

bent on winning the coming legislative elections by reviving the program that made De Gaulle's success: right to work, "democratic economic planning" through which to put the economy back on its feet, (workers') "participation" and fight against unemployment.

"Everything must be done to recapture the thousands of working-class votes that supported General de Gaulle," exclaimed one Gaullist député, echoing RPR

leader Yves Guéna's contention a few days before that "only Gaullism is capable of rallying the working-class layers without whose support the majority will be beaten by the left-wing parties, be they united or not."

Chirac also escalated his offensive against the Socialist Party whose leader, François Mitterrand, he denounced as "the greatest danger France is confronted with at this moment."

Troubled Spanish Economy Turns To Triangular Trade Expansion

Spanish President Adolfo Suárez took Spain's entire political spectrum by surprise earlier this month, when he invited the leaders of all political parties represented in Parliament to a summit to negotiate a government program that would allow his party, the Union of the Democratic Center (UDC), to rule the country with the opposition's extragovernmental support. Suárez's initiative, which stands against a background of terrorist violence and accelerating economic deterioration, was welcomed by the main opposition parties — the Spanish Socialist Workers Party and the Spanish Communist Party — as well as by the country's press and major trade unions.

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The program under negotiation includes economic policy, an antiterrorism bill that will reorganize security forces and create a specialized antiterrorism unit, and the reformation of institutions inherited from Franco's regime. The first session of the all-party meeting, devoted to economic policy, was held Oct. 15.

Suárez skillfully prepared the way to the convocation of the summit at Moncloa, the presidential palace. Prior to the meeting, Suárez struck a resounding success by forcing the opposition to accept an amnesty bill which, contrary to the Communist and Socialist parties total amnesty proposal, will not include terrorists from organizations such as GRAPO, the Basque separatist ETA, and extremist right-wing groups. Suárez also pulled together a cross-party consensus with his restoration of Catalonia's autonomous government, the Generalitat. The decree restoring the Generalitat, however, makes it very clear that the "autonomy" issue must be understood merely as a transfer from the central to the regional government of those responsibilities which do not hinge on global national or international matters, and underlines that it is "provisional in character" and can be annulled by the President for state security reasons.

The Moncloa Summit

The significance of the Moncloa Summit as a means of strengthening Suárez's government cannot be overestimated. Every since he was appointed President, but especially over the last three months, Suárez had been under increasing attack by the Socialist Workers Party, a satellite of the Second (Socialist) International. With the same Second International line of "neofascism" used in West Germany by Willy Brandt et al. against the government of Chancellor Helmut Schmidt, the Socialist Workers Party attacked Suárez's "Francoist past" as proof of the President's "insincerity" regarding the establishment of a democratic government in Spain. The Socialists conducted a strong "antirepression" campaign focused against Suárez's Interior Minister, Martín Villa, in which nothing less than the minister's head was demanded. Rumors and counterrumors of a government crisis and possible military intervention developed almost daily. Simultaneously, monetarist mouthpieces such as *Foreign Affairs* heralded Felipe Gonzalez — the Socialist Workers head known among informed circles in Europe as "el morenito de Bonn" (Bonn's dark-skinned boy) for being a "Willy Brandt creation" — as the alternative leader for Spain given the "expected" crisis in the Suárez government.

Communist head Santiago Carrillo, for his part, was bidding on a mish-mash "coalition" government whereby each party, from left to right, would share a piece of the power pie to ensure a perpetual fight over policy as Spain sank deeper and deeper into chaos. Except for the neofascist Alianza Popular, Spain's parties were deaf to Eurocommunist Carrillo's call.

As the date of the summit approached, a wave of coordinated violence broke out, culminating in the assassination of the president of the Vizcaine Deputy House, Augusto Unceta, by a terrorist commando Oct. 15 — the day of the first session of the Moncloa summit. The same day, however, 15 top leaders of the terrorist GRAPO were rounded up in Alicante, and several other terrorists were captured elsewhere in the country, in an operation coordinated by the Interior Minister.

The standard for Suárez and the Moncloa Summit was stated editorially by the Spanish daily *ABC*: "The con-

struction of a democratic system starting from scratch (in postwar Germany and Italy) ... was the work of two men and two parties: Konrad Adenauer and the CDU, and Alcide de Gasperi and the DCI.... Democracy, said de Gaulle, does not consist of expressing contradictions, but in indicating a direction."

The program to come out of Moncloa is expected to be just that. An agreement on economic policy has already been achieved and Suarez will present the full program for Parliament's approval Oct. 25. Although the details of the program have not yet been made public, it has been reported that it includes important reforms of the financial, agriculture, and social security systems, taxing policy, state-owned holdings, and wage policy. The programs' energy measures are known to include the creation of a state-owned oil holding initially taking over 55 percent of oil refinery, exploitation, transport, distribution, and marketing activities. The possibility of nationalizing electric power in the future is being studied by the Industry Ministry.

The Spanish Miracle Is Over

Beginning in the late 1950s and all through the 1960s, Spain underwent a substantial expansion of industry which has made the country the 10th most industrialized nation in the world. After a prolonged period of so-called autarchy, Spain opened up to the world in order to encourage its own economic development. The peseta was made convertible and foreign investments were fostered. The results were immediately visible. From 1960 to 1973 — when oil prices quadrupled — the annual rate of growth of Spain's GNP was 7.6 percent, while industrial production was increasing at more than 11 percent annually according to the French newspaper *Les Echos*.

There was a balance of payments surplus in 1973 of almost \$1.8 billion, while the currency reserves amounted to nearly \$6.8 billion. A \$3.6 billion deficit in the balance of trade figures was largely compensated for through tourism, investments in Spain, and the large Spanish labor force employed in the rest of Europe, bringing foreign currencies home.

The 1973 oil crisis threw Spain into perhaps its worst crisis during the postwar period, since 60 percent of Spain's energy comes from oil. Because of this, the trade deficit jumped to \$7 billion in 1974, \$7.16 billion in 1975,

and \$7.52 billion in 1976, according to Banco de Bilbao. Simultaneously, the economic depression affecting the rest of Europe forced the Spanish "guest workers" to begin coming home to join the already swollen ranks of the unemployed.

The deficit in the balance of payments worsened over \$7 billion in 1974 and 1975; and \$1 billion in 1976. As a result of the combined accumulated deficits in the balance of payment and trade, the foreign debt increased from \$10.8 billion in 1976 to \$14 billion in 1977. Meanwhile, inflation has been on the rise: 16 percent in 1974; 17 percent in 1975 and 1976; and 30 percent in 1977. The inflation rate for 1978 is expected to be 40 percent.

In what one Spanish industrialist described in the Venezuelan newspaper *El Nacional* as "the worst panorama of bankruptcies since the civil war," countless small and medium businesses have either shut down or are on the verge of collapse. Official figures say 10 percent of the labor force of 13 million is already unemployed.

Ironically, Spain has an ambitious and advanced nuclear energy program, significant steel and machine tool sectors, and is an exporter of industrial plant and equipment. It also has a vast agricultural potential. Spain has recently concluded trade deals with Venezuela, which include nuclear technology — to be followed by a nuclear cooperation treaty with Argentina within the year — as well as recent deals with Mexico, under which Mexican oil and petrochemical technology will be exchanged for Spanish technology in several fields. These deals are indications of the important role Spain can play as the European bridge to Latin America and the rest of the Third World in the context of a new international economic order.

The heavy French and West German investment in Spain's heavy industry and nuclear program must be used by those countries as the leverage to bring Spain into an alliance for a high-technology industrialized Europe as a counterpole to the agricultural slave-labor projects being proposed by Britain's Jenkins. The traditional Spanish banking ties with the Arab countries constitute a unique asset which can be used to consolidate a European policy for industrial development backed by Arab oil.

— R.D. Morales