did not reach the normal 1931-35 average. The Government's announcement in October 1946 of higher prices and bonuses for volume production of certain crops led to some increase in acreage sown in 1947. This increase was offset in some areas, however, by retarded spring planting and subsequent damage caused by excessive rainfall and floods, with the result that the 1947 national cereal harvest was 15 percent below that of 1946. The 1948 harvest was slightly better than that of 1947, i.e., below normal (1931-35 average).

The present cereal consumption per person is one-third below the 1931-35 average and can be maintained only if pre-Civil War cereal imports are at least doubled. On the strength of the good harvest of 1946, the bread ration was twice increased, but by November 1947 had been cut back to the lowest 1945 level with no prospect of an increase until after the 1948 harvest. The average diet of the population, exclusive of farmers, is estimated at about 1850 calories a day. The allowance of rationed foods provides about 1,500 calories a day. Any difference must be made up of supplementary foods which, except for fruits and vegetables, usually command black market prices.

a. Fishing.

The serious shortage of most protein foods has resulted in a greater domestic consumption of fresh fish than ever before. In 1947 the fish catch, most of which was consumed domestically, was slightly more than 594.3 thousand metric tons. During 1947 the fishing industry was adversely affected by abnormally high operating costs, scarcity of essential materials such as nets and fuel, inclement weather early in the season, and smaller catches resulting not only from scarcity of some kinds of fish, but competition from foreign craft. Principal species of fish caught are sardines, hake, bonito, and anchovies. Some 34,000 to 40,000 fishing craft are employed. In 1940 about 195,000 persons were engaged in fishing.

The fish-packing industry was created and developed to capture foreign markets. Peak export volume was reached in 1937, a Civil War year, when canned fish

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**ESTIMATED PRODUCTION AND TRADE OF MAJOR FOOD COMMODITIES IN
1946-47 AND 1947-48 COMPARED TO 1931-35 AVERAGES**

(1,000 metric tons)

COMMODITY	PRODUCTION			NET TRADE ³	
	1931-35	1946-47	1947-48 ⁴	1931-35	1946
Wheat	4,355	3,600	3,000	-0.6	+400
Rye	551	510	450	-0.1	+21.0
Corn	709	528	500	+73.2	+32.0
Barley	2,394	1,913	1,522	-9.1	+47.0
Oats	670	619	507
Rice	293	205	260	-23.8	+1.5
Total	8,972	7,375	6,239	+39.6	+501.5
Sugar, refined	300	177	147	+16.0
Potatoes ¹	4,875	4,249	4,131	-85	+24.0
Meat (carcass wt.) ²	618	550	565	+1.6
Edible olive oil	390	350	363	-30	-5.0
Wine & other bev.	1,926	1,675	1,980	-180	-43
Fruits	2,073	2,070	2,300	-1,018	-330
Nuts, shelled	208	200	200	-31	-9.1

¹ Includes some sweet potatoes.

² Includes poultry.

³ Plus (+) = imports; minus (-) = exports.

⁴ Preliminary.

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became an important source of foreign exchange for Franco. The volume of exports has decreased steadily, until they are almost negligible, and the packing industry is undergoing a critical period due especially to lack of tinplate. Although Madrid officials have promised consideration of the industry's problems, no significant action has yet been taken to relieve them.

b. Forest Products.

Although almost 10 percent of Spain's land surface (12 million acres) is forested, timber is deficient both in quantity and quality. The forests in Spain have suffered progressive deterioration for many years and were further damaged during the Civil War. Cork is the principal forest product, Spain being the world's second most important source (next to Portugal). In 1946 Spanish cork exports were valued at slightly above \$5 million, more than four-fifths of which went to the US.

Resin and turpentine are produced in all main pine-growing areas and the resinous products industry manufactures synthetic camphor, celluloid, pigments, and varnishes.

In 1946 Spain imported about 45 percent of its total lumber consumption. Imports of wood pulp and pulp products amounted to about 94 percent of total consumption. Prior to the Civil War, the paper industry depended almost entirely on the supply of chemical and mechanical pulp obtained abroad. Trade difficulties with Sweden, particularly during 1944 and 1945, reduced purchases of these materials. Experiments were conducted with vegetable products, such as grasses and straws, but were relatively unsuccessful. Renewal of imports from Sweden in 1946 somewhat relieved the Spanish pulp shortage.

Despite the deficiency of timber production, there are more than 700 small saw mills operating in Spain. The making of wine casks and boxes and barrels for packing fruit is a long-established industry on the Levantine coast. Match production is a Government monopoly, occupying ten authorized factories.

4. MINING AND METALLURGY.

Mining and related industries rank second in importance to agriculture in the Spanish economy. About 375,000 persons are employed, or roughly one-fourth of the total industrial labor force. Mineral production in general has increased since the end of World War II, reflecting continuing world shortage in certain minerals, elimination of Allied commodity movement controls, and a slight improvement in the Spanish electric power situation. Basically, mine output is curtailed by lack of equipment and obsolescence of that in use, shortage of explosives, and by inadequate transportation and electric power supply. Other problems arise in connection with the Government-decreed wage and hour regulations and price ceilings, and with reduced labor productivity resulting from poor food and health conditions and worker dissatisfaction with employment in the mines. The increased cost of labor, together with the Government's efforts to maintain price ceilings, has resulted in curtailed production of metals and minerals, particularly of lead and tin. However, considerable quantities of mineral products are sold on the black market at prices well above official levels.

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SECRET*a. Coal.*

Spanish coal deposits are of poor and deteriorating quality. Reserves are extensive, however, and it has been estimated that they are sufficient to last for 200-300 years. Although a new high of 12,100,000 tons was mined in 1946, production was 2,000,000 tons short of requirements. Spain normally produces about 85 percent of domestic requirements, obtaining the balance from UK. If essential machinery and equipment could be acquired, Spain might become self-sufficient for all coal except high-grade supplies for steam raising and coke making. The railroads, iron and steel industry, and merchant and fishing fleet consume respectively about 24, 18 and 10 percent of the coal available.

b. Iron and Steel.

Spain's metallurgical industry has never corresponded to the considerable production and variety of native minerals. The bulk of ores mined is exported since Spanish iron ore is conveniently located with respect to northern European smelting centers. Since the end of the Civil War efforts have been made to build up the iron and steel industry in Spain, without appreciable success. Attempts at self-sufficiency have been hampered by shortages of metallurgical coke and scrap iron.

In the record year of 1929, 375,000 metric tons of pig iron were produced, and 1 million tons of steel. (Alloy steels account for only a negligible part of total production.) In 1943, the production was 583,000 tons of pig iron and 653,000 tons of steel. By 1947, because of increasing difficulties with coke supplies, obsolescent equipment, labor and transportation, and scrap iron shortage, production was 541,000 tons of steel. As a consequence of this low production rate, steel is in short supply, seriously interfering with improvements in transportation and within the steel industry itself, and a considerable black market exists in steel. Spanish rolling mills, moreover, are not equipped to produce steel plate for the shipbuilding industry, thus necessitating import.

c. Tungsten.

Spain has valuable resources of tungsten ores. During World War II important quantities were supplied to Germany. Preclusive buying by the US and UK forced prices to high levels and feverish production resulted. Return to normal prices at the end of the war put many wild-cat operators out of business and production declined as sharply as it had risen. Only 425 metric tons were produced in 1947 (1943 high was 4,038 tons). Domestic consumption requirements are less than 75 metric tons of concentrates (60 percent WO_3).

d. Non-Ferrous Metals.

Spain normally produces about one-third of the world's mercury, a mineral of great strategic importance. Spain, furthermore, is the most important foreign source of mercury for the US. The Almaden mercury mine, owned by the Spanish Government, is still the largest mercury deposit in the world, despite a record of almost continuous operation since 400 B.C. Price and distribution of mercury is controlled largely by a cartel formed by Spain and Italy in 1928. Under the present agreement

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Spain is allowed 61.5 percent of the cartel's sales. Spanish output in 1947 was 35,420 flasks (76 pounds each) compared with a peak of 86,473 flasks produced in 1941. Exports amounted to 18,172 flasks in 1947.

Aside from mercury, production of non-ferrous metals is of minor importance. At the present time lead production is relatively minor, although Spain has been the world's second largest producer and substantial reserves still exist. Exploitation is hindered by antiquated ore-dressing methods. If lead mining problems were solved, Spain might build up exports to 50,000 tons annually.

Spain is an important producer of zinc, copper, strontium (extensively used in tracer bullets and flares), and mines relatively minor quantities of tin, bauxite, bismuth, corundum, imenite, gold, silver, and arsenic.

e. Non-Metallic Minerals.

Spain still has the largest known reserves of iron pyrites (a source of sulfur and sulfuric acid) in the world and also is the largest producer. British capital controls the industry. Production in 1947 was 1,296,904 metric tons. Normally, most of the production is exported to Europe and the US. About 125,000 tons are consumed domestically in the manufacture of sulfuric acid and sulfur. Pyrite residues are utilized as iron ore.

Potash deposits are extensive. Output fell off during war years, but in 1947 production reached an all-time peak of 153,809 metric tons (K₂O) of which 104,094 tons were exported. Spanish producers are now attempting to increase their sales above the 14 percent of the world potash market allotted to Spain under the cartel terminated by World War II.

An efficient, well-equipped cement industry supplies domestic requirements and a small amount for export. During World War II, Spain furnished large quantities of fluorspar to Germany. Other non-metals mined are salt, barite, phosphate rock, graphite, kaolin, magnesite, mica, ochers, feldspar, and steatite.

5. INDUSTRY.

Industry was slow to develop in Spain; important advances were not made until the latter part of the nineteenth century. Principal installations have been largely restricted to two northern areas: around Barcelona, which is the textile center, and Bilbao, the center of iron and steel manufacturing. During World War I cessation of the normal flow of trade caused Spaniards to establish new industries and extend others already in existence. During the decade following World War I impressive strides were made, mainly as the result of the investment of German capital and technical knowledge. These advances were not long-lived and the productive activity of that decade has not been regained. A setback occurred during the Civil War, when many industries, already in precarious circumstances because of the world-wide depression and domestic labor difficulties, became impoverished and disrupted. There has been only partial recovery. Industry is held back because of shortages of raw materials, fuels, electric energy, transport facilities, equipment and machinery. Eighty percent of the machinery in Spanish factories is more than 10 years old and 50 percent is more

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than 20 years old. Since World War II the foreign exchange stringency has kept to a minimum the imports of industrial durable goods and raw materials which are the prime requisites for increased production, and present Government policies are discouraging both to local expansion and foreign investment.

a. Electric Power.

Both the Nationalist Government and the Republic before it have placed much emphasis on the expansion of power-generating facilities, but production of electricity so far has been insufficient to enable planned industrial expansion. Although generation of electrical energy increased from 5.4 to 5.9 billion KWH between 1946 and 1947, output was about 20 percent below demand. Since Spain relies principally upon water power for production of electricity (generating capacity is 85% hydro), power output may vary considerably from year to year because of variable rainfall. High transmission losses also are characteristic. Lack of facilities to control or provide water and power reserves causes seasonal restrictions on electric consumption for both domestic and industrial use. The Government has authorized a large number of projects for small steam and hydroelectric centrals, inter-connecting systems, and a few major power projects. The rate of completion will depend largely on ability to import machinery and power equipment, most of which must come from the United States.

b. Textiles.

The textile industry, concentrated in the Catalan region, is among the most important industries in Spain but is largely dependent on imported raw materials. Cotton is the principal raw material used. Wool is also of importance and there are a few rayon and silk mills. Some raw silk is produced locally. Even the domestic production of raw wool must be supplemented with imports. Inability to procure credits to import American cotton has greatly hampered the industry in recent years. Available stocks have been supplemented with some cotton of inferior grade from India and a small amount produced in Spanish territory. The lack of adequate power is a long-term, depressing factor in the industry's history.

c. Chemicals.

The development of the Spanish chemical industry has been slow and uneven. The stimulus received after World War I was checked by the Civil War when many plants were destroyed or put out of operation. Material progress has been made, however, in recent years. In 1939, the chemical industry was the seventh largest in Spain, from the standpoint of capital investment. Sulfuric acid and fertilizers accounted for 60 percent of the total investment.

Production of alkalies, sulfuric acid, and many other heavy chemicals is sufficient to meet domestic demands. The fertilizer industry obtains all its potash supplies domestically, but imports most of its nitrogenous materials, although there is a small output of ammonia from fixation of air nitrogen and from by-product coke ovens. Much of the phosphate rock requirements is imported from French Morocco. A comparatively new industry has developed for the production of plastic materials and plastics of the Bakelite type. A substantial soap industry is handicapped by an in-

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sufficient supply of fats and oils. A small dye industry relies mainly on processing of imported coal-tar intermediates. Stimulated by the Government and a favorable market the pharmaceutical preparations and specialties industries developed rapidly, particularly during World War II. Scarcity of certain raw materials has hampered the essence and perfume industry, although Spain is a surplus producer of a large variety of herbs and essences.

d. Food Processing.

Food processing is confined mainly to milling cereals, processing wines and oil, and preserving fish and vegetables. Small water-driven flour mills are found in most districts, although there are a few modern mills with up-to-date machinery in the chief wheat-growing areas, especially in Valladolid, Salamanca, Palencia, and Zaragoza. Olive oil is refined in all provinces, but Andalusia leads both in output and number of mills. Mills for extracting and refining substitute oils have recently been constructed.

Processing wines and brandies, both of which are important exports, is general throughout Spain. Some sugar is refined locally but imports are required to meet domestic demand. Preserving of fruit and vegetables is fairly widespread, but since the Civil War lack of tinplate has caused a sharp decline in the output of the preserved fruit industry at Murcia, the chief center for this activity.

The processing of fish products has been the principal preserved food industry which was developed primarily for purposes of international trade. Normally, Spain ranked third as a world producer of canned fish, producing about 3,000,000 cases per year. During the past 10 years, however, both production and export volume have been steadily declining. In 1946 and 1947, exports of processed fish were negligible and there are no indications of an early revival of the industry.

e. Petroleum.

Production of petroleum in Spain is negligible. A Spanish company under the INI (National Industrial Institute) in partnership with the Socony Vacuum Oil Company is drilling in the Oliana area and prospecting is proceeding in the vicinity of Burgos, but thus far commercial production has not been developed. Consumption of petroleum products is about 7-8 million barrels a year. Approximately 1/5 of these supplies come from the Government-owned refinery in the Canary Islands operating on foreign crude oil. Most of the remainder, except lubricants which originate principally in the United States, are imported from the Middle East and Latin America.

f. Miscellaneous Industries.

The ceramics industry operates at a rather low level because of the continuing shortage of certain imported dyestuffs and the shortage of domestic lead. The tanning industry is also curtailed by a shortage of hides and tanning materials; mass production of footwear is not well advanced in Spain. The tobacco industry, a Government monopoly, is concentrated in a few large factories. Although the growing of tobacco has rapidly increased in recent years, most of the tobacco processed is imported, a large amount being obtained from Cuba.

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The manufacture of electrical equipment, which expanded rapidly in the first four or five years after the Civil War, levelled off in 1946. In the small motor industry the lack of good quality magnetic plates has restricted output.

6. TRANSPORTATION.

The privately owned railway network has been assembled into a national system under Government control, which is known as RENFE (*Red Nacional de Ferrocarriles de España*). The railway system—roadbed, track, equipment, and rolling stock—is in a state of ill repair. Never fully adequate to serve the national requirements, the railway system has deteriorated progressively since the Civil War and is now critically deficient. Highways also have deteriorated. Highway transport equipment is in much the same condition as the railways. The country produces no passenger cars and few trucks; it has been able to import few replacements, and the shortage of repair parts is acute. The total motor vehicle park in Spain is very small: there are less than 65,000 passenger cars, 40,000 trucks, and 6,500 busses. A large part of the passenger cars and trucks and some busses belong to the Army and the various Government agencies.

The Spanish merchant marine tonnage of about 1.1 million tons falls far short of shipping requirements, which are normally 1.5 to 2 million tons. Seventy-one percent of the fleet is more than 20 years old. Present production capacity is only sufficient to maintain the existing tonnage.

7. FINANCE.

a. *Banking and Currency.*

The Spanish monetary unit is the peseta. With official buying and selling rates for foreign exchange fixed respectively at 10.95 and 11.22 pesetas per United States dollar, the official value of the peseta is roughly 9 cents. In August 1946, however, a preferential rate of exchange was established, nominally for tourist purposes but in practice extended to purchases of export goods, emigrant remittances and other categories, with buying and selling rates fixed at 16.40 and 16.81 pesetas per United States dollar, thereby reducing the value of the peseta to about 6 cents.

The volume of currency in circulation expanded during the 1940's from 13.5 billion pesetas in 1941 to a peak of 26 billion in December 1947. This two-fold increase of currency in circulation compares with a rise of roughly 120 percent in wholesale prices during the same period. In view of world-wide increases in prices during these years and the increased needs for currency as a consequence, the expansion in Spanish currency was not unduly large.

Official gold holdings are relatively small, equivalent to 111 million United States dollars. Prior to the Spanish Civil War, gold holdings were considerably larger; on 30 April 1938 they amounted to 525 million dollars. During the Civil War the gold holdings were practically wiped out; the Minister of Finance, Juan Negrín, in 1938 shipped almost 500 million dollars worth of gold to the USSR on "deposit" for

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the Republican Government.* After the Civil War, in 1941, official gold holdings of the Spanish Government were only 49 million dollars. By 1944 they had increased to 105 million dollars.

Banking in Spain, while nominally remaining in the hands of the owners of the private banking institutions, is subject to much Government regulation. All banks must be registered and approved by the Directorate General of Banking and Stock Markets, an official agency of the Ministry of Finance. Detailed legislation and Ministerial orders closely govern all banking activities. Direct general supervision of operations is exercised by the Superior Banking Council and the National Syndicate of Banks and Stock Markets. Foreign banks are permitted to operate in Spain. Registration of such foreign banks is required, and the Ministry of Finance fixes at its discretion the amount of funds or public securities a foreign bank must maintain against its liabilities there. Otherwise, foreign banks operate under the same legal regulations as Spanish banks although the Ministry of Finance may modify such treatment in accordance with the reciprocal treatment granted to Spanish banks abroad. There are no United States banks in Spain.

The Bank of Spain is a privately owned bank which serves as the central bank. It is the Government depository, has the exclusive right of note issue and operates as a bankers' bank. It also serves as the depository of the Government's gold holdings.

b. Government Finance.

The Government budget has been characterized by a doubling of expenditures between 1940 and 1948 (from roughly 7 billion pesetas to more than 15 billion), a considerable excess of expenditures over tax revenue and other sources of income (excluding borrowings), and deficit financing through the sale of bonds to private banks which use them as security for loans from the Bank of Spain. As a consequence, largely of these deficits, the State debt doubled between 1940 and 1946 inclusive, rising from 24 billion pesetas to 48, the latter figure roughly equivalent (at the official rate of exchange) to about 4 billion dollars.

More than half the budget expenditures are for the military services, police, Church, and Falange. Military expenditure for 1948 will alone account for 38.7 percent of the budget. The total security force expenditures will amount to approximately 42.9 percent. Such large expenditures for these purposes put a heavy burden upon the country's resources, considering both the size of the expenditures and the low level of national income.

Increased prices during the 1940's as well as expanded Government activities contributed to the rise in State expenditures. The over-all increase in expenditures from 1940 to 1948, however, has lagged somewhat behind the rate of increase in prices during the same period. The index of wholesale prices rose from 185.9 in 1940 to a peak of 471.5 in January 1948, declining to 466.5 in April 1948 (1926=100).

* Other treasure removed from Spain, sometimes confused with the transfer of gold reserves, consisted of approximately 50 million dollars in jewels seized from private owners and safe deposit vaults. It was transferred to Mexico by Negrin, but was taken out of his control and, still held in Mexico, has provided a fund administered for Spanish Civil War refugees and for the Republican Government-in-Exile, largely by Indalecio Prieto.

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Approximately three-fourths of the budget expenditures are covered by tax receipts and other income such as the national lottery and State monopolies, and nearly one-half is financed by borrowing. Nearly two-thirds of the borrowed funds are obtained through the sale of bonds to private banks. During recent years actual expenditures have exceeded budgeted expenditures by as much as 20 percent owing in part to the rapid rise in prices. As a result, supplementary allocations in excess of the budgetary figures have been made, although both the 1947 and 1948 budget laws prohibit this practice.

Tax income is derived from a wide variety of taxes, both direct and indirect. Income and profits taxes are the principal direct taxes while indirect taxes include use and consumption taxes on some food products, gas, electricity, coal, a number of raw materials, a considerable variety of manufactured products, and communications, and luxury taxes on hotels, restaurants, and patisseries. Customs duties (indirect taxes) also provide considerable revenue. In addition to the taxes mentioned, there also are levies on inheritance, transfers of property, and real estate, and the cumbersome revenue stamps on business papers and transactions. Since a very large percentage of the Spanish population do not pay direct taxes and are largely unaware of the incidence of indirect taxes, they do not realize the burden of increased Government expenditures and are passive in their attitude toward the problem. Tax rates have been increased for 1948 in an attempt to reduce the budget deficit and thereby reduce the inflationary pressure. This represents an effort on the part of the Government to combat the rising cost of living.

c. Foreign Debt.

The Franco regime has a good record of payment on foreign debts. It has not defaulted on any payments and even assumed the obligations incurred by the Republican Government. Without, however, a radical overhauling of internal economic policies and a marked expansion in production, it is improbable that this good record can be maintained in the future. Foreign indebtedness is increasing at a rapid rate. Spain is now borrowing from Argentina at a rate of 350 million pesos (87 million dollars) per year and has arranged to do so over the next four years. Most of this credit will be required for imports of food and other consumer goods. Financial representatives of Spain's large banks have sought additional private credits in the United States to finance the importation of industrial equipment, fertilizers, livestock, and mechanical equipment, and such industrial items as coal, coke, scrap iron, and other metals. They estimate the requirements for national recovery at 777 million dollars. Because of acts and policies unfavorable to foreign capital, as well as the precarious situation of the national economy, which is a source of latent instability in the regime, the granting of long-term private credits in large amounts has been refused and is unlikely in the near future. Lack of confidence in the ability of Spain to repay foreign loans is reflected in the fact that potential lenders are demanding gold collateral as security for any long-term loans.

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d. Inflation.

The rise in prices during the past 12 years has been marked. The cost of living index (base 1922-26—100) rose from 98.4 in 1935 to 320.9 in 1945 and to a high of 559.8 in December 1947. A moderate recession was registered in the first part of 1948. As many of the important items covered by the index are obtainable only at high prices in the black market, if at all, the index tends to understate the price rise. The standard of living of city workers has suffered since 1945, although there have been wage increases during the period. Real wages are 30 to 50 percent below the 1936 level. Social security insurance, Sunday and holiday pay, and supplemental family allowance schemes aid the worker but do not pay benefits sufficient to offset this decline. Rent control has been effective for the protection of low-income families, but there is a shortage of dwellings. Scarcity of building materials, in which there is an active black market (operated by high-ranking Government officials and Army officers), speculative building enterprises in the luxury class, and absence of a firm central policy keep the number of new low-rent units far below the required number, although considerable publicity has been given to the Government's public housing projects.

Economic causes of the inflation are not far to seek, nor are they radically different from those that have plagued all European countries in recent years. Government budget deficits incurred yearly since the end of World War II have exerted considerable inflationary pressure. But the primary causes have been the goods shortage and unfavorable world prices.

The postwar import program, involving high prices for import goods and the necessity of paying in hard currency for many items imported, has greatly depleted foreign exchange resources without appreciably relieving the goods shortage. At the same time, the high cost of Spanish export goods has been a handicap to sale abroad and has restricted the acquisition of foreign exchange. Spain also has been unable adequately to supplement the foreign exchange secured through merchandise exports. There has been no inflow of foreign funds for investment purposes, and the country has been excluded from ERP assistance. The large loans obtained from Argentina in 1946 and 1948 cannot be expected to relieve the shortage of durable goods and industrial raw materials appreciably, since the main portion of the credit is being used for food imports.

Government concern regarding the inflation problem was shown early in 1948 in the imposition of severely restrictive financial measures. These measures may have a depressing effect upon prices, although there has been no marked change so far. The chief problem, however, is not a price problem; it is the problem of increasing production. By midyear 1948, there were already evidences of growing unemployment which were in part traceable to the Government's financial policies. And unemployment would be more apparent but for the fact that employers' rights of laying off workmen are limited. Business in effect contributes a subsidy to the unemployed. An increase in bankruptcies has become apparent. In the circumstances, the Government may expand its program—already very large—of deficit financing of productive enterprises and may continue to subsidize exports, regardless of the immediate effects of such a course upon the trend of prices.

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SECRET**8. FOREIGN TRADE.**

Despite the country's advantageous geographic position, the foreign trade of Spain, in proportion to its population, is materially smaller than that of most European countries. In 1935, its exports, as officially reported, were equal to \$4.53 per capita and its imports to \$6.82, compared with \$14.47 and \$19.58, respectively for France, \$40.27 and \$43.33 for Belgium, and \$3.07 and \$2.85 for Poland. Nevertheless, certain of Spain's products, including cork, olives, olive oil, pyrites, and mercury play an important role in world commerce. Various industries depend on exports for most of their income, including those producing citrus fruits, potash, salt, lead, grapes and wine, and iron ore.

Spanish foreign trade after 1939 underwent far-reaching changes. The national self-sufficiency program and exchange difficulties contributed to a decline in both the volume and value of imports; lack of shipping facilities and controls instituted by belligerent countries reduced the volume of exports. The volume of exports reached a wartime peak in 1943; since then exports have declined materially. A variety of factors contributed to this decline, including reduced demand for strategic commodities, poor harvests of olives, oranges, and nuts in 1945-46, and the closing for two years (1946-1948) of the French-Spanish border. In general, the value of exports in 1947 was about double the average in 1931-35, owing to the rise in world prices and in Spanish prices particularly; on a quantum basis, exports were equal to only about half the volume in that period.

a. Balance of Trade.

Ordinarily the value of Spanish imports has exceeded that of exports by about 25 percent. Insofar as merchandise trade is concerned, Spain usually has been in a debtor position with regard to its total balance of payments. The most important offsetting credit items in the country's international payments formerly were emigrants' remittances, tourist expenditures, and shipping services. Emigrant remittances have all but ceased during the past year or two and recent unfavorable restrictions on tourists in the way of monetary controls have discouraged travel of foreigners in Spain.

b. Composition of Trade.

Spain's exports consist mainly of agricultural products and mineral ores. During World War II, there was a substantial increase in the relative importance of exports of ores and related materials because of their strategic value. The traditional pattern has now been restored. Some 20 articles account for the greater part of the export trade, as follows: oranges (about 25 percent of the total value), grapes, raisins, and wines (12 percent), and olive oil (6 percent).

The composition of imports is more varied, consisting of a diversified group of raw materials and semi-manufactured items essential to Spanish industries, and an even wider range of manufactured articles. Six groups of commodities—namely, textiles, food products, fertilizers, fuels, automobiles and machinery—usually account for more than half of the total imports. The war also had a marked effect on the pattern of Spain's imports. Restrictions and shortages in world supply combined

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to reduce the share in the total value accounted for by machinery and vehicles, chemical products, and metals and manufactures. The relative importance of food products, ores, and cotton goods, on the other hand, increased.

c. Direction of Trade.

Before the Spanish Civil War, roughly 60 percent of all exports went to the United Kingdom, France, Germany, and the United States. Other important outlets were Argentina, Italy, and the Spanish possessions. After the Civil War, Germany became the most important market for Spanish products, taking nearly a fourth of total exports in 1941-42. The products shipped to Germany included fruits and such mineral and metallurgical products as wolfram, zinc, and iron pyrites. After the virtual disappearance in 1945 of Germany as a market for Spain's exports, the United States became the principal market, taking about 20 percent of the total value of Spanish exports in 1945 and 1946.

Between 1929 and 1935 the United States was Spain's principal source of imports, supplying between 16 and 18 percent of the total value, chiefly in heavy manufactured goods, machinery, automobiles, raw cotton, petroleum, tires, and timber. The United Kingdom supplied between 10 and 13 percent of imports, principally iron and steel manufactures, machinery, chemical products, and coal. During the same period, imports from France, third principal supplier, declined from about 13 to 6 percent of the total. The chief imports from France were automobiles, trucks, eggs, rubber products, textiles, and various types of machinery and apparatus. Other important suppliers were Germany, Argentina, and Italy.

The pattern of import trade was materially altered after the Civil War. In 1940-41 Argentina became the principal supplier, furnishing chiefly wheat, tobacco, and meat. In 1945-46 the United States again was the principal supplier, with Argentina ranking second. Argentina regained first place in 1947. The relative share of other important countries declined as compared with their prewar position. Resumption of trade with France in March 1948, prospective resumption of trade with Germany, and a series of new commercial agreements with the United Kingdom and with other Western and Northern European countries make it probable that the directions of Spain's foreign trade will undergo further changes in future, with the pattern approaching more closely that of the country's pre-Civil War position.

d. Foreign Exchange.

Spain has exercised official control over foreign exchange transactions more or less continuously since 1930. Since August 1939, such transactions have been regulated by the Spanish Foreign Exchange Institute, a dependency of the Ministry of Industry and Commerce. All foreign exchange transactions are subject to thoroughgoing regulations.

Beginning with the flight of capital which started with the proclamation of the Republic in 1931, Spain has experienced payments difficulties which have continued over a somewhat longer period of time than in most European countries. The foreign exchange position deteriorated materially in 1935 and was aggravated by the disturbed political situation of the succeeding decade. In recent months, various

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factors have combined to render the foreign exchange situation more acute than at the close of World War II: the export trade balance of 1942, 1944, and 1945 has been replaced by a net import balance; the Spanish merchant marine, formerly an important source of foreign exchange, has declined in importance, prices of imports have risen more rapidly than those for Spanish exports; and on a quantum basis exports declined by nearly 50 percent between 1943 and 1947.

The world-wide shortage of foreign exchange in hard currencies has further weakened Spain's foreign exchange position. Moreover, during 1946-47, the volume of exports to the United States declined by nearly 50 percent, while shipments to other countries also dropped. This situation reflected, in part, the relatively high costs of Spanish products which impaired their competitive position in world markets. These costs, in turn, reflected the fact that the official or "pegged" rate of exchange for the peseta did not represent the true internal purchasing power of the currency.*

The Government refused to hazard further domestic inflation by adjusting the official exchange rate. It did, however, exert strenuous efforts to deal with the exchange situation; recourse was had to more strict import and exchange control.

e. Bilateral Compensation-Clearing Agreements.

Confronted with these exchange difficulties, the breakdown of multilateral trading, and the increasing difficulty of selling its exports for convertible currencies, Spain, like most countries of Europe since World War II, resorted to bilateral compensatory trade arrangements to maintain the level of its production and trade. Consistent with the general policies of the corporative state, Spain seems to have had even greater recourse to bilateral trade balancing arrangements than did most European countries in the years immediately before World War II. These, of course, were preceded by earlier agreements during the years of the depression when trade-balancing agreements were employed nearly as frequently as during the present period. Since 1946 Spain has negotiated compensation-clearing agreements with various countries, including Argentina, Belgium, Bolivia, Chile, Cuba, Denmark, Eire, France, Italy, the Netherlands, Portugal, Sweden, Switzerland, and the United Kingdom. Most of these agreements are still in force or negotiations are under way for renewal. For the most part these bilateral arrangements provide for an exchange of commodities traditionally traded between the respective countries and which probably would not move in commensurate quantities while the current foreign exchange difficulties persist.

To facilitate the exchange of goods Spain has been granted credits by a few countries, including Belgium, Switzerland, and Argentina. The agreement with the latter is particularly noteworthy. The "Franco-Peron Protocol" (recently alluded to as the Argentine's Marshall Plan for Spain) supplants a previous agreement signed in October 1946, and was announced on 1 April 1948. Among other things Argentina, for a period of four years, grants Spain an annual credit of about 87 million dollars. In addition to a mutual exchange of products, Spain has contracted to build a number

* The official rate of exchange was maintained at 10.95 pesetas to the dollar continuously between 1941 and 1948. Exporters, therefore, took a substantial discount on their foreign shipments, inasmuch as in the black market dollars currently sold for as much as 20 to 40 pesetas, holding at about 30 in the second half of 1948.

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of ships for the Argentine merchant marine and Argentina has been granted a free port area in which to establish warehouses and meat processing plants in Spain to be used as a base for distribution of Argentine products in Europe. Argentina may use its peseta balance to invest in Spanish enterprise advantageous to the Argentine economy.

9. ECONOMIC STABILITY.

Although Spain prospered temporarily from the economic opportunities created by World War II, the national economic position is basically weak. Much of the national productive effort during the war had to be concentrated on paying off Civil War debts to Germany and Italy and paying pre-Civil War debts to the US and UK. Shortage of raw materials and hard currency foreign exchange followed. In general, fiscal and economic policies have been dictated by prolonged conditions of emergency. These emergencies have arisen from Civil War disorganization and devastation, the impact of World War II, and a serious drought followed by damaging floods. The already complex problems of national reconstruction have been complicated by the simultaneous effort to bring agriculture, industry, and commerce under Government control in accordance with the theories of the National-Syndicalist revolution.

The eight years since the Civil War have been marked by a decline in production of real wealth and a steady rise in public expenditures. New nationalistic legislation placing severe restrictions on all companies financed with foreign capital led at least one major foreign enterprise (CHADE) to transfer its headquarters out of the country and further discouraged foreign investment and loans from private sources. Resentment among producers and businessmen over Government interference with private enterprise has been a contributing factor in lowered production. Dissatisfaction among the industrial proletariat continues and has led to sporadic "folded arm" strikes which have been curbed with harsh measures by the Syndical authorities and kept from public knowledge by the controlled press.

Great inequality in the distribution of wealth is a national characteristic, and one which has been accentuated since 1940, as the growth of the middle class has been retarded. In spite of criticism of Government policies among all classes, including representatives in the Cortes, there is little prospect that any major changes will occur, since the bureaucracy, certain bankers and industrialists, and an important segment of the propertied classes are beneficiaries of the system.

Fundamental economic improvement cannot be expected until the nation is able to obtain goods in quantity from abroad. The Spanish economy is chronically short of coal and coke, but increased production cannot be achieved until a general improvement in transportation facilities and renovation of mining equipment takes place. Distribution suffers from the dangerous condition of the railroads, which have deteriorated because of lack of track replacements and shortage of rolling stock. Lack of foreign exchange curtails the importation not only of trucks and gasoline but also of asphalt, so that highways are poorly maintained.

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Some improvement in domestic food supplies is insured by the 1948 harvest. Resumption of trade with France and indirect benefits from ECA also may contribute to recovery. Without foreign assistance in the acquisition of capital goods, however, recovery must depend upon domestic efforts and resources. Under such a limitation, it will be a slow process.

SPAIN: FOREIGN TRADE WITH SELECTED COUNTRIES, IN REPRESENTATIVE YEARS, 1915 TO 1945

COUNTRY	AVERAGE 1909-13	<i>(Percent of total value)</i>					
		1920	1925	1930	1935	1940	1945
Exports to—							
All countries	100	100	100	100	100	100	100
United Kingdom	18.7	19.9	22.8	16.8	21.6	22.8	29.1
France	24.6	25.6	16.1	20.4	11.2	8.0	1.4
United States	5.9	7.1	10.3	9.9	9.6	11.8	20.1
Germany	5.7	1.5	6.6	7.9	12.8	3.6 ¹	..
Argentina	5.9	8.8	5.9	7.6	5.4	1.6	3.9
Italy	na	3.3	4.0	5.9	3.4	4.0 ²	..
Spanish possessions	1.7 ³	4.6	6.6	6.0	4.2	25.0	na
Other	37.5	29.2	27.7	25.5	31.8	23.0	na
Imports from—							
All countries	100	100	100	100	100	100	100
United Kingdom	17.7	14.5	12.9	12.3	10.5	3.0	4.1
France	16.4	14.8	12.5	11.0	5.6	3.3	1.4
United States	11.8	22.4	19.2	16.8	16.7	14.1	18.0
Germany	11.8	5.8	8.0	11.6	13.8	3.9 ¹	2.0
Argentina	4.4	9.1	7.7	2.2	2.5	14.1	10.2
Italy	na	2.3	3.8	4.0	3.1	3.7 ²	..
Spanish possessions	0.5 ³	1.3	1.2	2.6	3.7	14.0	na
Other	37.4	29.8	34.7	39.5	44.1	43.9	na

¹ Apparently includes Austria and Sudetenland.

² Includes Albania.

³ Including protectorates.

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SPAIN: FOREIGN TRADE BY COMMODITY GROUPS, 4-YEAR AVERAGES 1924-33,
ANNUAL 1935 AND 1945
(Percent of total value)

ITEM	AVERAGE 1924-28	AVERAGE 1929-33	1935	1945
EXPORTS				
Food products	55.6	61.9	64.1	49.4
Ores, earthen materials, and derivatives	8.2	7.2	7.6	18.4
Chemical products and derivatives	5.7	4.6	6.9	7.9
Metals and manufactures	9.8	6.2	4.7	7.5
Woods and other industrial vegetable materials	7.7	6.9	5.3	3.3
Animals and animal products	3.6	3.9	3.9	1.5
Cotton and manufactures	3.4	4.2	3.6	4.5
Other	6.0	5.1	3.9	7.5
IMPORTS				
Machinery and vehicles	14.9	16.6	18.5	8.6
Food products	17.8	17.7	14.0	29.7
Chemical products and derivatives	11.1	12.7	15.9	10.7
Ores, earthen materials, and derivatives	10.5	13.5	12.1	15.8
Cotton and manufactures	10.0	8.9	11.1	19.9
Metals and manufactures	6.5	5.9	6.0	2.9
Woods and other industrial vegetable materials	5.9	5.8	4.1	2.4
Tobacco	7.8	2.9	2.9	na
Other	15.5	16.0	15.4	10.0

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SECRET**FOREIGN TRADE, 1924-47¹***(Millions U. S. Dollars)*

YEAR	EXPORTS	IMPORTS	BALANCE OF TRADE
1924	346	568	—222
1925	306	433	—127
1926	310	415	—105
1927	364	497	—133
1928	409	580	—171
1929	407	528	—121
1930	444	472	— 28
1931	185	227	— 42
1932	143	188	— 45
1933	129	161	— 32
1934	118	165	— 47
1935	113	170	— 57
1939 ²	78	112	— 34
1940	129	203	— 74
1941	170	180	— 10
1942	205	197	+ 8
1943	296	297	— 1
1944	312	270	+ 42
1945	286	282	+ 4
1946	259	302	— 43
1947	306	396	— 90

¹ Total trade statistics for 1936-7-8 not available.² Data for April through December only.**SECRET**

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SECTION III

FOREIGN AFFAIRS

1. BASIS OF PRESENT FOREIGN POLICY.

The foreign policy of Spain is dominated by two considerations: Franco's desire to sustain his regime and overcome international opposition to him, and fear of Communist power and Soviet expansion.

International opposition to Franco is based on disapprobation of the totalitarian and anti-democratic character of his regime and on the fact that, from the installation of his Government until the collapse of Hitler Germany, he maintained cordial relations with the Fascist nations which were fighting to destroy the Western democracies.

His relations with other countries are to a large extent influenced by economic necessity. To ensure the stability of his government, Franco must halt national economic deterioration and restore the productive capacity and foreign trade position of his country. For these objectives, he must have imports of industrial equipment. Imports of food are necessary and the politically powerful Spanish Army needs imported military equipment. He hopes to obtain credits for and allocations of these goods and supplies by inducing the Western Powers, especially the US, to abandon their opposition to his regime and thereafter provide aid. His efforts toward obtaining inclusion of Spain in the European recovery program and other international projects or obtaining US credits directly, have consisted so far mainly of propaganda intended to convince the Western democracies that Spain under his rule is necessary to them as a bulwark against the USSR. Bilateral trade agreements have been negotiated with various countries and will supply part but not all of the goods Spain needs.

2. SIGNIFICANT INTERNATIONAL ISSUES.

Resolutions and recommendations of the United Nations showing their disfavor and reluctance to deal with Franco isolated Spain diplomatically and economically. The UN Conference on International Organization at San Francisco, and subsequent international conferences, made it plain that these nations did not propose to admit Spain, while ruled by Franco, to membership. For three years, therefore, the Franco Government has been in the position of an international outcast. Maintaining normal friendly relations with only a handful of nations, Spain has confronted two blocs, both committed to the proposition that Franco must be replaced. The bloc led by the USSR has advocated the application by the UN of strong measures, including economic sanctions, against Franco. The majority of nations, however, including the US and the UK, have opposed direct intervention, questioning the legality of such action and distrusting its consequences. They have taken the position that the Spanish people themselves must act to replace the present regime with a government based on the consent of the governed, and have recommended the adoption of policies by the present

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government leading toward liberalization and the eventual peaceful withdrawal of Franco.

The growth of antagonism between East and West has been politically of great benefit to General Franco. Before this pattern of hostility had become fixed, he publicized his thesis that conflict between East and West was inevitable, and that, as a consequence, the continuance of his regime would become necessary to the Western Powers. Despite denunciations of his government, and discriminations against it, he has succeeded in keeping alive in Spain and among many foreign observers, including US figures, the idea that eventually he must be welcomed as an ally by the US. Disregarding the exclusion of Spain from the European recovery program, Spanish Government officials computed and reported Spain's requirements in relation to the program, as if they were confident that the Western democracies had not meant their criticisms but had merely been, as Spanish propaganda insisted, "appeasing" the USSR by half-heartedly joining in a "conspiracy" against Spain. Since the European nations participating in the recovery program have made it clear that Spain will not be eligible for aid unless the regime is liberalized, Franco has indicated that Spain does not desire inclusion. Meanwhile, every possible effort has been made to obtain direct aid from the US, either through public or private financing.

With the single exception of Argentina, all of the nations which are members of the UN and which previously had diplomatic relations with Spain, withdrew their ambassadors and ministers from Madrid during 1946 and 1947. Four UN members (the Philippine Republic, Syria, Iraq, and Lebanon) subsequently established diplomatic relations, although they have not sent to Madrid representatives above the rank of Chargé d'Affaires. The Ambassadors of the Dominican Republic, El Salvador and Peru have returned to Spain, and Bolivia has sent a Minister. Paraguay has established a legation and has appointed its Minister. Departure for Madrid of the Nicaraguan Ambassador has been delayed. The remaining UN members continued to respect their General Assembly's recommendation against full diplomatic relations pending reconsideration of the question at Paris.

3. RELATIONS WITH OTHER NATIONS.

a. US.

Franco's attitude toward the US, aside from the economic, political, and military importance of this country, is influenced by Spain's requirements of petroleum products, cotton, and heavy machinery. It is his hope to win US tolerance on grounds of his anti-Communism, with the object of obtaining economic assistance and military supplies.

Present US policy (as enunciated by the Department of State) is based on the desirability of the reintegration of Spain politically, economically, and militarily into the free Western European community of nations through the progressive normalization of Spanish relations with those countries and the US. This will be difficult if not impossible to achieve in the absence of liberalization of Spain's current political and economic policies, leading toward gradual restoration of democratic rights and processes to the Spanish people. The Department of State has advised Franco that no direct

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aid will be granted the Spanish Government by the US Government, and inclusion of Spain in the benefits of the European recovery program continues to depend on the other European nations concerned.

Military authorities in the Western Powers favor the earliest practicable integration of Spain into the Western strategic pattern. Most of these European governments, however, consider public acceptance of Spain politically impossible until the internal situation in Spain has been substantially changed. US policy, as outlined above, is necessarily guided by regard for the political effect US actions in Spain may have on the more important problems confronting this country in its relations with the rest of Europe.

b. UK.

Because the UK is a principal market for Spanish exports and can supply goods Spain requires, the maintenance of good trade relations between the two countries is normal and British political antipathy to Franco's ideology has not prevented the conclusion of extensive commercial commitments with the present regime. The strategic and political interests in Spain of the UK and the US are virtually identical, and British policy toward Spain on those questions has in general paralleled that of the US. Inasmuch as the Labor Government, however, has made no comment with reference to the recent US statement of its willingness to improve relations with Spain while Franco still remains in power, provided he shows proof of intention to introduce liberalizing changes, it appears that British policy still cleaves to the line that Franco himself stands in the way of improved relations. This is at least partly because of the strong anti-Franco feeling among supporters of the Labor Government as well as among some conservatives. Meanwhile, various British Government and party leaders have given moral support and encouragement to the proposals of Don Juan and Prieto for an interim government to replace Franco. UK policy, however, has always been opposed to recognizing any Spanish Government-in-exile.

c. France.

France also is a source of various products Spain needs, and a market for its exports. Although critical and fearful of leftist currents in French politics, Franco desires improved and basically friendly relations with any government in power in that country. He fears that an unfriendly France could become a base for military activities by the Spanish exiles who seek to overthrow him and is alert to the small-scale but constant infiltration of Communists and opposition agents from France. Spanish exiles residing there number nearly 200,000. Following the decrease of Communist and leftist influence in the French Government, its policy toward Spain was modified. For practical economic considerations the border, which had been closed by the leftist government as a measure against Franco in January 1946, was reopened in March 1948. The French Government at that time also modified its political attitude sufficiently to conclude a commercial agreement. Continuing pressure, nevertheless, from liberal French elements, particularly the Socialist Party, probably will cause France to adhere to the stipulation that evolution toward democracy in the Spanish Government is essential to improved diplomatic relations.

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On 20 September 1948 renewal of the 1939 non-aggression treaty with Portugal was announced to be effective for ten years. Since terms of the original treaty were broad and provided for automatic renewal until denounced by either signatory, the reasoning behind this move is not yet apparent. Portugal supports Franco because of the similarity in ideology of the two regimes and also because of fear that Communism might penetrate the peninsula should the Franco regime be overthrown. No criticism of Franco is permitted in the Portuguese press and the Portuguese Government has indicated that it would not participate in attempts to impose economic sanctions against Spain, nor would it accept membership in the UN on terms which would require any change in its attitude toward the present Spanish Government. Portugal sponsored the proposal to include Spain in the European recovery program which was rejected by the other participating countries. Franco, for his part, desires to keep Portugal friendly partly to offset his diplomatic isolation from UN nations and also as a possible channel for procuring some of the necessary goods from abroad which are exported to Portugal but not to Spain, although the quantity he could obtain in this way would be small. There is no recent indication of a desire by Franco to revive the centuries-old Spanish attempts to absorb Portugal, although he is making every effort to tie the two countries together by treaty.

e. USSR.

The USSR has never recognized the legitimacy of the Franco Government. There is a small amount of indirect Spanish-Soviet trade, and Spain might eventually consider some direct trading agreement, although nothing of the kind is believed to be in prospect now. Since its intervention in the Spanish Civil War, an intervention more in the interest of the Communist Party than of the Loyalist cause as a whole, the USSR has been hated by all Spanish rightists and most leftists. The USSR, through Communist parties in other countries, and by direct action in the UN with the support of its satellite states, has retaliated with an aggressive campaign against Franco, demanding his removal and the re-establishment of the Spanish Republic. Soviet spokesmen continue denouncing Franco, but there is reason to believe that the immediate Soviet objective may be not the elimination of Franco but his retention in power so as to prevent the economic and military integration of Spain with the Western bloc of nations and in the belief that the deteriorating economic and political conditions under Franco's rule will reach the point of revolution, favorable for a Communist coup. Meanwhile, Soviet propaganda profits by the fact that the US, the UK, and most of the other Western nations are obliged, in their own interest, to oppose drastic action against Spain, and thus can be branded by the Soviet propagandists as hypocritical defenders of Fascism.

f. Latin American Republics.

Spain aspires to a renewal of its cultural prestige in the former Spanish colonies and would favor the development of a bloc of Latin and Catholic nations, in which it could assume a role of leadership. The Institute of Hispanic Culture was established in 1946 in the Ministry of Foreign Affairs, replacing the former *Consejo de Hispanidad*,

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which was discredited by its association with the Falange and its efforts to spread Fascist doctrine in Latin America. The new organization directs and has greatly intensified Spain's efforts to strengthen cultural and political ties with Hispanic countries, including the Philippines. A strong flavor of anti-US and anti-democratic sentiment is apparent in the development of its program. A phase of its work which is being actively pressed is the exchange of students, scholars, and political figures. The Spanish Government sponsors travel in Latin America of Spanish writers and theatrical troupes and arranges visits to Spain by Latin Americans prominent in cultural affairs and the conservative ranks of political life.

Argentina's extraordinary gestures of friendship and solidarity with the Franco Government were of great importance to maintaining the morale and the economic equilibrium of the regime during 1947 and most of 1948. Alone among the United Nations, Argentina disregarded the 1946 General Assembly recommendation to curtail diplomatic relations with Spain, and almost immediately after it was voted, appointed a new Ambassador. Received with great fanfare in Madrid, he has cooperated with the Spanish Government to exploit his presence and good will for purposes of internal and external prestige-building propaganda. Of more concrete utility to the regime was a loan of 750 million pesos from Argentina in October 1946, which aided Franco to meet the food and foreign exchange crisis of that year. This credit was exhausted within twelve months and was supplemented, under the so-called Franco-Peron Protocol, with a new and much larger loan (1,750,000,000 pesos) which was expected to guarantee Spain's essential imports of wheat and other basic food supplies for four years. It is questionable that either Argentina or Spain will be able to fulfill the large commitments mutually made in this agreement. In return for the credits granted, Argentina has been given important concessions, including one or more free port zones in which to maintain warehouses and other plants and facilities for participating in Spanish enterprises beneficial to the Argentine economy. Spanish shipyards also are to turn out ships and tankers for the Argentine merchant fleet. The political implications of the Franco-Peron Protocol are perhaps quite as important as its commercial provisions, and could lead toward implementation of the Peron theory of an "international third position", between Communism and liberal capitalism but opposed to both.

During the past year, four of Spain's outstanding Falange propagandists were given diplomatic posts in Latin America, the Ambassador to Argentina being one of them. Spanish envoys and agents court close relations with arch-conservative groups in the other Latin American countries, particularly Peru, Colombia, and Chile. Apart, however, from the normal sympathy deriving from their common language, religion, and cultural ties, Franco Spain has not succeeded in measurably increasing its influence on public opinion in the American republics.

Far from granting diplomatic recognition to the Franco Government, Mexico gave signal aid to the Spanish Republican exiles who fled there at the end of the Civil War and subsequently assembled and organized the Spanish Republican Government-in-exile on Mexican soil. Spain has succeeded recently in reopening commercial relations with Mexico, and has dispatched a representative to lay the groundwork in sympa-

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thetic quarters for a future diplomatic accord. The Mexican Government has announced officially, however, that no action in the latter regard is contemplated. The Venezuelan and Guatemalan Governments are intransigently opposed to the Franco regime.

g. Arab States.

Spain has courted the Arab nations with the dual purpose of gaining their support within the UN and of preserving Spanish prestige in the Spanish Protectorate of Morocco. In order to obtain the good will of the Arab world, Spain has extended to certain natives of its Moroccan Protectorate special privileges not equally available to Moors in the French Protectorate.

None of the Arab States at present has a Minister or Ambassador in Madrid. Following the December 1946 UN recommendation, the three Arab States which had recognized the Franco Government (Egypt, Iran, and Turkey) promptly complied and withdrew their Ministers. Within the past year, the Spanish Ministry of Foreign Affairs cultivated cordial relations with Azzam Pasha, Secretary General of the Arab League, and Transjordan, Iraq, Lebanon, and Syria extended recognition to Franco, although none of the four accredited a chief of mission to Madrid. In deference to the UN, Lebanon refused to accept a Spanish Minister, although Spain maintains a Minister accredited to both Baghdad and Amman. Decorations were exchanged by the Lebanese President and Franco. The intention of Saudi Arabia to accord diplomatic recognition has been announced, completing the establishment of formal diplomatic ties between Spain and the Arab States. The inability of Spain to render any effective aid to the Arab cause in Palestine and the lack of prospective change in Spain's Moroccan policy probably will prevent these international friendships from becoming more than lukewarm.

h. The Vatican.

The Holy See is represented in Madrid by a Papal Nuncio. Agreements made in 1940 and 1946 between the Vatican and the Spanish State perpetuate in substance the ancient "right of patronage" which pertained to the Spanish kings and has been transferred by these recent agreements to the Chief of State. General Franco thus has the prerogative of nominating all members of the higher clergy, although the Pope can reject the nominations under certain conditions. Most ecclesiastic vacancies below Bishops are filled by nominations which the Pope and the Chief of State make alternately.

Roman Catholicism is recognized by the present government as the exclusive religion of the nation. In law and practice the regime guarantees the Church: (1) conformity to its doctrines and technique throughout Spanish education; (2) governmental assistance and protection; (3) full liberty and protection for the clergy in the exercise of their ecclesiastical authority. State funds are appropriated for the salaries of the secular hierarchy and clergy, upkeep of cathedrals, churches, and hospitals, and for various subsidies and other allowances. A large allocation has been given for the rebuilding of religious edifices damaged during the Civil War period. Most official public ceremonies open with a religious service while clerical representation on all

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boards, commissions, and like bodies stresses the close alliance between the Spanish Church and the regime.

Although Franco has endeavored in many ways to win its favor, the Holy See considers dangerous the deep involvement of the Spanish hierarchy with the Falange and the Army. While Pope Pius XII refers to the Spanish nation as a "predilect daughter" of the Church, there have been definite indications of Vatican coolness toward some of Franco's policies.

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SECTION IV MILITARY SITUATION

1. BASIS OF PRESENT MILITARY POLICIES.

Spain, as a country with limited resources, is primarily concerned with training and maintaining armed forces sufficient to defend its territory against invasion, and to maintain order within the country, its colonies, and its protectorates. The present military establishment was developed primarily for purposes of domestic security and to support the Franco regime.

2. WAR POTENTIAL.

Spain's total available manpower is estimated at about 6,000,000. Included in this figure are the armed forces, with a combined present strength of 500,000, and the quasi-military security forces with 89,000. The balance of the manpower potential is divided into the following categories: first line reserves, consisting of the recently trained classes of 1939-45, estimated at 780,000; reserves, consisting of the conscript classes of 1938 and earlier, considering only those under thirty-six years of age with military training or war experience, estimated at 420,000; untrained reserves, consisting of the classes of 1948, 1949, and 1950, numbering approximately 450,000, many of whom have had pre-military training. Employment of the additional available manpower would be impractical in view of their age and physical condition, as well as the nation's labor requirements.

Although Spain could put a numerically large army into the field, it possesses neither the natural resources nor the industry to maintain this army in modern combat. The munitions industry is forced to depend on foreign markets for chemicals required in the manufacture of explosives, and Spain is completely dependent on foreign resources for petroleum. Steel production is not sufficiently developed to meet the requirements for the manufacture of heavy artillery and automotive equipment. Spanish industry could not now or in the near future develop and supply adequate weapons and equipment to sustain the armed forces under war conditions. The aircraft industry, for example, is barely able to keep in operation foreign-acquired aircraft and could not replace combat losses. In the field of modern scientific weapons the Spanish Army would be hopelessly outclassed, as the country does not now and probably will not in the foreseeable future have the scientists, laboratories, or specialized industrial plants for the development and production of rockets, electronic equipment, or atomic and biological weapons.

3. STRENGTH AND DISPOSITION OF THE ARMED FORCES.

The Spanish Army is estimated to have 433,000 men under arms. In addition, there are approximately 135,000 men of the 1945 conscript class who, although released on indefinite furlough, must be considered part of the regular troops. This gives a

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total available strength of 568,000 trained personnel which could be supplemented by the quasi-military Civil Guard (63,500) and the Armed Police (25,500). Troop dispositions are estimated as follows: Peninsular Spain, 332,000 (100,000 in Pyrenees Region); Spanish Morocco (not including Khaliffian troops), 63,000; Balearics, 18,000; Canaries, 15,500; Ifni and Spanish Sahara, 4,500.

The Spanish Navy numbers 32,000 officers and men, including a Marine complement of 4,800. Quality and morale are fair. The Navy maintains its own enlistment rolls, but may draw from Army conscripts if necessary in order to maintain strength. The Navy has some 120 vessels totaling approximately 120,000 tons: 6 cruisers, 19 destroyers, 5 submarines, 2 torpedo boats, 6 minelayers, 8 gunboats, 5 minesweepers, 22 patrol boats, 6 patrol torpedo boats, 4 training ships, 25 auxiliary vessels, and 12 fishing patrol boats. Modern naval equipment as developed in World War II is completely lacking. The Navy has no air arm and is dependent upon the Air Force for air support. Lack of fuel seriously restricts naval maneuvers, with a consequent deteriorating effect on training and morale.

The Air Force has a strength of approximately 35,000 men in all categories, including pilots, ground crews, engineers, and guard and administrative personnel. There are an estimated 1,300 pilots; aircraft number some 750, all obsolete, as are the types now in production.

4. MILITARY INTENTIONS AND CAPABILITIES.

Since the basic mission of the Spanish Armed Forces does not include aggressive warfare, defensive operations are a primary consideration of the General Staff. Greatest emphasis has always been placed on a defense in the Pyrenees. The USSR is conceived to be the power most likely to attack, via France, through these mountains. It is possible that Spanish forces might be sent to the assistance of Portugal in the event of an attack on that country, to fulfill the commitments of the Mutual Assistance pact.

Because tactical doctrines for the defense of Spain have long assumed an attack through the Pyrenees, light field fortifications, including earthworks and concrete emplacements, have been constructed in that region. The problem of fortifying Spain's long coastline is reduced by the character of the coast. For the most part, the coastal plain is only a few miles wide, and in many places sharp cliffs rise directly from the water's edge. Fortifications, therefore, are confined to main coastal cities where troop landings are most feasible.

The Navy could not protect the coast against a first rate fleet and would be extremely vulnerable to air attack. The small, poorly equipped Air Force would be wiped out in a few days of combat against a powerful enemy.

Defensive doctrine is predicated on "vigilance" or outpost warning dispositions and "resistance" dispositions in areas where the enemy is to be contained. Spanish ground troops could be relied upon to fight fiercely, but against a modern, well equipped army they could do little more than carry out a delaying action. The capabilities of the Spanish Army are modified by the fact that it is composed largely of conscripts, who report for two years training at the age of twenty. From 10 to 20 percent of the men

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inducted are illiterate, and another 15 to 20 percent are nearly so. Specialized instruction and limited technical training is given to the small number of conscripts who show a capacity for it either through previous experience or demonstrated aptitude. Spanish authorities consider the 1946 class of recruits to be of somewhat higher quality than previous classes and attribute this to their having passed their formative years under "a regime of discipline and order" (i.e., under Franco).

Training is seriously hampered, not only by the general low quality of the troops, but also by limited transport facilities, scarcity of modern weapons, particularly tanks, field and anti-aircraft guns of all types, and scarcity of gasoline. Actual corps maneuvers are held infrequently and army maneuvers almost never. Officers are generally well trained in military theory, but lack experience in field command. The tradition of using the Army as a career for gentlemen, an instrument for domestic stability, a colonial agent, and a meddler in politics, has greatly limited its potential effectiveness as a fighting machine. Although morale of officers and men is fairly good, it has been somewhat lowered by the shortage of food and the high cost of living, which makes life particularly difficult for married junior officers and NCO's.

Spain could mobilize within one to two months' time the 1939-45 conscript classes, numbering about 780,000 men. The 135,000 men of the 1945 class now on furlough, are legally liable to recall on forty-eight hours' notice. Sufficient small arms and equipment are on hand in nearly all active units to outfit such an increment. Although the Spanish Army has sufficient field artillery and ammunition for mobilization, the equipment is obsolescent and generally unsuitable for modern warfare. It is not believed that the Spanish war potential is adequate to equip and maintain, even by Spanish standards, more than 850,000 men under arms.

Spain is almost defenseless against air attack. The capabilities of the Spanish Air Force and anti-aircraft units are negligible. The early-warning system is antiquated and inefficient; anti-aircraft artillery units have practically no electronic fire-control or detection equipment; and no fighter control system has been developed. Although total aircraft strength is about 750, approximately 265 are completely unserviceable. Only some 440 are combat aircraft in operational units and 35 percent of these are in unserviceable condition. The newest types are 1939-40 models. Flying personnel suffer from lack of training. For some time, the bulk of the available supply of aviation gasoline has been diverted to flying schools, and operational units are forbidden to fly except in case of emergency or to take part in special missions. Spain is correspondingly vulnerable to airborne invasion. Rapid movement of the defending forces would be hampered by the terrain and the antiquated road and rail systems. Parachutists and guerrilla groups could easily cut lines of communication, thus disrupting the flow of supplies and reinforcements.

A first-class power with an effective modern air force and well equipped land army, not necessarily large, operating from nearby European bases, could overcome organized Spanish resistance within a period of a few weeks. Limited resistance on a guerrilla basis could be expected to continue as long as any means of resisting were available.

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SECTION V

STRATEGIC CONSIDERATIONS AFFECTING US SECURITY

In the present world situation, the geographic location of Spain is of strategic importance to US security, because of its position at the western entrance to the Mediterranean and its possessions in North Africa (Spanish Morocco), in West Africa (Rio de Oro), and in the western approaches to the Mediterranean (Canary Islands).

Under present conditions, air and naval forces of a major power operating from bases in Spain and its possessions could dominate the western Mediterranean and its approaches, could interfere with opposing air and ground operations in North Africa, and could interrupt basic supply lines for such forces. Fighter escorted bombers from Spain could reach the south coast of England, most of France, all of Switzerland, Italy as far as Padua, Rimini, Naples, and Palermo, and all of French North Africa except southern Tunisia. Spain has one airport adequate for use by B-29's and four others capable of expansion for B-29 operations.

Presupposing a conflict between the US and the USSR, the Iberian peninsula offers strategic advantages to either nation. To the USSR these would be the establishment of a forward base from which the operational possibilities noted in the preceding paragraph could be developed. To the US, these would be the establishment of a forward area protected from easy land assault from the continent by the mountain barrier of the Pyrenees, and in effective communication by sea and air with rear bases in North and West Africa. As such it would supplement or provide an alternative to the use of the British Isles as an advance base. Of primary importance to US security, however, would be denial of the facilities of the Iberian peninsula to an enemy.

Exploitation of the foregoing strategic advantages would be hampered by severe logistic difficulties because of the rugged terrain, the inadequacy of internal transportation and port facilities, and the poverty of local resources. In addition, even the most friendly occupation would entail some risk of alienating the Spanish people and provoking guerrilla action. The internal political condition of Spain justifies the conclusion that such action would occur, even though it would be considerably less developed and organized if the occupying force were the US than if it were the USSR.

The military logic of the situation would suggest the advisability of precautionary measures by the US to strengthen Spanish economy, reduce internal political and social instability and strengthen the armed forces. Yet such a course at this time would mean supporting and strengthening the Franco regime, leading to political repercussions in Western Europe unfavorable to current US efforts to encourage the formation of a Western Military Alliance.

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SECTION VI

PROBABLE FUTURE DEVELOPMENTS AFFECTING US SECURITY

In the foreseeable future, no danger threatens Spanish sovereignty from invasion. Within the next six months it is improbable either that the USSR will obtain domination of any land areas adjoining Spain or that the Franco Government will lose its control of Spain. The decline of Communist influence in France has lessened the prospect that the Pyrenees might become a dividing line between Communist and non-Communist spheres. The outcome of the Italian election reduced the likelihood of Communist penetration from that area. The security of the Spanish State from foreign aggression is correspondingly assured, as there are no military powers other than the USSR and its satellites which might attack Spain in order ostensibly to liberate it from Franco's domination but actually to obtain mastery of its national territories and resources.

The Spanish Army will probably remain one of the dominant political factors on the national scene. Although it will continue to consume the largest share of the national budget, its technical and material ability to defend the country from foreign invasion probably will not increase.

Foreign economic assistance, as available under current conditions, may temporarily stem the deterioration which has threatened the stability of the Franco Government. In the long term, however, national stability will be achieved only if economic improvement is accompanied by evolution toward a government which in its basic characteristics satisfies the majority of citizens. There is little prospect of such evolution within the foreseeable future under the present regime. Until some progress is made in this direction, the long-term prospect is that Spain will remain an area of latent trouble, potentially of concern to the US because of the possible susceptibility to Communist propaganda of the repressed and dissatisfied working classes and the temptation to the USSR to take advantage of Spain's weakness, when opportunity arises, either through supporting a revolution or through military aggression. As a problem of current concern, the US is confronted with the dilemma of the desirability of integrating Spain with Western Europe and the practical impossibility of doing so through the established channels of international action so long as the Franco regime continues unacceptable to the Western European liberal, socialist, and labor groups.

While the Franco regime continues to encourage rapprochement and intimate working relations between the extreme nationalist political and military elements of Spain and those of Argentina, the anti-democratic and anti-US aspects of Spain's *Hispanidad* program may be deleterious to the progress of Pan Americanism as desired by the US. The same program, now extended to the Philippine Republic, reveals a certain intent to undermine US influence in that area.

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APPENDIX A

MILITARY TOPOGRAPHY OF THE IBERIAN PENINSULA
(Adapted from WDGS Intelligence Review 26 June 1947)

In the center of the Peninsula is a high plateau known as the Meseta, surrounded, except on the west, by higher mountains. To the north are the Cantabrian Mountains, to the east the Iberic Highlands, and to the south the Sierra Morena. Beyond these mountains lie two large plains: to the south the Andalusian Lowlands and to the northeast the Ebro Basin. Beyond these large plains are other mountains higher than the first: the Pyrenees on the French frontier and the southeastern Andalusian Mountains.

Plateaus.—In detail the surface of the peninsula breaks into several regions. One of these regions is the Meseta, a tableland which reaches an average elevation of about 2,500 feet above sea level and is separated into two parts by the Central Sierras, which reach an average height of about 5,000 feet, or about 2,500 feet above the general level of the Meseta. The Northern Meseta (140 miles by 110 miles) is a great expanse of slightly undulating terrain. The smaller Southern Meseta is so level that the eastern part, at least, is occupied by numerous salt flats during the moist winter period, replaced by low-growing halophytes * during the summer. The Estremadura Plateau is more dissected than either the Northern or Southern Mesetas and, therefore, more difficult for cross-country movement. Troop movements across any of the Mesetas may be hindered in places by the deeply incised, steep-sided valleys cut into the plateau by centuries of erosion.

Northern Mountains.—The northern mountains, extending in an unbroken zone from the Mediterranean to the Atlantic Ocean, consist of the Pyrenees, the Basque Uplands, the Cantabrian mountains, and the Galician and Douro Plateaus. Although these vary as to structure and elevation, they are all barriers to transportation.

Most formidable of these barriers is the Pyrenees, which reach a maximum elevation of 11,168 feet at the Peak of Aneto. Throughout the history of the Iberian peninsula this range has been a political, ethnic, and botanical barrier, as well as a military one. This is owing not only to the height of the Pyrenees but also to the absence of good passes, although poor passes are fairly numerous. There are about 200 separate passes in the Pyrenees. Of these only 25 have routes which reach lowland France. Of these 25, only 4 are of major use, and of these 4 in major use, only 2, the Somport and Puigcerda, actually cross the Pyrenees themselves; the other 2 skirt the eastern and western ends of the mountains.

The rest of the Northeastern Highland consists of a mixture of uplands, plateaus, and mountains. The highest elevation is in the Cantabrians. The easiest passage in this area and one that has been used throughout history in moving from the Meseta to France via Irun, is the Basque Uplands.

* A plant which grows naturally in soil impregnated with salts.

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The Galician Plateau is a rather flat-topped formation across which movement is fairly easy; landing could be accomplished on the coast adjacent to the plateau without too great difficulty. The steep slopes between the upland of the plateau and the coast itself constitute a quite formidable barrier.

Southeastern Barrier Range.—The second largest mountain area in the Iberian Peninsula is the Andalusian mountain range in southeastern Spain. Like the northern mountains, it consists of a series of individual ranges and, like them, varies in height from 5,000 to 11,000 feet. Save for narrow valleys, however, it presents an unbroken front to the Mediterranean Sea. The number and the direction of the valleys are of primary military importance, for, although small numbers of troops may move cross-country, all large-scale traffic will inevitably be channeled through them.

Lowlands.—In all, the Iberian peninsula has four lowland areas: (1) the Andalusian Lowlands, drained by the Guadalquivir River; (2) the Ebro Basin; (3) the Mediterranean Coastal Lowlands; and (4) the Portuguese Lowlands, separated into a northern and a southern part by an extension of the Central Sierras. Relatively, all the lowlands are easily traversed, although there is some fairly rugged terrain as, for example, in the foothills of the surrounding mountains and the eroded alluvial terraces. The major obstacles in these lowlands are given below:

a. For the Andalusian Lowlands, Las Marismas swamp, the irrigated area along the Guadalquivir River.

b. For the Ebro Basin, which has a greater relief than the Andalusian Lowland, the irrigated section along both the Ebro River and its major tributary, the Segre.

c. For the Mediterranean Lowlands, scattered swamps, irrigated areas, especially those near Valencia, and sand dunes.

d. For the Portuguese area, an irrigated section in the northern part and an area of polder * which is somewhat similar to the land of northern Holland.

Although movement is easy in the Northern and Southern Mesetas and the four lowlands, transit from one area to another is over difficult terrain save in one instance. The exception is the Portuguese Lowland, from which one can reach the Andalusian Lowland without passing over any upland area.

Coasts.—In general, the coasts of the Iberian peninsula offer relatively few good landing areas. For purposes of discussion the entire coastline may be divided into seven sectors:

a. The Cantabrian Coast area extends from the French-Spanish border to Ribadeo. These shores, for the most part, are steep and rocky, with occasional cliffs, some of which are 300 feet high. These are interspersed with small beaches and inlets. Few of the inlets are well sheltered, and many have sand bars across their mouths. An additional military handicap is the Cantabrian Mountains, which rise to a height of 5,000 to 7,000 feet at a distance of 15 to 20 miles inland.

* A tract of lowland reclaimed from the sea, or other body of water, by dams and dikes.

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b. The Galician Coast area extends from Ribadeo to the Portuguese-Spanish border at the mouth of the Rio Miño. This is mainly a high rocky coast, cut by a succession of bays or drowned rivers, locally known as *rias*. The harbors on the northwest and west are generally good but are backed by steep shore slopes ascending to a hilly plateau.

c. The coast of northern Portugal extends from the Portuguese-Spanish border to Cape Carvoeiro. This coast is low, sandy, and almost straight. It is broken by rocky stretches, lagoons, swamps, and marshes, and is backed by hills and mountains.

d. The coast of southern Portugal extends from Cape Carvoeiro to the Portuguese-Spanish border. This coast is high, with partly cliffed terrain alternating with low sandy beaches. Hills are found inland, but do not usually reach the lower coast.

e. The Atlantic Coast of southern Spain extends from the Portuguese-Spanish border to the Strait of Gibraltar. This coast is a low, sandy beach, except in the extreme southeast. High dunes are found along the shore, and back of the dunes, marshy land exists in many locations.

f. The Mediterranean Coast of southern Spain, from Gibraltar to Cape Palos, consists of a low, narrow strip backed by mountains which reach the sea in many places. Many of the beaches are isolated and steep.

g. The eastern Mediterranean Coast extends from Cape Palos to the French-Spanish border. This coast is one of great variation. Long sandy beaches, lagoons, irrigated areas, cliffs and hills, are found. This coastline in general is regular and unindented, with very few harbors and islands.

Good landing conditions on the Iberian peninsula are few, despite the length of the coastline. However, considering both the coastal conditions themselves and the connections inland, two coasts are relatively favorable for landing operations. These are: (1) the coast of southern Portugal, especially near Lisbon, using either the Tagus River or the Badajoz gateway to the Meseta; and (2) the Atlantic coast of Spain, where, to avoid Las Marismas swamp, a force could land and then proceed inland up the corridor of the Guadalquivir valley.

Climatic Factors:

Rainfall.—Rainfall is by far the most important climatic factor. Precipitation is greatest in the northwestern part of the peninsula and least in the southeastern part. Three rainfall regions are recognized: (1) the north, where precipitation occurs throughout the year, and where streams will, at all seasons, be barriers; (2) the region of winter rain and summer drought covering most of the peninsula, where streams are barriers during the winter but are usually fordable in the summer; and (3) the region of little precipitation in the southeastern part of the peninsula and in the Ebro Basin, where streams, except immediately following rain, are fordable. In the south near Murcia stream beds frequently are used during the dry season as local roads.

Temperature.—While less important than rainfall, temperature has two particularly critical aspects: (1) in those areas where temperatures are higher than 90° F. for August, which is normally the hottest month in the peninsula, and where one

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can expect discomfort of troops, heat exhaustion, and disease; and (2) in the area of less than 32° F. for January, during the coldest weather, the ground will be frozen, and this will ameliorate conditions of poor trafficability. The former area(1) is in general that of the central plateau and the south and southeastern provinces. The latter (2) is that of mountain regions and the higher portions of the Meseta.

Passes Liable to Snow Blockage During the Winter.—The length of time during which a given pass will be blocked varies from season to season, as it will vary between two passes of similar latitude and altitude in the same season. In general, however, snow blockage—limited to the northern half of the peninsula—can be expected from November to March at 5,000 feet elevation, and from September to May in passes of more than 6,000 feet elevation.

The six months of winter are the least favorable for military action. Cross-country movement would be moderately to extremely difficult, secondary roads often being impassable, rivers swollen, air strips muddy, and planes can be expected to be grounded from 15 days per month in the North to 10 days per month in the South. Summer, despite its heat (and general deficiency of water supply), is by far the more favorable season for any military action.

Forests:

Approximately 10 percent of the area of Spain is covered by forests which occur, for the most part, on the upper mountain slopes. The extent of cleared land is explained largely by the need of fuel, by overgrazing, especially of the ubiquitous goat, and by willful destruction during periods of civil war. Conifers are located on the upper reaches of the higher mountains. Hardwoods of two types are to be found. To the north is a mixture of oak, beech, and chestnut, a similar association to that in western Europe. To the south is a mixture of live oak, cork oak, and olive, a typical Mediterranean scrub forest.

Concealment Values of Forests.—The concealment values of these forests are as follows:

- a. The conifers provide year-round concealment.
- b. The northern hardwoods, which are deciduous, provide good summer concealment but poor winter concealment.
- c. The southern hardwoods of the Mediterranean type provide year-round concealment since they are evergreen; but it is always inferior to the concealment offered by the northern hardwoods during summer.
- d. The unforested area in the Iberian peninsula which is not cropped usually is covered by one of two associations: (1) a steppe in which *esparto* grass predominates; or (2) the *maquis*, which is a second-growth Mediterranean scrub rising to a height of some 6 to 8 feet, with a maximum of some 10 or 12 feet. Either of these associations offers little or no concealment.

Soil Trafficability:

Soil trafficability may be roughly defined as the suitability of soil for heavy traffic. The Iberian peninsula is divided, according to soil trafficability, into four classes:

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a. Rugged areas occur in which slope, not soil, is the most critical factor. Save for the boggy valleys to the north, the trafficability of the soil of such areas is good. Road-building material usually is accessible at no great distance. Nonetheless, new roads can be constructed only at great cost because of the necessity of cutbacks and of building bridges. Natural routes through these rugged areas are already occupied by roads and any additional roads extending for any distance would have to be built on inferior sites.

b. Areas of good trafficability are found closely associated with the rugged areas. This is quite natural when one considers how the surface of the Iberian peninsula has developed. Most of it has been covered with material which was weathered from the highlands and washed down to the lowlands. In this process the coarser material was deposited nearer the uplands, and the finer material carried to a greater distance. Within these areas of good trafficability, road metal is easily obtained. Air strips and secondary roads can usually be made with the aid of nothing more than an ordinary grader. They may, however, because of their position near the rugged areas, have the disadvantage of steep slopes which will require considerable bridging.

c. Areas of medium trafficability extend over most of the Iberian peninsula and include most of the upland and forest soils. Road material is found nearby; airfields, where they are constructed, would need drainage to carry off the rain.

d. Areas of poor trafficability are those which have the greatest variety of soil, including areas of alluvium, areas subject to flood, loose sand, and coastal swamps. These areas are found in relatively small patches scattered over the peninsula. Even temporary roads here will need to be stabilized with asphalt or cement, and airfield construction should be avoided.

Communications:

The lines of communication of the peninsula create a spoke pattern, with most of the lines converging at Madrid. There are only four exceptions to this generalized pattern. One is the road and railroad line along the Mediterranean coast connecting the port cities. A second such line serving a similar purpose lies along the Portuguese coast. A third line runs from the Galician Plateau to France. The fourth extends from Barcelona to the Basque area, thus connecting the two important industrial areas of the Iberian peninsula. There is an easy rail transfer from Spain to Portugal, but, in a similar transfer from France to Spain, difficulty is experienced because of a change in gauge.

Strategic Areas and Routes:

There are three major strategic areas in the Iberian peninsula:

- a. The Madrid area, which is a transportation as well as an administrative center.
- b. The region around Barcelona, the largest industrial concentration on the Iberian peninsula.

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c. The industrial area in the Basque section which specializes in metallurgical activities. A nation holding this region could obtain many materials necessary for the repair of the country.

Four natural routes for invasion purposes are of outstanding importance. All of them converge on the strategic area of Madrid. The two from the north enter Spain from either end of the Pyrenees, one proceeding toward Madrid via Burgos; and the other, from the east, via Zaragoza. Of the two in the south, one begins with a landing in the vicinity of Lisbon and uses the Badajoz gateway to enter Spain and reach Madrid. The other begins with landings near Huelva and Cadiz, thus avoiding the Las Marismas marsh, and proceeds to the Meseta via the Despaenaperros Pass.

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APPENDIX B

SIGNIFICANT COMMUNICATIONS FACILITIES

1. PORTS.*

Considering the size of the country and the length of its coastline, Spain is not fortunate in the number and quality of its harbors. Many of the commercial harbors of Spain are largely or entirely artificial. Most of them have developed as appendages to existing seaboard cities and not as ports which, because of the quality of their harbors and ease of communications inland, have encouraged the growth of dependent towns.

The international importance of the chief Spanish ports is less than would appear at first sight. The fact that the country is a peninsula and communicates with France by four railways and as many roads detracts from the sea trade. Equally important is the fact that Portugal occupies much of the western seaboard, where Lisbon predominates as a port of call. The harbors of Galicia, which lie on trans-Atlantic and other sea routes, have some international traffic, but they lack the tourist and commercial attractions of Lisbon. At the opposite extremity of the peninsula the ports of Andalucia are near the entrance to the Mediterranean, but here the greatest harbor, Gibraltar, does not belong to Spain. On the east coast, ports such as Alicante, Valencia, and Barcelona are not on international sea routes, and only Palma in the Balearic Islands is a focal point for international shipping lines. With a few exceptions, the tonnage of shipping using Spanish ports is relatively small and is based mainly on local traffic.

Perhaps the chief of the local factors influencing the trade or relative importance of Spanish ports is the mineral wealth of the adjacent mountains and foothills. The second factor is the development of local manufacturing industries. Barcelona, the port for the textile trade of Catalonia, and Bilbao, the metallurgical center of the Basque provinces, are examples. A third local factor influencing the size of ports is intensive agriculture, especially of the irrigated or *huerta* type. This is especially evident in eastern Spain where the densely peopled *huertas* of Malaga, Valencia, and Alicante have given rise to ports that trade largely in agricultural produce. A fourth factor is trade with Spanish colonies and with islands off the mainland. However, even where one or more of the above factors operate, the trade at a certain port may be relatively small. In actual fact there is no port which greatly predominates and few have a large trade judged by world standards. In 1933 the total merchandise handled at all ports was about 18,000,000 tons, of which slightly more than half consisted of exports. Barcelona and Bilbao, the two leading ports, together did less than one-third of the total trade. The remainder was distributed among twenty main ports and a score of minor ones.

* This section is intended to give only a general survey of the locations and main features of the principal Spanish ports, and does not deal with their military and strategic importance.

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The twenty-four principal ports of Spain, the leading five of which have been identified on the accompanying communications map, are listed below:

a. Ports of Northern Spain.

Port Pasajes: Nearest harbor to the Franco-Spanish frontier and the safest anchorage between Bordeaux and Bilbao. Its importance is largely due to the fact that it is the commercial port for San Sebastian.

Bilbao: The best seaport in northern Spain. Located on the banks of the Nervion River at the point where the river leaves a deep, narrow gorge and enters upon the fairly flat floor of a steep-sided trough about 8 miles from the sea.

Santander: The best natural harbor on the Cantabrian coast.

Gijon: Also located on a natural bay. Inland from this port are the rich mining and metallurgical industries centering on Oviedo. Shipbuilding center.

El Musel: Constructed on the northwestern side of Gijon bay as a harbor of refuge for shipping that could not enter Gijon.

Aviles: Little more than a fishing harbor until it became a port for coastwise shipment of coal from the Oviedo mines.

b. Ports of Galicia.

El Ferrol: One of the best harbors in Spain. It is the chief naval base in Spain, and its shipyards undertake the refitting of battleships and of the larger vessels of the Spanish merchant marine. El Ferrol is unimportant commercially.

La Coruña:* This port was seriously affected in 1898 by the loss of Cuba and Puerto Rico, since most of its trade had been with those colonies. Since that time, however, new quays and a maritime station have been built and there are plans afoot to make La Coruña a port for trans-Atlantic liner traffic. Tonnage imported and exported is small; its chief importance is as a bunkering port and as a port for emigrants and mails destined for South America.

Vilagarcía: Essentially a small port with a considerable fishing industry.

Pontevedra and Marin: Fishing ports which, since 1921, have acquired more than local importance by the founding of a naval college and base. Trade is unimportant.

Vigo:* A fine, natural harbor. Vigo bay stretches inland for about 19 miles. An historical harbor of refuge and a fishing port until the twentieth century, when it became an important point of call for trans-Atlantic vessels.

c. Ports of Andalusia.

Huelva: Ten miles inland on the river Odiel. Harbor in southern Spain nearest to the Americas and to the fisheries of southwestern Iberia.

Sevilla: Located 54 miles from the Atlantic Ocean on the Guadalquivir River, navigable to that point by ships of 20-foot draught.

Cádiz: Chief industry around Cádiz is shipbuilding. The port has been the site of a naval arsenal since Roman times. Severe damage to the arsenal and ammunition factory and adjacent area resulted from explosion of undetermined origin

* Indicated on map.

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on 18 August 1947. From a commercial point of view Cadíz is relatively unimportant among the chief ports of Spain.

Algeciras: Located six miles from Gibraltar on a natural bay, it is the main port for travel to North Africa. Although it is the least important of the twenty-two chief Spanish ports for trade, its passenger traffic is exceeded only by that of Barcelona and Palma.

Malaga: Chief port of Granada, but export-import trade is not extensive.

Almeria: Important for export of seasonal crops.

d. Ports of Eastern Spain:

Cartagena: The finest and largest harbor on the Mediterranean coast of Spain. The importance of the town has always lain in its almost landlocked harbor and in the mineral wealth of the adjacent coastal *sierra*. At present the naval arsenal and the mining and metallurgical industries mainly sustain the port.

Alicante: Its importance is chiefly as a receiver of imports of coal, crude petroleum, timber, etc. It is also an important passenger port, in 1933 ranking fifth in Spain.

Valencia: * The chief agricultural port of Spain.

Tarragona: Small fishing industry maintained; export for wines and fruits and import for coal, petroleum, and phosphates.

Barcelona: * Principal seaport of Spain. By value its trade is 2½ times that of Bilbao, its nearest rival. Barcelona is also by far the chief passenger port of Spain.

e. Ports of the Balearic Islands.

Palma de Mallorca: * Palma was the leading port of call in Spain for tourist traffic prior to the Civil War. There is an active fishing industry, chiefly in Palma bay, and a little ship repairing. The chief export trade consists of fruits, vegetable oils, wine, footwear, livestock, cloth, and vegetables. As a passenger port Palma ranks second in Spain to Barcelona.

Mahón: Chief port of Minorca, second largest island in the Balearic group. This port has a fine strategic position, as it lies almost in the center of the western basin of the Mediterranean Sea, and almost due south of Marseilles. The chief industry is ship repairing; the total trade is small and the town is omitted from official lists of the chief trading ports of Spain.

2. INLAND WATERWAYS.

Waterways generally do not contribute substantially to the transportation network. Strategically, because of their geographic locations, some of the larger rivers could be considered of some value, but as they are generally unsuitable for inland navigation because of the steep gradients, seasonal variations in flow, and also because of the extensive use of water for irrigation, they are not important logistically. The main rivers that serve as waterways are the Ebro, Guadalquivir, and Guadiana. The

* Indicated on map.

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two other long rivers, the Tagus and Douro, are only navigable in Portugal despite the many schemes made since 1580 to improve the Tagus and provide water communication between Lisbon and Madrid. Very few navigation canals have been constructed in Spain; the main ones in use are those near the Ebro and those around Valladolid, both utilized for local transport of wheat.

The rivers along the northern and Galician coasts are usually too short and swift to be used as waterways. The Ebro is the main navigable river on the east coast, but its use is much restricted by a shallow delta, numerous sandbanks, and a steep-sided gorge. It has been estimated that about 300 miles of the river and its lateral canals are navigable and another 77 miles could be made navigable, but as a whole, traffic is very limited and is confined to shallow-draught barges.

The Guadalquivir is by far the most important waterway in Spain, being navigable by ocean-going vessels for 54 miles inland to the port of Sevilla. It is one of the few Spanish rivers which retain a considerable flow in summer. Floods, however, are not infrequent and occasionally impede navigation.

The estuaries of the Odiel and Tinto rivers together form the entrance channel to the port of Huelva, the Odiel being constantly dredged to give a depth of 27 feet. Above Huelva the Odiel has depths of from 18 to 21 feet for about one mile, but then rapidly shallows. Small fishing-boats can ascend a branch for 8 miles with depths of from 5 to 7 feet. The Rio Tinto is navigable for 2½ miles for vessels drawing about eight feet. Small shallow-draught boats can reach 9 miles inland. However, there is very little traffic on either river above Huelva.

The River Guadiana in the section where it forms the Spanish-Portuguese boundary is navigable for about 30 miles. The entrance to the river on the Spanish side is marked by low sandbanks and islands.

3. ROADS.*

"All the conditions for bad roads and difficult and expensive railways are to be found in Spain"—a rugged surface, brittle material, and an extreme climate. About 3,000 miles of roads have been built or conditioned for motor travel out of a total length of some 69,000 miles. The pattern of this national highway circuit resembles a spider's web radiating out of Madrid. Six principal roads lead from the capital, classified as follows:

- N (National Highway) I—to Irun and France;
- N II—to Barcelona and France;
- N III—to Valencia;
- N IV—to Sevilla and Cadíz;
- N V—to Badajoz and Portugal;
- N VI—to La Coruña.

This layout promotes the centralization of administration in Madrid but has serious disadvantages in the difficulty of intercommunication between the peripheral towns because of lack of cross-country connections, and in the impractical contrast

* This section contains only a general description of the Spanish roads and does not cover military and strategic factors.

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between the first-class roads traversing the sparsely populated central plateau and the secondary roads serving much of the densely inhabited coastal regions. Numerous bridges and tunnels are a feature of the Spanish road network.

Road building and maintenance, once magnificently done in Spain by the Romans, subsequently falling to an extremely low level of decay, have received serious attention from modern Spanish Governments, particularly under the Dictator, Primo de Rivera, and have made considerable progress under the Franco regime. However, maintenance suffers from lack of asphalt and machine equipment. While motor travel to all parts of the country is feasible, the Spanish highway system could not stand up under heavy military traffic.

4. RAILWAYS.*

Prior to January 1941 practically all Spanish railways belonged to private companies, most of which, however, had obtained guarantees or subventions from the Government. From the early days of railway building in Spain, the State when granting concessions either guaranteed the interest on construction costs or paid a fixed sum as a subvention with the proviso that the property reverted to the State at the end of a given period. Being based on cost of construction, this form of guarantee led to building partly for the sake of obtaining subventions. By the end of the year 1882 the Government had paid nearly 25,000,000 pounds in subventions. Thus the contractor was given every inducement to construct a long, winding line, which fact, coupled with the piecemeal growth of the main companies, has made the main routes from the coast to Madrid remarkably circuitous.

Probably the most important law in the State control of Spanish railways was passed in November 1877. Its provisions included a complete plan for a railway system, divided into zones and connecting all the important centers. By this law all lines are revertible to the State, normally after 99 years, but the State can, after a stated minimum period, take over any railway in exchange for a compensation based on the average receipts of the preceding five years. After the close of the Civil War, a decree of May 1939 transferred the control of the three chief railway companies to the State. This was intended to be a temporary measure until the drafting of a definite statute providing for Government control of all lines. The transference, however, merely meant that the general manager and a majority of the Directing Council were appointed by the Government. In fact, state ownership and operation were still limited to a few short lines of about 400 miles total length, which were taken over because their concessions lapsed, and usually in the past the Government has intervened in the working of railways only when the companies have been in great financial difficulties. On 24 January 1941 a law was promulgated nationalizing all railways of standard gauge as from 1 February. Thus 7,726 miles of line were brought under State control.

* This section contains only a general description of the Spanish railway system and does not deal with military and strategic factors.

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About 120,000 people are employed on Spanish railways. In mid-1942 the number of employees on the State Railway System, which included all broad-gauge lines, was 103,000.

Only a few of the main lines are double tracked. In May 1940 the total length of double-track line in Spain was 1,031 miles, while a further 250 miles were in the course of being doubled. The Metropolitan Underground Railways of Madrid and Barcelona, a total of 22½ miles, are double tracked.

The mountainous nature of Iberia necessitates frequent and heavy gradients which restrict the load and speed of trains. Average capacity of lines is also affected by economic factors, such as the shortage of rolling stock and of good fuel. Technical factors also may not be neglected, since it is doubtful if on any but a few of the main routes the construction and maintenance of the track would permit a continuous heavy traffic. It is estimated that if rolling stock were available, most of the single-track lines would maintain eight trains per day in each direction and a few might maintain 12 trains per day. On the double-track main lines the maximum capacity over a protracted period is likely to be about 24 to 30 trains (with a maximum load) a day in each direction.

A very large number of locomotives and vehicles were destroyed or scrapped or allowed to deteriorate during the Civil War. Some reports state that more than 1,000 locomotives, about 25,000 freight cars, and 2,000 passenger cars were rendered useless. Since the end of the war great efforts have been made to repair and replace rolling stock.

About 92 percent of the entire railway system is worked by steam power. In a normal year the total consumption of coal fuel of all kinds is probably between 2¼ and 2¾ million tons. In the past this fuel has been mainly produced in Spain, except for English coal used by the chief companies for their express services. Although the steep gradients in many parts of Spain are particularly suitable for electric traction, the length of electrified line is relatively small. In 1941 only 267 miles of broad gauge and about 516 miles of narrow gauge, or about 7.5 percent of the entire railways system of the country, were operated electrically. The Civil War interrupted the progress of a Commission formed in 1929 to control a scheme for electrifying over 1,800 miles of line. Since 1940, the National Government has strongly encouraged the resumption of the original plans, and the National Government Commission has already approved schemes for the electrification of a further 1,398 miles of lines.

Water supply for locomotive feed has always been a difficulty on many of the railways in central and southern Spain. There are long stretches of waterless country, and even when wells are driven the supply obtained is often impregnated with sulphates and carbonates.

Extreme freight congestion has prevented fixed schedules on slow goods trains, and consequently about 15 percent of total traffic, or nearly three times the normal, has been allotted to fast freight. Petroleum restrictions and the shortage of coastwise shipping have caused an increasing congestion of railway traffic. In mid-1942 the State Railways (*Red Nacional de los Ferrocarriles Españoles*, RENFE) were carrying 7,000,000 passengers and over 2,500,000 tons of goods a month.

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The financial condition of the main Spanish railway companies has never been stable. The State has repeatedly tried to straighten out these financial troubles. A decree of 20 December 1946 authorized an average increase of 29.08 percent in passenger fares and 24.56 percent in freight rates for 41 privately owned narrow-gauge railroads, a rise attributable to the reorganization of wage scales and the general increase in wages. This was the third increase authorized for narrow-gauge lines since 1941. In line with its policy of standardizing rate schedules and nomenclature, the Ministry of Public Works has authorized the privately owned narrow-gauge railroad companies to prepare and submit to the Ministry standard schedules for the lines under their control, such companies to be allowed to base their rates on the maximums authorized to the RENFE, plus the increase authorized in the decree of 20 December. Private companies not subscribing to the standardization program will continue to use the base rates in force for narrow-gauge lines, plus the increase authorized by this decree. Those narrow-gauge companies under the control of the State were included in the program by decree of 26 April 1946 in the first step toward the compilation of standard freight nomenclature and classification, and standard freight and passenger tariffs for all railroads in Spain. Certain of the privately owned narrow-gauge lines, which are considered indispensable to the economy of the nation and some of which serve strategic mines, are being subsidized by an annual contribution from the State, this subsidy to remain in effect temporarily in spite of the rate increases mentioned above.

Spanish railroads connect with several French and Portuguese lines. Spanish railways (5 feet 6 inches gauge) connect with French railways (4 feet 8½ inches gauge) at four points: Irun-Hendaye, Port Bou-Cerbere, Canfranc on the line from Zaragoza to Pau, and Puigcerda-La Tour de Carol connecting Barcelona with Toulouse. Spanish railways connect with those of Portugal at five points, there being no break of gauge at the frontier: Tuy-Valencia, La Fregeneda-Barca d'Alva, Fuentes de Oñoro-Vilar Formosa, Valencia de Alcantara-Marvão, and Badajoz-Elvas.

Since the end of the Civil War the Government has encouraged the continuation of the following railway extension schemes of major importance: a direct line from Madrid to Burgos; a line from Coruña via Orense to Zamora which will give much quicker connections between Galicia and Madrid and at the same time provide rail communications between the ports of La Coruña and Vigo; a direct line from Madrid to Valencia decreasing the present detour from 304 miles to 228 miles. Probably the most important of several other schemes under consideration is that for the completion of the Santander-Mediterranean line initiated in 1925 by the Anglo-Spanish Construction Company. The completion of this railway and of the direct Burgos-Madrid route would give Santander a quick line to the capital. The main object, however, is to link the bay of Biscay directly to the Mediterranean at Valencia. Actually completed since the Civil War is the line from Soria to Castejon, 58 miles in length, which was opened to traffic in October 1941.

5. AIR LINES.

There is only one Spanish air line, *Lineas Aereas (Iberia)*, owned entirely by the Spanish State, which operates all Spanish-scheduled air services. This company in

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1946 had 20 aircraft in operating condition, of which 3 were 4-engine, 10 were twin-engine and 7 were tri-motor types. In addition, 6 twin-engine aircraft were being converted.

Routes flown by *Iberia* are:

Domestic Routes

Madrid-Sevilla (daily except Sundays)

Madrid-Valencia (3 times weekly with DC-3; 3 times weekly with JU-52)

Madrid-Barcelona (2 trips daily except Sundays)

Madrid-Santiago di Compostela (temporary, summer season)

Valencia-Barcelona (3 times weekly)

Routes to Spanish Islands and Colonies

Madrid-Las Palmas (once weekly)

Palma de Mallorca-Barcelona (daily except Sundays)

Las Palmas-Tenerife (once weekly)

Tetuán-Melilla (twice weekly)

Valencia-Palma de Mallorca (3 times weekly)

Las Palmas-Cabo Jubi-Sidi Ifni (once weekly)

Sevilla-Tetuán (daily except Sundays)

International Routes

Madrid-Buenos Aires (3 times monthly)

Madrid-Lisbon (3 times weekly)

Madrid-London (once weekly)

Madrid-Rome (once weekly)

Barcelona-Geneva (3 times weekly)

Madrid-Tangier (3 times weekly)

Madrid is served by the following international air lines: British European Airways (BEA), Royal Dutch Airlines (KLM), Swissair, *Transportes Aereos Portugueses* (TAP), and Trans-World Airlines (TWA).

6. HYDROELECTRIC POWER.

Spain has an abundant supply of natural power, but requires an extension of the enterprise and coordination devoted to it so far, plus a large amount of imported equipment to put it to full use. Spain was a pioneer in Europe in developing facilities for high-voltage electric power transmission. This work was most vigorously pushed between 1898 and 1910 and has since been carried forward rather steadily. Problems of assuring regularity and reliability of supply have not yet been overcome. Some damage to hydroelectric installations was caused by the Civil War but the main problems at present are those of maintenance and expansion, which have been retarded because of World War II. Spain is still unable to obtain necessary equipment, which must be imported from abroad, either from Switzerland, the United Kingdom, or the United States.

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7. ELECTRONIC COMMUNICATIONS.*

From the first demonstration of the telephone in Spain in 1877 to 1924, the development of lines and service was very uneven and limited. In 1924 the Government turned over the installations it owned, about one-fourth of the total, to the CTNE (*Compañía Telefónica Nacional de España*), a subsidiary of International Telephone and Telegraph Company. Major improvements were completed by 1929 and a relatively efficient national service was established, with 125,000 miles of long-distance circuits and communication by radio-telephone to the US, Canada, Cuba, and Mexico. During the Civil War both the Republican Government and General Franco took over control of the central telephone system. In spite of hostilities and considerable damage to installations, it was kept functioning, and at the end of the war Franco returned control to the company. The Government required, however, that the directorate must include three members on its appointment. In 1945 an agreement was reached for purchase from IT&T by the Spanish Government of the American interest in the company for approximately \$57,000,000. At that time it was planned to allow private Spanish investors to acquire all but 25 percent of the stock. This plan has now been quietly dropped and the Government will retain control of the system.

While the Spanish telephone service today rates among the best in Europe, the nationally owned, Government-operated telegraph system is inferior. It is controlled by the Ministry of the Interior through its division of Posts and Communications. The circuits are independent of the telephone network. Telegraph routes are generally not known, but it is understood that they follow the main roads. It is believed that there are seven lines crossing the Pyrenees. Submarine cables, mostly operated by the Government, connect the peninsula through Madrid with the Balearic and Canary Islands and Spanish Morocco.

Radio broadcasting is controlled by the Subsecretariat of Popular Education. In 1943 there were 68 radio broadcasting stations in operation in Spain, with 400,000 licensed, privately owned radio receiving sets and some 11,000 officially owned receiving sets. Privately owned sets probably actually reach a higher figure, perhaps up to 600,000. Many of them may be in bad condition because of the difficulties of obtaining repair work and parts during the past several years.

* General description not a military study.

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APPENDIX C

POPULATION

Area and Population—Selected Statistics

Area: 506,487 square kilometers including the Canary Islands (9,273 sq. km.) and the Balearic Islands (5,014 sq. km.).

Total Population: (Ministry of Labor Report, 1947) 27,485,199

Men	13,240,980
Women	14,244,219

*Population Growth ** (World Population Estimates)

	1936	1945	1946	1950	1955
	(in thousands)				
Spain	25,000	27,350	27,650	28,900	30,450
Spanish Africa	1,295	1,485	1,500	1,585	1,590

* Immigration is not encouraged either officially or by the internal economic situation. Prior to 1936 there was considerable emigration. Since 1941 the balance is favorable to immigration.

Distribution by Ages of Working Population (Ministry of Labor, 1947)

Total number of registered workers:*	10,413,105
Under 20 years of age	1,912,113
From 20 to 50 years	6,553,883
Over 50 years	1,947,109

* This figure probably covers only the workers registered by the Falange Syndical Organization, but presumably accounts for most of the working population.

Education:

School Enrollment—1933-44

Primary	Secondary	University
2,505,954	178,470	41,764

1. RACE.

The racial make-up of Spain is complex, and the nation is characterized by the persistence of regional and racial peculiarities within the whole, despite the amalgamating influence of four centuries of political unification. This amalgamation, brought about primarily through the spread of a common language and the dominance of a single religion (Roman Catholic), has produced an Hispanic race which possesses definite general characteristics yet is not completely homogeneous. Each civilization, from the late Paleolithic age onward, has left traces which have not been fully absorbed or obliterated by its successors.

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Long-headed, dark types which still appear among the Basques repeat the characteristics of inhabitants of Western Europe in the Paleolithic period. The Basque language, unrelated to any other, is a survival from prehistoric times. By 2500 B.C. the Iberians, who probably were of African, presumably Berber, origin, were well established in the south and east. Between 900 and 600 B.C. Celtic invaders overran the north. These two stocks did not mix to an appreciable degree, although Latin historians referred to them as a single Celtiberian population. The peninsula was colonized successively by Phoenicians, Greeks, and Romans. After Latinizing the whole area, the Romans gave way to Vandals and Visigoths. Then Spain was overrun by the Moslems. The invading coalition of Arabs, Syrians, and Berbers remained in the country for more than 700 years, during 400 of which the racial intermixture became deep.

Modern Spain was formed after the reconquest from the Moslems, which was completed in 1492. As the several Christian kingdoms of northern and central Spain gradually became united, the Castilian language became dominant, although the Basques and Catalans have tenaciously preserved, down to the present, the distinctive languages of these two regions, while the Galicians perpetuate the use of a regional dialect, more similar to Portuguese than to Spanish.

The Spaniards generally tend to be "spontaneous, frank, apt to form extreme opinions; . . . uncompromisingly stubborn, richer in intuition than conscious intellect, independent, proud, and individualistic," as well described by the contemporary Spanish philosopher, Madariaga. The profound sense of individualism which every Spaniard brings into the world with him sometimes turns to pride and stiffness or induces a tendency to become overbearing. "Spain," says Madariaga, "is a nation of men of passion, whose main characteristic is spontaneity."

There are many Spaniards with fair skin, blue, gray, and hazel-colored eyes, especially in the northern provinces. The average tendency, however, is to dark hair and eyes, olive to swarthy complexions. In physical build most Spaniards tend to be of medium height (five feet six to ten inches), men of prosperous classes being generally stocky, laboring men prevailingly lean. Tall men (six feet or more) are exceptional.

2. RELIGION.

The great majority of Spaniards profess the Roman Catholic Apostolic faith and under present law all Spaniards are regarded as Catholic by birth. Civil marriage exclusive of religious rites is illegal. All cemeteries are under the jurisdiction of the Catholic Church. Other religions are not prohibited, but conditions are discouraging for them. There are about 25,000 known Protestants in Spain, of whom about 5,000 are foreigners.

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Francisco FRANCO, Chief of State and Generalissimo of the Armed Forces, is the dominant figure in the Spanish Government. As one of the generals organizing the rebellion against the Republic in July 1936, Franco flew secretly from his command post in the Canary Islands to Spanish Morocco, where he was well known as an outstanding officer in the Moroccan campaigns of the '20s and as Chief of Staff the previous year. Under his leadership the forces in Morocco rose against the Government. He promptly crossed to the mainland with Moorish and Spanish troops. The military revolt turning into protracted civil war, the importance of the armies under his command and the deaths of several other generals cleared the way for his emergence as commander-in-chief of the Nationalist movement. The committee of generals which had been established by the Nationalists immediately after the outbreak of rebellion also conferred on him the powers of civil government, and on 1 October 1936 he signed for the first time in his capacity as Chief of State, a law establishing the new Spanish State.

Franco's whole career had hitherto been purely military. Born on 4 December 1892, he entered the Army in 1907, and by the time he was 24 had been promoted to Major. His assignment to the Foreign Legion put him in command of the toughest men in the Spanish Army. The reputation for ruthlessness and bravery under fire which he made in Morocco led to his promotion to Brigadier General in 1926, when he became the youngest officer of that rank. He served from 1927 to 1931 as Director of the General Military Academy at Zaragoza. Although the Republican Government abolished the Academy and greatly reduced the officer ranks, Franco remained in active service. His rightist political views were known, and when the 1933 elections brought to power a government hostile to the extreme Left, Gil Robles, the War Minister, called upon Franco to suppress the leftist uprising in the Asturias and subsequently made him Chief of Staff. Immediately following the Popular Front victory in the general elections of 1936, the new Premier, fearful of Franco's anti-Republicanism, sent him as a precautionary measure to the Canaries.

As Chief of State, Franco has been tenacious of power, cautious, skillful both in keeping the Army satisfied and in preventing the rise of rival leadership. He has severely repressed all political parties, ruthlessly eliminating his active opponents. He sponsored the artificial growth of the Falange Party into the one medium of political life in the state. Furthering conspicuously the selfish interests of the Army and the Church, he has been less concerned to propitiate landholders and business men, depending on their fear of civil strife to keep them in line while he has extended bureaucratic control over all aspects of the national economy. Personally ignorant in economic matters, he has not hesitated to move further into the risks of one-man government. His self-confidence is such that he asks and accepts little advice, often making important decisions without informing his Ministers.

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Franco has preached the need of national unity, but in practice he has kept alive the political schism between Right and Left in order to prevent the growth of a Center movement that might eliminate his autocratic control. In World War II he was long a convinced believer in German victory but prudently avoided belligerency for a weakened Spain. Watching Germany's chances of victory decline, he successfully steered Spain toward cooperation with the US and the UK. His consistent denunciation of the USSR has become an asset to him internationally in the postwar period during which, while a target of UN disfavor, he has been the object of special virulence from the USSR and its satellites. Franco has received sympathy abroad among anti-Communist elements who consider his role as an enemy of the USSR more pertinent now than his past delinquency as a friend of Hitler. Meanwhile he has gained a certain sympathy at home among nationalists resentful of foreign criticism of the Spanish Chief of State. In these circumstances, the efforts of foreign and domestic advisers to get him to surrender power or at least guide Spain toward a democratic government in such a way as to make possible Spain's reinstatement in international councils have met with stubborn resistance.

Lt. Gen Rafael GARCIA VALIÑO, Chief of the Central General Staff, is, under Franco, the officer with the greatest authority over the Spanish Army. Vigorous and a capable soldier, he has a rather cold personality, an intransigent temperament, and is more feared than liked within the service. Born in 1894, he has the extreme conservatism and Carlist affiliations of his Navarrese background, but as he is not particularly ambitious personally, neither his pro-monarchist tendencies nor his disapproval of various features of the Franco regime have put his loyalty to the Government in serious doubt. He became Chief of the Central General Staff in 1942, following a distinguished service record in both the Moroccan campaigns and the Civil War.

*Alberto MARTÍN ARTAJO, Foreign Minister, is important not only on account of his position but also because he represents in the regime the support of Catholic opinion. He was secular head of the politically influential Catholic lay organization, *Acción Católica*, when appointed Foreign Minister in July 1945. Since 1940 he also had been Secretary General of the Council of State. Martín Artajo is about 44 years of age. He formerly was a Professor of Social Politics in the University of Madrid, and from 1931 to 1936 was editor of the Jesuit-owned Catholic daily *El Debate*. He has attended international congresses in European countries as a representative of Spanish Catholic bodies.*

José Antonio de GIRÓN y Velasco, Minister of Labor, is an important Falangist who is the regime's chief agent in the effort to secure laboring class support. He has a personal following among the workers but has failed to win over leaders of the former free labor organizations of the Republic. He is an "Old Shirt" member of both the Falange and the JONS. As a pro-Nazi, he wished Spain to enter World War II in support of Germany. He is an enemy of liberal capitalism. Although young, born in 1911, he has been minister of Labor since 1941. Except for the importance of Girón's labor following, Franco might well have dropped him as a dangerously ambitious, persuasive, and aggressive potential rival.

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Enrique, Cardinal PLA y Deniel, Archbishop of Toledo and Primate of Spain, heads the Spanish Catholic hierarchy. Member of a wealthy Catalan family, he supported Franco during the Civil War in the belief that the Nationalist cause was a crusade against criminal misgovernment and anti-clericalism. As Bishop of Avila (1918-1935), he gave part of his palace to serve as a "Catholic Social House" for workers; while Bishop of Salamanca he offered the episcopal palace to Franco for use as a general headquarters. Franco requested his appointment to the primacy in 1941. Pla, upon whom a cardinal's hat was conferred in 1945, has stated that the Church's support depends on the Government's maintenance of authority, law and order, and that return to normalcy with recognition of human and citizens' rights should be encouraged. Cardinal Pla was born in Barcelona 19 December 1876.

DON JUAN DE BORBON, third son and official heir of the late King Alfonso XIII, is the pretender whom the opposition Monarchists opposing Franco wish to make king, and whom nearly all Monarchists acknowledge to have the clearest title to the throne. He has been in exile since the Monarchy ended in 1931, when he was 18 years old. During the Civil War he offered to join General Franco's forces, a gesture which was rejected. He had been in open opposition to Franco since he became the acknowledged Pretender in 1941 when Alfonso abdicated in his favor. He criticized Franco's partiality toward Germany during World War II and has rejected tentative offers from Franco to become the heir apparent to the present regime because he is unwilling to accept the principles, machinery, and personnel of government which Franco and the Falange have imposed upon Spain. He is committed to the establishment of a Constitutional Monarchy if made king. Don Juan is married to Princess María de Borbón y Orleans and has four children. He possesses the good health his two older brothers lacked. Generally regarded as agreeable and intelligent personally, he has not demonstrated outstanding capacity for leadership or political strategy, but has shown firmness and consistency in pursuing his announced policies.

José Maria GIL ROBLES, leader of the Right from 1933 until its electoral defeat in 1936, is one of the principal political advisers of Don Juan and the main strategist of the Monarchist opposition. He lives in Portugal in apparently voluntary exile. Although during the Civil War he served the interests abroad of the Nationalist side, he was discredited with the Right by the failure of his campaign tactics against the Popular Front during the Republic. He was then the parliamentary leader of the CEDA party, which was conservative and closely connected with the Church. He placed the position of the church above the form of government. The President of the Republic doubted his allegiance to the Constitution and refused to entrust him with the formation of a government.

Gil Robles was born in Salamanca, 27 November 1898. He acquired political prominence with the backing of the Jesuits, having attracted attention on the staff of their paper, *El Debate*. Elected to the Cortes in 1931, Gil Robles' oratorical talent plus Church and financial support made him the outstanding exponent in parliament of rightist interests. Leftist enmity toward him was so intense that inclusion of his party associates in the Cabinet in 1934 led to a Socialist outbreak in Asturias and an abortive Catalan revolt. In 1935, a struggle to make Gil Robles premier led to the

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dissolution of the Cortes. This burden of enmities makes Gil Robles a dubious asset, but his political experience has given him authority in Don Juan's counsels.

Diego MARTINEZ BARRIO, President in exile of the Spanish Republic, symbolizes the continued struggle of the exiles for the return of Spain to constitutional republican government. He was invested with the Presidency 18 August 1945 by exiled members of the Cortes elected in 1936, before the overthrow of the Republic. According to the Constitution, he had the nearest claim to the vacant Presidency through his office as President of the Cortes. He belongs to the small Republican Union party, and in terms of the Spanish Left, is considerably to the right of center. Born in Seville 25 November 1885, he began his career at the age of 14 as a typesetter. In 1910 he was elected a municipal councilman. With the advent of the Republic in 1931 he became a cabinet minister, and for a short time in 1933 he was Premier, his political prestige being aided by his position as a high-degree Mason. He went into exile in 1939 and has resided in Mexico or France since that time. Martínez Barrio is not personally a man of great ability or following but by virtue of his presidential office provides continuity in the representation of the defunct Republic.

Indalecio PRIETO, prominent Socialist and a Cabinet minister during the Republic, is the outstanding advocate among moderate leftist exiles of collaboration with anti-Franco rightists. This attitude, which led him to initiate conversations, beginning in October 1947 and continuing into August 1948 with Gil Robles, in an effort to achieve an agreement on the method of forming an interim regime in which leftists and Monarchists could collaborate after Franco's elimination, has subjected him to bitter attack by the Communists. Prieto is himself bitterly anti-Communist. As Minister of Defense during part of the Civil War he opposed Communist efforts to dominate the government and defenders of the Republic. A skillful orator and experienced journalist, he was one of the most prominent men in Spanish public life before his exile. He entered the Cortes first in 1917, was Minister of Finance in the first government of the Republic, and headed the moderate wing of the Socialist Party. Prieto began life as a newsboy in Bilbao but built up something of a personal fortune. Since his exile in Mexico he has had great influence among the refugees, enhanced by his control of large funds saved from Franco by the Republic.

José Antonio de AGUIRRE, exiled President of the suppressed autonomous Basque State, although relatively young, is the outstanding individual leader of the movement among Basques, Catalans, and Galicians for regional autonomy within a federal Spain. He is an idealist and a conservative Catholic. Aguirre accompanied the late President Azaña and the martyred President Companys of Catalonia into exile when Catalonia was overrun by Franco's forces in January 1939. Subsequently, when the Germans overran France, he was caught behind their lines. Although the Gestapo put a price on his head, he escaped to America via Berlin itself. Granted a teaching post at Columbia University, he has continued to be active in anti-Franco exile politics where his influence is considerable in view of the unity of the Basques.

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APPENDIX E

CHRONOLOGY OF SIGNIFICANT EVENTS IN SPANISH HISTORY

B.C.	206	Romans drive out Carthaginians and colonize Spain.
A.D.	456	Visigothic rule established.
	711-718	Moslem invasion and conquest.
	1035-1200	Spanish Kings (of Aragon, Navarre, Castile, Leon) consolidate their rule over portions of Spain and war against Moslems.
	1188	First popular representation in government in Europe, in the Cortes of Leon.
	1492	(Reconquest of Spain from Moslems completed with fall of Granada. (Columbus discovers New World. (Jews expelled from Spain.
	1516	Hapsburg dynasty initiated by Charles I.
	1519	Charles elected Holy Roman Emperor, incorporating Empire in Spanish Crown.
	1519-1522	(Conquest of Mexico. (Spanish expedition under Magellan circumnavigates globe.
	1530-1535	Conquest of Peru.
	1554-1558	Austrian possessions separated from Crown of Spain.
	1561	Madrid chosen as capital.
	1588	Invincible Armada launched and destroyed.
	1620	Spain engages in Thirty Years' War.
	1659	Peace of the Pyrenees continues dismemberment of Spain's European possessions.
	1700	Bourbon dynasty begun by Philip of Anjou.
	1702-1714	War of the Spanish Succession, in which the Catholic Low Countries and Naples pass to Austria, Catalonia loses its independent rights, and England acquires Gibraltar and trading rights in Spanish America.
	1740	Spain engages in War of Austrian Succession.
	1805	Spain's naval strength destroyed at Trafalgar.
	1808	Madrid rising (May 2) against Napoleonic occupation begins Peninsular War.
	1810	Movement for independence of Spanish colonies in America begins in Mexico.
	1812	Cortes of Cadiz frames first liberal Constitution.

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- 1814 Peninsular War ends; Ferdinand VII returns from France, reigns as absolutist tyrant.
- 1823 French army invades Spain to rescue Ferdinand from his subjects, prelude to second period of absolutism.
- 1826 Colonial Wars of Independence end with loss of Mexico, Central and South America.
- 1833-1839 First Carlist (civil) War.
- 1873-1874 (First Republic
(Second Carlist (civil) War.
- 1874 Bourbon Restoration with enthronement of Alfonso XII.
- 1876 Conservative Constitution adopted to remain in force until 1923.
- 1888 Foundation of the UGT trade union (Socialist).
- 1895-1897 Insurrections in Cuba and the Philippine Islands.
- 1898 Spanish-American War, resulting in defeat of Spain and loss of Cuba, Puerto Rico, and the Philippines.
- 1910 Formation of CNT trade union (anarcho-syndicalist).
- 1914 (Proclamation of Spanish neutrality in World War I.
(First Congress of Employer's Federations lays foundation for uncompromising Government opposition to labor demands.
- 1917 General strike broken by Army.
- 1921 Military disaster at Annual; Spanish troops defeated by Rifs under Abd-el-Krim.
- 1923-1930 Primo de Rivera dictatorship.
- 12 Apr. 1931 Municipal elections show popular opposition to King.
- 14 Apr. 1931 Republic proclaimed; Alfonso XIII leaves Spain.
1931 (Election of Constituent Assembly by universal suffrage.
(Ratification of Constitution of the Republic.
- 1932 Dissolution of Jesuit Order and confiscation of its property by State.
- Sept. 1932 Catalan Autonomy Statute passed.
- June 1933 Law of Religious Orders confiscates their property, forbids them all industrial, commercial, and educational activities.
- Feb. 1936 Popular Front victory at elections.
- 13 July 1936 Calvo Sotelo, leader of the Right, murdered.
- 17 July 1936 Rising of Army under Franco in Morocco; beginning of Civil War.
- 1 Oct. 1936 Franco succeeds to leadership of Nationalist forces.
- 7 Oct. 1936 Government of Euzkadi (Basque provinces) constituted.
- July 1937 Secret German-Spanish Protocols lay foundation for German parastatal empire within Spain.
- 31 July 1938 German-Spanish police agreement.

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Feb.	1939	German-Spanish friendship pact.
1 Apr.	1939	Defeat of Republic; end of Civil War.
8 Apr.	1939	Spain signs Anti-Comintern Pact.
Aug.	1939	Spain declares benevolent neutrality.
13 June	1940	Enunciation of Spanish nonbelligerency policy.
	1940-1943	German-Spanish agreements for labor recruiting in Spain, delivery of strategic materials to Germany.
1 Oct.	1943	Spain abandons nonbelligerency, returns to neutrality.
19 June	1945	UN Charter bars Franco regime in principle.
2 Aug.	1945	Potsdam Declarations <i>re</i> Spain by US, UK, USSR reaffirming opposition to admission of Franco Spain in UN.
17 Aug.	1945	Republican Government-in-exile is formed in Mexico.
Feb.	1946	UN rejects proposal to admit Franco Spain.
4 Mar.	1946	Tripartite declaration <i>re</i> Spain by US, UK, and France.
12 Dec.	1946	UN General Assembly resolutions against Spain.
Jan.	1947	Argentina sends Ambassador to Spain in contravention of UN recommendation.
31 Mar.	1947	Franco announces Law of Succession.
6 July	1947	Law of Succession approved by National Referendum.

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APPENDIX F

SPAIN AND THE UNITED NATIONS

Significant Documents

*Text of UN Committee Resolution on Spain **

“The peoples of the United Nations, at San Francisco, Potsdam, and London condemned the Franco regime in Spain and decided that, as long as that regime remains, Spain may not be admitted to the United Nations.

“The General Assembly, in its resolution of 9 February 1946 recommended that the members of the United Nations should act in accordance with the letter and the spirit of the declarations of San Francisco and Potsdam.

“The peoples of the United Nations assure the Spanish people of their enduring sympathy and of the cordial welcome awaiting them when circumstances enable them to be admitted to the United Nations.

“The General Assembly recalls that in May and June 1946, the Security Council conducted an investigation of the possible further action to be taken by the United Nations. The subcommittee of the Security Council charged with the investigation found unanimously:

“ ‘(A) In origin, nature, structure, and general conduct, the Franco regime is a Fascist regime patterned on, and established largely as a result of aid received from Hitler’s Nazi Germany and Mussolini’s Fascist Italy.

“ ‘(B) During the long struggle of the United Nations against Hitler and Mussolini, Franco, despite continued Allied protests, gave very substantial aid to the enemy powers. First, for example, from 1941 to 1945 the Blue Infantry Division, the Spanish Legion volunteers, and the Salvador Air Squadron fought against Soviet Russia on the eastern front. Second, in the summer of 1940 Spain seized Tangier in breach of international statute, and as a result of Spain maintaining a large army in Spanish Morocco large numbers of Allied troops were immobilized in North Africa.

“ ‘(C) Incontrovertible documentary evidence establishes that Franco was a guilty party, with Hitler and Mussolini, in the conspiracy to wage war against those countries which eventually in the course of the World War became banded together as the United Nations. It was part of the conspiracy that Franco’s full belligerency should be postponed until a time to be mutually agreed upon.’

“THE GENERAL ASSEMBLY,

“Convinced that the Franco Fascist Government of Spain, which was imposed by force upon the Spanish people with the aid of the Axis powers and which gave material assistance to the Axis powers in the war, does not represent the Spanish people, and by its continued control of Spain is making impossible the participation of the Spanish people with the peoples of the United Nations in international affairs;

* Adopted by the General Assembly on 12 December 1946 by a vote of 34 to 6 with 13 abstentions.

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"Recommends that the Franco Government of Spain be debarred from membership in international agencies established by or brought into relationship with the United Nations, and from participation in conference or other activities which may be arranged by the United Nations or by these agencies, until a new and acceptable government is formed in Spain.

"The General Assembly further,

"Desiring to secure the participation of all peace-loving peoples, including the people of Spain, in the community of nations,

"Recommends that if, within a reasonable time, the political conditions enumerated above are not realized, the Security Council consider the adequate measures to be taken in order to remedy the situation and,

"Recommends that all members of the United Nations immediately recall from Madrid their Ambassadors and Ministers Plenipotentiary, accredited there."

Position of France, UK, and US on Relations with Present Spanish Government.

(Released to the press 4 March 1946)

"The Governments of France, the United Kingdom, and the United States of America have exchanged views with regard to the present Spanish Government and their relations with that regime. It is agreed that so long as General Franco continues in control of Spain, the Spanish people cannot anticipate full and cordial association with those nations of the world which have, by common effort, brought defeat to German Nazism and Italian Fascism, which aided the present Spanish regime in its rise to power and after which the regime was patterned.

"There is no intention of interfering in the internal affairs of Spain. The Spanish people themselves must in the long run work out their own destiny. In spite of the present regime's repressive measures against orderly efforts of the Spanish people to organize and give expression to their political aspirations, the three Governments are hopeful that the Spanish people will not again be subjected to the horrors and bitterness of civil strife.

"On the contrary, it is hoped that leading patriotic and liberal-minded Spaniards may soon find means to bring about a peaceful withdrawal of Franco, the abolition of the Falange, and the establishment of an interim or caretaker government under which the Spanish people may have an opportunity freely to determine the type of government they wish to have and to choose their leaders. Political amnesty, return of exiled Spaniards, freedom of assembly and political association and provision for free public elections are essential. An interim government which would be and would remain dedicated to these ends should receive the recognition and support of all freedom-loving peoples.

"Such recognition would include full diplomatic relations and the taking of such practical measures to assist in the solution of Spain's economic problems as may be practicable in the circumstances prevailing. Such measures are not now possible. The question of the maintenance or termination by the Governments of France, the United

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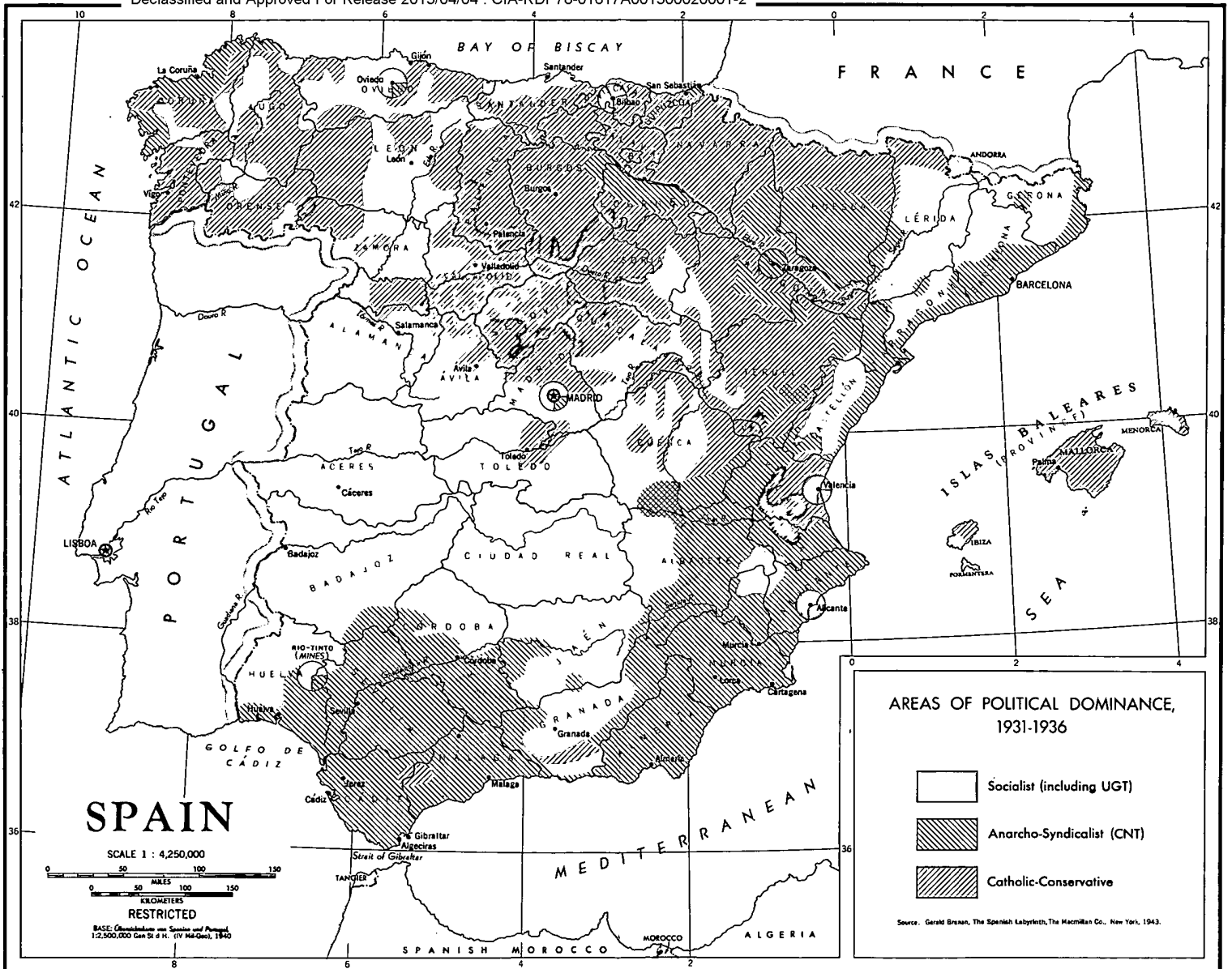
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○ Kingdom, and the United States of diplomatic relations with the present Spanish regime is a matter to be decided in the light of events and after taking into account the efforts of the Spanish people to achieve their own freedom.”

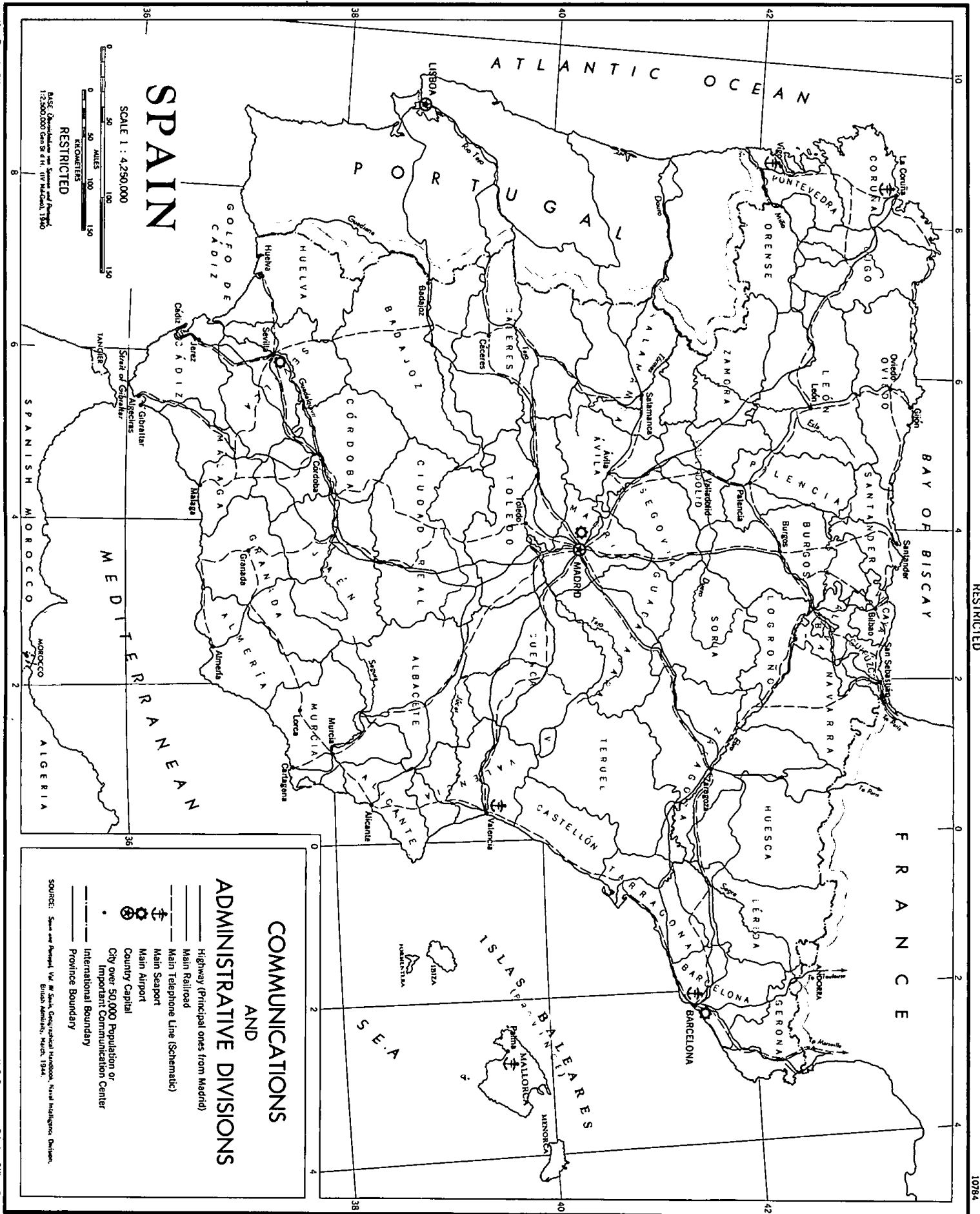
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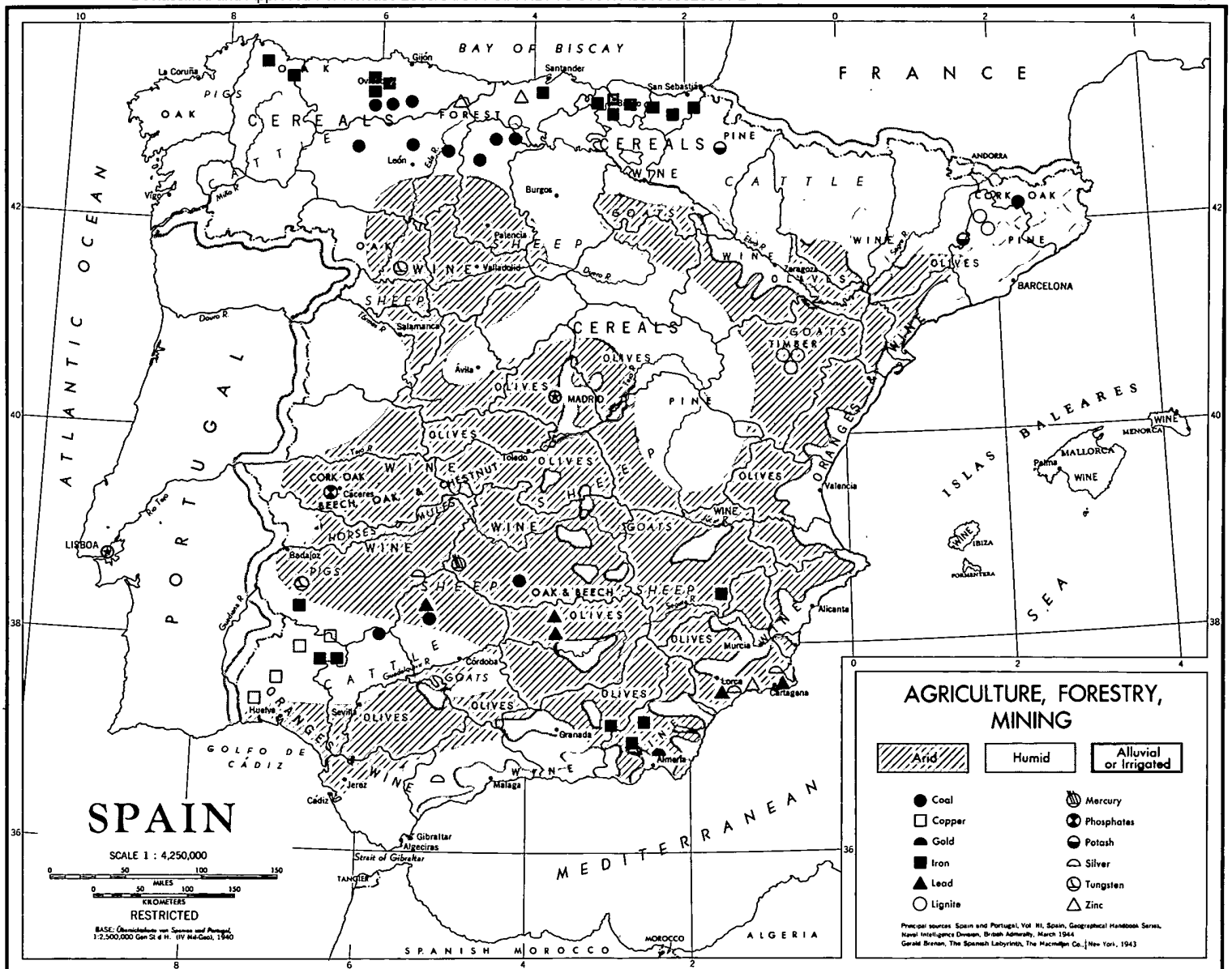


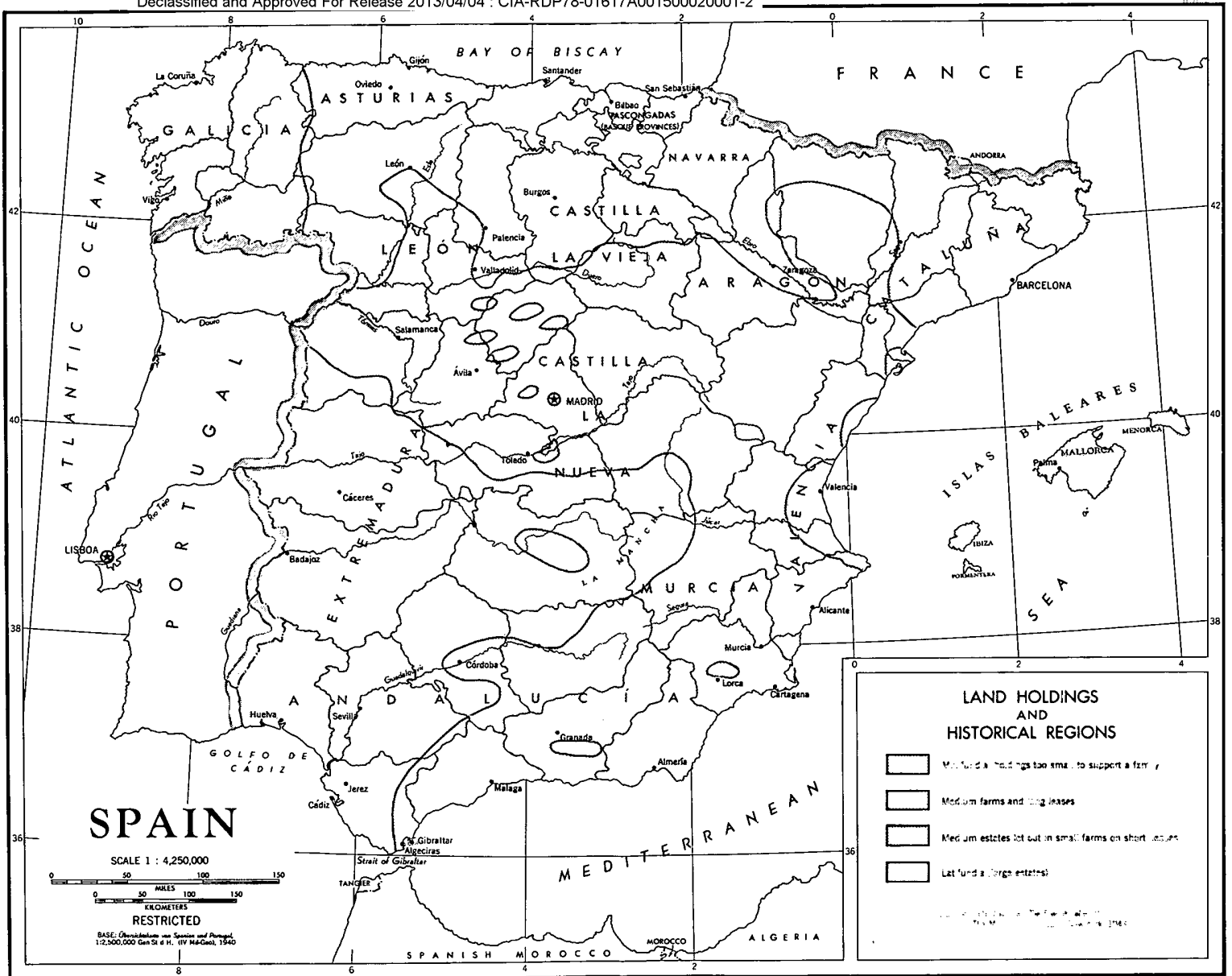
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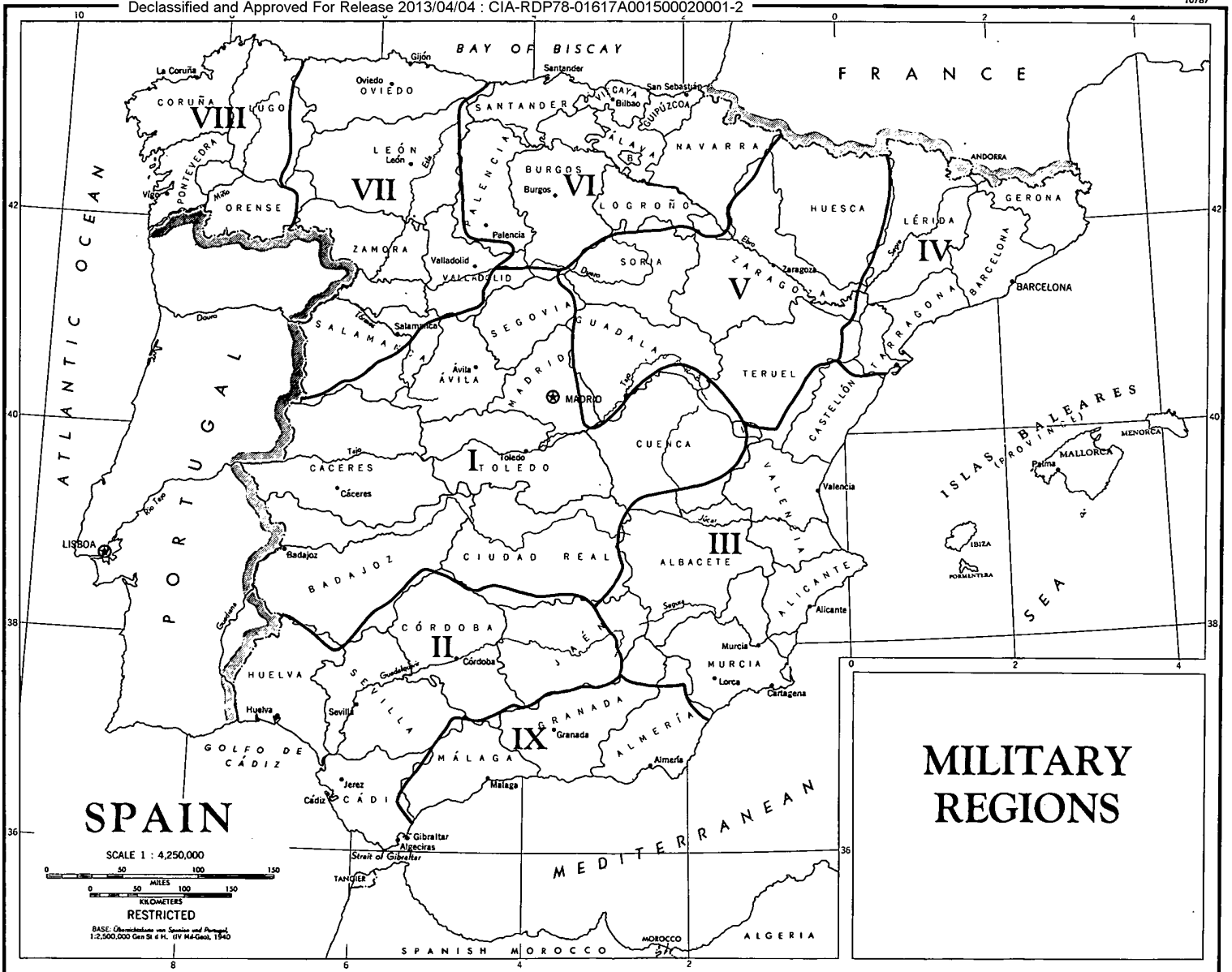


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