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THESIS

SPAIN AT EUROPE'S CROSSROADS:
PROSPECTS FOR SPANISH INTEGRATION TO THE
NORTH ATLANTIC TREATY ORGANIZATION AND
THE EUROPEAN ECONOMIC COMMUNITY

by

Shannon Theresa Keenan

March 1982

Thesis Advisor

David S. Yost

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REPORT DOCUMENTATION PAGE		READ INSTRUCTIONS BEFORE COMPLETING FORM
1. REPORT NUMBER	2. GOVT ACCESSION NO.	3. RECIPIENT'S CATALOG NUMBER
	AD-A118199	
4. TITLE (and Subtitle)		5. TYPE OF REPORT & PERIOD COVERED
Spain at Europe's Crossroads: Prospects for Spanish Integration to the North Atlantic Treaty Organization and the European Economic Community		Master's Thesis March 1982
7. AUTHOR(s)		8. PERFORMING ORG. REPORT NUMBER
Shannon Theresa Keenan		
9. PERFORMING ORGANIZATION NAME AND ADDRESS		6. CONTRACT OR GRANT NUMBER(s)
Naval Postgraduate School Monterey, California 93940		
11. CONTROLLING OFFICE NAME AND ADDRESS		10. PROGRAM ELEMENT, PROJECT, TASK AREA & WORK UNIT NUMBERS
Naval Postgraduate School Monterey, California 93940		
14. MONITORING AGENCY NAME & ADDRESS (if different from Controlling Office)		12. REPORT DATE
		March 1982
		13. NUMBER OF PAGES
		120
		15. SECURITY CLASS. (of this report)
		Unclassified
		16. DECLASSIFICATION/DOWNGRADING SCHEDULE
16. DISTRIBUTION STATEMENT (of this Report)		
Approved for public release; distribution unlimited.		
17. DISTRIBUTION STATEMENT (of the abstract entered in Block 20, if different from Report)		
18. SUPPLEMENTARY NOTES		
19. KEY WORDS (Continue on reverse side if necessary and identify by block number)		
Spain, NATO, EEC, U.S. Military Interests.		
20. ABSTRACT (Continue on reverse side if necessary and identify by block number)		
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Spain at Europe's Crossroads:
Prospects for Spanish Integration to the
North Atlantic Treaty Organization and the
European Economic Community

by

Shannon Theresa Keenan
Lieutenant, United States Navy
B.S., School of Foreign Service
Georgetown University, 1972

Submitted in partial fulfillment of the
requirements for the degree of

MASTER OF ARTS IN NATIONAL SECURITY AFFAIRS

from the

NAVAL POSTGRADUATE SCHOOL
March 1982

Author:

Shannon Theresa Keenan

Approved by:

David S. York
Thesis Advisor

Robert Hoover
Second Reader

Sherman W. Blandin
Chairman, Department of National Security Affairs

W. M. Woods
Dean of Information and Policy Sciences

ABSTRACT

This thesis examines the implications of Spain's integration into Western Europe through membership in the North Atlantic Treaty Organization (NATO) and the European Economic Community (EEC). The EEC is discussed to provide background for analysis of key issues pertaining to Spanish membership. The ramifications of future NATO membership, given Spain's strategic importance in the Mediterranean, are considered. From a Spanish perspective, the thesis concentrates on the countervailing political and economic factors involved with Spanish integration into the EEC and NATO. United States national interests in Spain are explored in light of probable changes as Spain joins Western Europe. Spain's integrative process illustrates the relationship between Spanish national security goals and Spanish economic development goals. As Spain attains these goals, the need to depend on the U.S. for security protection may diminish. A more independent European role for Spain can be expected as its nascent democracy matures.

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ACKNOWLEDGEMENTS

First, I would like to extend my deepest gratitude to the Naval Postgraduate School for supporting my research in Belgium and Spain for this study. Special thanks are owed to Captain Richard Schlaff, USN, Department of National Security Affairs, for his encouragement in my research endeavors.

In addition, I wish to thank Commander Roy Wallace, USN, at the United States Mission to NATO in Belgium, whose assistance was greatly appreciated. Thanks are also extended to Captain Gary Hartman, USN, Senior Chief Krauss, USN, and Ronald E. Woods at the American Embassy in Madrid for their aid during my stay in Spain. In particular, I wish to thank Professor David S. Yost, at the Naval Postgraduate School, who provided guidance, research materials, editing advice, and special encouragement during the design, preparation, and writing of this study.

The Spanish language materials cited in this thesis were translated by me and the views expressed in the work are solely mine; they do not reflect the official views of the United States government or the United States Navy. Any misconceptions, omissions, or factual errors are, of course, mine as well.

I. INTRODUCTION

Spain today is approaching the crossroads of its political future. It is now facing internal and external challenges which will significantly affect the future of the young democracy. As Spain advances toward NATO membership and continues its vigorous pursuit of full entry into the European Economic Community (EEC), numerous problems confront Spanish decision-makers. This thesis explores some of these obstacles on the road to Spanish integration into Europe.

The demanding task of integrating national security and foreign relations into actual policies to preserve democracy and promote national interests abroad has faced the Spanish government for the past six years. The fall of 1981 was the season chosen by this nascent democracy to move forward with an ambitious program. The request to join NATO, the ultimate solution to the age-old Gibraltar dispute, and the on-going negotiations between Spain and the EEC are basic to the long-term Spanish goal of integration into Europe.

Recent events in Spain have placed the fragile democracy in jeopardy. Internal political events have clouded the concerted efforts of the Spanish government for full integration into Europe. The next six months will be a crucial period for democratic Spain. This thesis will examine some of the issues which may affect the political future of Spain and the scope of U.S. military interests in democratic Spain.

II. SPANISH BACKGROUND

A. THE COUNTRY

Occupying more than four-fifths of the Iberian Peninsula, Spain is separated by the Pyrenees from France and the rest of Europe but includes within its national territory the Balearic Islands in the Mediterranean, the Canary Islands in the Atlantic, and the two small North African enclaves, or "presidios," of Ceuta and Melilla. Continental Spain, a region of varied topography and climate, has been noted more for beauty of landscape than for wealth of resources, but possesses deposits of iron, coal, and other minerals as well as petroleum. The Spanish are a mixture of the original Iberian population with later invading peoples. The population includes several cultural groups: Castilians, Galicians, Andalusians, Basques, and Catalans. Regional feelings remain strong, particularly in the Basque and Catalan areas in the north and east, and various local languages and dialects are used in addition to the long dominant Castilian Spanish. The regional languages of Spain were accorded legal recognition November 16, 1975. The population is almost entirely Roman Catholic, although religious liberty is formally guaranteed.

The Spanish economy has been transformed since World War II. Between 1960 and 1972, the gross national product increased almost fivefold, although substantial inflation and balance of payments problems subsequently curtailed the rate of growth. The principal industrial products are leather, shoes, clothing, automobiles, and rubber; but the shipbuilding,

petroleum, and chemical industries are also of major importance. Agriculture, the traditional mainstay of the Spanish economy, has not kept pace with industrial advances, despite more intensive utilization of modern techniques and materials. The most important agricultural products continue to be olives and olive oil, cereals, fruits, vegetables, and wines.

B. THE GOVERNMENT AND POLITICS

Conquered in the eighth century by North African Moors, who established a flourishing Islamic civilization in the south of the peninsula, Christian Spain completed its self-liberation in 1492 and went on to found a world empire which reached its apogee in the sixteenth century and then gradually disintegrated. Monarchical rule under the House of Bourbon continued into the twentieth century, surviving the dictatorship of Miguel Primo de Rivera in 1923-1930 but giving place in 1931 to a multiparty republic. A military uprising led by General Francisco Franco Bahamonde, which began in 1936, precipitated a three-year civil war in which the republican forces, which benefited from Soviet and Communist assistance, were ultimately defeated with aid from Fascist Italy and Nazi Germany. A Fascist regime was then established, Franco ruling as leader (El Caudillo) and Chief of State, with the support of the Armed Forces, the Church, and commercial, financial, and landed interests.

Having preserved its neutrality throughout World War II and suffered a period of ostracism thereafter by the United Nations, Spain was gradually readmitted to international society and formed particularly close ties with the United States within the framework of a joint

defense agreement originally concluded in 1953. The country's political structure was modified in 1947 with the adoption of a Law of Succession, which declared Spain to be a monarchy (though without a monarch), and again in 1967 by an Organic Law confirming Franco's position as Chief of State, defining the structure of other government organs, and providing for strictly limited public participation in elections to the legislature (Cortes). Political and administrative controls in effect since the civil war were considerably relaxed during the early 1960's, but subsequent demands for change voiced by students, workers, Basque and Catalan nationalists, and sections of the intelligentsia and clergy, resulted in increasing instability, which culminated in December 1973 with the assassination of Prime Minister Luis Carrero Blanco by Basque separatists. The new prime minister, Señor Carlos Arias Navarro, initially signaled his intent to deal harshly with dissidents; however, the April 1974 coup in Portugal, coupled with General Franco's illness in July of that year, generated problems for the regime that resulted in some moderation of its repressive posture.

General Franco again became ill on October 17, 1975, and on October 30, Prince Juan Carlos de Borbón y Borbón, who had previously been designated as heir to the Spanish throne, assumed the powers of provisional Chief of State and head of government. Franco died on November 20, and two days later, Juan Carlos was sworn in as King, in accordance with the 1947 Law of Succession.

On July 1, 1976, Señor Arias Navarro resigned as prime minister following criticism of his somewhat cautious approach to promised reform of the political system. His successor, Señor Adolfo Suárez Gonzalez,

moved energetically to advance the reform program. On June 15, 1977, balloting took place for a new, bicameral legislature (Cortes), with Prime Minister Suárez Gonzalez' Union of the Democratic Center (UCD) obtaining a substantial plurality. On August 22, a special lower-house subcommittee began drafting a new constitution, which went into force December 29, 1978 after overwhelming approval of the Cortes, a public referendum, and ratification by King Juan Carlos.

The present 169-article Spanish constitution, the seventh since 1812, abrogates the fundamental principles and organic legislation under which General Franco ruled as Chief of State (Jefe del Estado) until his death in 1975. The document defines the Spanish state as a parliamentary monarchy and guarantees a variety of basic rights, including those of speech and press, association, and collective bargaining. Roman Catholicism was disestablished as the state religion. Torture was outlawed, the death penalty was abolished, and a more equitable distribution of regional and personal incomes was advanced. The powers of the King include naming the Prime Minister, after consulting with the parties in the Cortes, serving as Commander-in-Chief of the armed forces, and calling referendum. The prime minister, who is empowered to dissolve the Cortes and call an election (previously the King's prerogatives), is assisted by a cabinet that is collectively responsible to the lower house of the Cortes.

Under the new constitution, legislative authority is exercised by a bicameral Cortes, consisting of a territorially elected Senate of 208 members and a Congress of Deputies of 300-400 members elected on the basis of universal adult suffrage and proportional representation. Both

houses serve four-year terms, barring dissolution; each can initiate legislation, although the upper house can only delay measures approved by the lower.

C. RECENT EVENTS

This background information is presented in order to clarify some of the reasons Spain has not achieved integration into the European Community. Under the Fascist rule of Generalissimo Franco, Spain was prevented by certain democratic nations (notably Denmark, Norway, Belgium, and the Netherlands) from becoming a member of NATO,¹ the European Economic Community, and other Western organizations. Therefore, the Spanish constitution of December 1978 is of substantial importance to any discussion of Spanish integration into the European Community.

Continued terrorism and an attempted "golpe de estado," or coup d' état, against the state, have challenged the young Spanish democracy during the early 1980's. Prime Minister Suárez resigned under continued criticism, especially from the Army generals, and partially due to the fact that "he felt he no longer had the confidence of his party or the King."² The new Prime Minister, Leopoldo Calvo Sotelo, who like his predecessor, Señor Suárez, is a member of the UCD, has rejected a call from the Socialists (PSOE) to form a coalition government so as to maintain the limited allegiance of the generals, who fear giving any power to the left.

¹H. P. Klepak, Spain: NATO or Neutrality, ORAE Extra-Mural Paper No. 11, Ottawa, Canada, April 1980, p. 116. At the NATO Conference in Rome in May 1970, the northern European nations soundly ruled out Spanish admission, adhering to their traditional position that democracy in Spain was required before admission.

²James M. Markham, "A Royal Defender of Democracy," The New York Times Magazine, Section 6, March 29, 1981, p. 35.

The policies of Señor Calvo Sotelo seem to favor curtailing autonomy to certain regions and insisting on the dominance of Madrid in most matters.³

The coup attempt in February 1981 intensified Spanish efforts of integration into the European Community. Spain's Foreign Minister, José Pérez-Llorca y Rodrigo, was in Brussels in March 1981, urging the EC Council of Ministers to accelerate Spain's entry into the Community.⁴ Acceptance among the European democracies is vital to post-Franco Spain, and even the appearance of progress in the entry negotiations could contribute to Spanish stability. Señor Pérez-Llorca called on the Community to show more generosity and more concern for Spain's future.

Negotiations between Spain and the EEC have not been accelerated due to internal problems within the European Community. Reform of the Community's Common Agriculture Policy (CAP) and budget arrangements were the primary focus of the EEC during 1981. Spanish entry into the EEC has been effectively shelved until these internal organizational problems are resolved. Negotiations between Spain and the EEC are still continuing, but most informed observers realize that the structural changes within the EEC could delay Spanish entry for a considerable period of time.

Due in part to the slow pace of these negotiations, the Spanish government reassessed priorities and has requested entrance into the North Atlantic Treaty Organization. The EEC delays regarding Spanish accession were probably a primary factor in the August 1981 Spanish decision to seek NATO entry.

³ Ibid., p. 106.

⁴ John Nielsen, "Spain's Fragile Democracy," EUROPE, The magazine of the European Community, May-June, 1981, No. 225, p. 34.

III. SPANISH INTERNAL POLITICAL FORCES

In an analysis of the question of Spanish integration into Europe, it is important to assess the attitudes of the major domestic elements. There are four major political parties in Spain: the Communists (PCE); the Socialists (PSOE); one rightist party with several extremist offshoots (CD); and a large centrist right party (UCD), which often resembles a coalition more than a fully cohesive force. In addition, several small, regionalist parties clamor for greater autonomy and attention. Other extremely important internal domestic forces are the King, the military, the people, the terrorists of the Basque separatist organization (ETA), and regional groups.

A. THE POLITICAL PARTIES

In order of importance in the 1979 Parliamentary elections, the political parties rank as follows: UCD (Union del Centro Democratico), PSOE (Partido Socialista Obrero Español), PCE (Partido Comunista Español), and the CD (Coalición Democratico -- formerly known as the AP or Alianza Popular). There is widespread consensus among these parties that EEC membership is of the utmost value to Spain. Attitudes on NATO and other foreign policy issues hold no such consensus.

The UCD is essentially Eurocentric in its outlook with the fundamental objective of its foreign policy being the rapid incorporation of Spain into NATO and the EEC. The party continues to emphasize the historic and geographic links of Spain with Latin America, the Arab

world, and Africa, but views maintenance of Spain's somewhat fragile democracy as a much more pressing issue.

The PSOE is a clear supporter of the construction of Europe. It believes that democratic Spain cannot be absent from the building of a United Europe that will "transcend outdated nationalisms and provide a framework for the development of socialism, independent of imperialism and in cooperation with the Third World."⁵ The PSOE advocates entry of Spain into the European Community but maintaining a policy of neutrality, outside NATO. This party has called for Spanish defense links with the Western Europeans while rejecting the NATO umbrella of the U.S. Antonio Sánchez Gijón has pointed out the contradiction in this socialist defense policy that aims at: (1) cooperation with European countries, and (2) "the progressive creation of a real third military force among countries which find themselves on roads toward constituting democratic socialism."⁶

The PCE, Spain's Communist Party, backs entrance into the EEC as part of its program of strengthening the world workers movement but opposes entry into NATO. It is headed by one of the major figures of the world communist movement, Santiago Carrillo, who is the author of a major text on Eurocommunism. In his book, Eurocomunismo y Estado, Carrillo insists on the right to national paths to communism and a high degree of democracy consistent with the political systems of Western Europe. As is

⁵PSOE: 27th Congress, "La Defensa," Ediciones Avance, Madrid, Espana, 1977, p. 291.

⁶Sánchez-Gijón, Antonio, Espana en la OTAN, Madrid, Ediciones Defensa, 1978, p. 168.

obvious, his book and his views are not popular with the Communist Party of the Soviet Union (CPSU).

The CD (formerly AP) advocates the necessity of reminding all Spaniards that they are Europeans. Nothing that happens on the Continent should be alien to Spain. The CD believes that improving the EEC and Spanish integration into the EEC are essential to the existence of Spain. "Access to the EEC will create serious problems but Spain cannot witness the European unification process as a mere spectator."⁷ The CD also declares itself totally favorable to Spanish entry to the Atlantic Alliance for the following reasons:

1. NATO continues to be a necessity for guaranteeing the security of its members.
2. It is unlikely that, in the case of a grave crisis in Europe, Spain would not become involved.
3. NATO offers deterrent protection.
4. NATO serves to curb a process of Finlandization.
5. Many other Spanish interests would be served by Spain's entry into NATO such as: scientific, economic, industrial, and technological needs.
6. Spanish foreign policy would have more weight.
7. The Armed Forces could be harmonized into NATO due to their modernization process which is on-going.
8. Support of Spain on the part of the European countries could be secured through NATO.⁸

⁷ CD Platform: "Reflexiones Sobre la Politica Exterior de España," Madrid, España, 1978.

⁸ Ibid., p. 3.

It is essential to note that the policies expressed by the CD are those espoused by the UCD, only not as vocally. The PSOE and the PCE have similar connecting fibers between their platforms regarding NATO. All the political parties are united, though, on the benefits of Spanish entry into the European Community.

Within the compass of the remaining parties, the Basque Nationalist Party (PNV) declares itself in favor of NATO entry with certain conditions. Convergencia i Uni6 of Catalu \tilde{n} a is in favor of NATO as long as there is no alternative; the Socialist Party of Andalusia is absolutely opposed to NATO; and the Union of the Canarian People is totally opposed, considering NATO to be an institution prepared to use its influence and its defense resources to further the interests of big multinational corporations, imperialism, and local oligarchies.

Table I indicates the results of a study done after the 1979 Parliamentary elections placing the parties and their leaders on a left-right scale. (Sotelo was added by this author to place him within the spectrum; but the figures indicated for Suarez do not correspond to Sotelo. The survey was a voter poll in which the voters placed themselves on the left-right scale.)⁹

B. KING JUAN CARLOS I

King Juan Carlos I is by far the most popular figure in Spain, especially in the aftermath of the unsuccessful February 1981 coup attempt. There are no new "Caudillos" or Francos among the generals. The King

⁹Richard Gunther, Giacomo Sani, Goldie Shabad, "Party Strategies in the 1979 Spanish Parliamentary Election," in World Affairs, volume 143, No. 2, Fall 1980, Table 13, p. 209.

Table I
 1979 Spanish Parliamentary Election — Left/Right
 Placement of Respondents

Affect towards	Left-Right Self Placement*				
	"Left"	"Center- Left"	"Center"	"Center Right"	"Right"
PCE	<u>5.7</u>	5.1	2.9	1.7	0.8
CARRILLO	<u>5.6</u>	5.1	2.9	1.9	0.9
PSOE	5.4	<u>6.5</u>	5.0	4.1	2.6
GONZALES	5.5	<u>6.5</u>	5.2	4.4	3.1
UCD	1.6	3.5	<u>6.3</u>	<u>6.7</u>	<u>6.5</u>
SUÁREZ/SOTELO	2.4	4.2	<u>6.6</u>	<u>7.2</u>	<u>6.8</u>
CD	0.6	1.5	3.6	5.3	<u>6.4</u>
FRAGA	1.1	1.9	3.6	5.4	<u>5.8</u>

*The following groupings of left-right scores were used: "Left" (1-2); "Center-Left" (3-4); "Center" (5-6); "Center Right" (7-8); "Right" (9-10).

is fervent in his desire to see Spain gain membership in the European Community and has also expressed a positive attitude toward NATO membership. Some Spaniards believe that the best way to keep the armed forces out of politics would be to bring Spain into NATO. It would be a giant step toward closer integration with the European democracies—and

it would give the Spanish military a more purely military mission.¹⁰ Whatever the outcome on eventual NATO membership, for the present, King Juan Carlos is struggling to guide Spain through a difficult time and he is trying to work out a new "modus vivendi" between the generals and the politicians.

C. THE MILITARY AND THE ETA

One of the most volatile and dangerous aspects of the political transformations taking place in Madrid is the Army's new role in the troubled Basque country. The Basque separatist group, the Basque Homeland and Freedom (ETA), has long sought to provoke military retaliation by singling out army officers for terrorist attack. In the past, the government refused to give the military any sort of police power but this policy was changed in March 1981. Prime Minister Calvo Sotelo reversed the policy by assigning the Army and Navy to coast and border patrol duty in the Basque region. The danger seen by many is that if the ETA continues its terrorist killing, the generals will have to demand more police powers; and due to the delicate politico-military balance in Spain, this could force a showdown between the generals and the government. The King is aware of the powerful, emotion-charged atmosphere and from all appearances seems to be treading lightly internally, while pursuing the goals NATO and European integration externally.

D. THE PEOPLE

The Spanish public has for five years been bombarded with political propaganda essentially aimed at politicizing it, after decades of

¹⁰ Nielson, op. cit., p. 36.

Franco's rule, during which the Spaniard was generally discouraged from too great an interest in politics, or any interest in opposition politics at all. Issues such as whether or not to move towards democracy (1976), the formation of a constituent assembly (1977), the new constitution (1978), and general and municipal elections (1979), have all emphasized domestic concerns. Both the people and the government have had a very difficult time dealing with these issues and therefore little time left over for external policy. As Klepak notes,

Almost everyone in Spain believes the main problems of the country to be economic. High inflation rates and very unsettling unemployment figures present a somewhat bleak picture. Spain is not a rich country; it lacks capital, infrastructure, and natural resources; and it faces invulnerable markets for its export products. Spaniards are above all concerned over these difficulties and have often placed an exaggerated hope in the EEC panacea."¹¹

On the question of NATO, the Spanish public has a great variety of often bizarre ideas, when seen through U.S. eyes. Some believe that Alliance membership will cause the Soviet Union to target Spain in a nuclear exchange. The cost of NATO seems high to the people of Spain who have survived with neutrality. All in all, there was little public interest in joining the Alliance until August 1981, and it has been an arduous task to muster public support for joining the NATO alliance. The vocal opposition of the PSOE and the PCE received more publicity and local attention than the weak efforts of the UCD to educate the Spanish public on the benefits of NATO membership. Internal political rivalries limited the ability of the UCD to effectively reach the Spanish population and therefore helped to make the PSOE/PCE opposition to NATO entry credible and legitimate in the eyes of many Spaniards.

¹¹Klepak, op. cit., p. 74.

IV. THE UNION DEL CENTRO DEMOCRATICO--SPAIN'S GOVERNING PARTY

The Union del Centro Democratico (UCD) is a political party which was organized by the Spanish government to lead Spain from an authoritarian regime to a democratic system. It does not possess the tradition and history of the other Spanish political groups, but it has succeeded in guiding the nascent democracy through six years of post-Franco transition. Until February 1981, the UCD maintained the chairmanship of the party and the premiership of the Spanish government in one person--Adolfo Suárez. After Suárez resigned as President on January 29, 1981, the chairmanship of the party and the premiership of the government were split. Up to that time, this union entailed a subordination of the party to the actions of the government. The UCD was seen by critics to be only an electoral apparatus, maliciously referred to as "a party hanging on a president" or a "retinue."¹² Since the party's 2nd Congress in February 1981, the UCD has been trying to update itself and to vitalize its leadership in the midst of strong internal struggles and external opposition.

A. THE ROLE OF SPAIN ACCORDING TO THE UCD

The 1st UCD Congress was held in October 1978 in Madrid. The party submitted its foreign policy objectives of joining the EEC and maintaining the bilateral defense treaty with the U.S. NATO membership

¹² Javier Figuero, UCD: La Empresa que creó Adolfo Suárez, Barcelona, 1981, p. 13.

was briefly discussed and postponed for future parliamentary debate. Emphasis was placed on Spain's unique position as a bridge between Europe and Latin America, a friend of the Arab world, and a Mediterranean power. All avenues were left open by the UCD government.

During 1979, criticism began to grow within Spanish political circles. The UCD policy of keeping all options open was viewed by many as unrealistic. The visit of President Suárez to Havana exacerbated inter-party tensions in the UCD. Foreign policy was in a state of shambles, and many wondered if the UCD had any foreign policy objectives at all. Spain's membership into NATO was still awaiting debate, and EEC membership seemed distant as well. Spain had not recognized Israel, which is an essential part of the EEC debate. (This is still the case.) The multiplicity of Spanish foreign policy goals was further muddled in June 1980, when Minister of Foreign Affairs Marcelino Oreja stated that membership in the Atlantic Alliance could be the lever to unlock negotiations with the European Community.¹³ Linking NATO membership with the EEC negotiations had been avoided by the Spanish government for years, although many observers note a similarity in Spanish motives for membership in both organizations.

B. UCD GOALS: EEC AND NATO

Integration in the European Community has been a long-standing foreign policy goal for Spain. On February 9, 1962, the Minister of Foreign Affairs for the Franco government, Fernando Marfa Castiella,

¹³ Marcelino Oreja, El País (newspaper) Madrid, June 15, 1980.

submitted the first Spanish application to the EEC; but for reasons previously stated, it was not even considered in Brussels. The attempt to achieve integration was relaunched with the monarchy of Juan Carlos I.

In the first address to the Cortes, the King stated:

The idea of Europe would be incomplete without a reference to the presence of the Spanish people and without a consideration of the works of my many predecessors. Europe should acknowledge Spain's presence, for we Spaniards are Europeans. It is a need of the present times for both parties to understand this and for all to draw the resulting consequences.¹⁴

On July 28, 1977, one month after the first democratic elections, the first UCD government officially submitted Spain's application for membership to the EEC. Many observers believe that the government took this step out of fear of being left out of the second enlargement, since serious internal difficulties were already beginning to arise in the Community. It was a long desired goal for Spanish policy-makers; but UCD critics claim that the government took this step without having appraised or discussed all of the political, economic, and social consequences that would follow from this candidature.¹⁵

The first parliamentary debate on foreign policy was held during the fall of 1977. At this meeting, the Spanish Minister of Foreign Affairs, Marcelino Oreja, announced that the Council of Ministers of the European Community had unanimously resolved to give Spain an affirmative answer. A new horizon opened for Spanish foreign policy based firmly in the West and solidly aligned to its European neighbors. After this momentous

¹⁴First Address to the Cortes, King Juan Carlos I, Madrid, 1976.

¹⁵Dr. Antonio Marquina Barrio, in a paper presented at the Conference of the Center for European Studies, London, November 1980, p. 8.

political declaration, months were allowed to pass without further explanation by the UCD government to the Spanish people on the scope of integration. The Commission for the EEC was busy preparing its report on the consequences of enlargement, while in Madrid, little actual work on measures to speed integration was being accomplished. Issues such as regional autonomy, terrorism, solidifying ties to the Arab states, and internal government and political party reforms took precedence in Spain during 1977. Spain moved at the pace imposed by the EEC, submitting economic reports as requested; but the government did not actively solicit European support. By February 1978, the UCD government was being criticized for this complaisant attitude and Leopoldo Calvo Sotelo was appointed as special minister without portfolio to the European Community. Señor Calvo Sotelo was to speed things up in Brussels. One year later, on February 5, 1979, negotiations between the EEC and Spain were officially opened.

Spanish government officials optimistically believed the negotiations could be finished in 1980 and ratification by the European Community members would be obtained prior to 1983.¹⁶ The Minister for the European Community stated on several occasions that there was no haste in the Spanish position since Spain no longer had any political or prestige-related reasons driving it to quick imprudent negotiation in which concessions might be made in the economic sphere to gain some rather unclear points in the political sphere. He continued to add that Spain did not need a slap on the back from anyone and the Spanish EEC negotiating

¹⁶Leopoldo Calvo Sotelo, "Declaration regarding the EEC," in EFE (news agency) September 15, 1978.

position was not politically motivated, although there was a legitimate desire to avoid unjustified delays.¹⁷

In the midst of these events, the Congress of the UCD unanimously defined its foreign policy as European, democratic and Western. It urged the Spanish government to continue the EEC negotiations without sacrifice to Spain's new democratic political status. The party requested that the government do specific things to speed integration:

1. Inform the public about the European Community.
2. Reduce the timetable for integration.
3. Correct the discrimination against Spanish agriculture by other Mediterranean producers.
4. Immediately undertake the studies and actions required to adapt the Spanish economic structure to the EEC, without traumatic consequences.¹⁸

Leopoldo Calvo Sotelo continued to state there would be no delays in the negotiations¹⁹ but in May 1979, French President Valéry Giscard d'Estaing attributed the delays in the negotiations to Spanish President Adolfo Suárez. Giscard d'Estaing stated that Suárez showed little interest in speeding up the talks and perhaps Spain was not prepared politically or economically to join the EEC.²⁰

¹⁷ These remarks were reported in a variety of sources: Cinco dias, (newspaper) Madrid, December 22, 1979; Europa Press (news agency) November 24, 1979; El País, February 4, 1979.

¹⁸ UCD, La Solucion a Un Reto, Unión Editorial, S.A., Madrid, 1979, p. 179.

¹⁹ Leopoldo Calvo Sotelo interview in ABC (newspaper) Madrid, February 6, 1979.

²⁰ Statements by French President Valéry Giscard d'Estaing reported in El País (newspaper) Madrid, May 6, 1979.

Debate on the issue began in the Spanish Parliament in June 1979. Senor Calvo Sotelo, Minister to the European Community, presented the economic, social, political, and historic reasons for integration, while pointing out that there was no reasonable alternative for Spain. Other Ministers of the UCD government stated that EEC integration would significantly influence the direction of Spanish foreign policy because the European Community aspired to be more than simply a coalition of European merchants; it integrated the democratic countries of the continent in a strong, united Europe. The Secretary of International Relations for the UCD, Senor Javier Rupérez, marked July 28, 1977 (the date Spain submitted its application to the EEC) as historically significant for Spain, because on that day there was a convergence of all factors culminating in a democratic system in Spain. Señor Rupérez stated that the will to make Spain a member of the Community was the keystone of its entire foreign policy.²¹ The reasons given by Señor Rupérez to the Spanish Parliament for EEC integration were:

1. Spain wished to join the other European countries in the search for effective solutions to the great issues confronting the continent such as inflation, unemployment, economic revitalization, environmental protection, power supply, and guarantee of national security, all of these problems going beyond the national framework.
2. Spain would have greater freedom within the EEC. Integration would open new horizons for exerting influence on events and directions

²¹Diario de Sesiones del Congreso de los Diputados, Madrid, Number 21, 1979.

affecting Spain which would otherwise be imposed from outside if Spain did not join the Community.

3. The incorporation of Spain would entail for the Community, not only the expansion of the economic sphere by more than 36 million consumers and an economy ready to supply the EEC with products it needs, but also a fuller and more balanced Community that would gain depth and credibility, open to the concerns and possibilities of the Mediterranean world.²²

After consideration of the arguments concerning Spain's integration to the EEC, the Spanish Parliament, in a plenary meeting, expressed full support for this objective.²³ The Spanish media increased coverage of the negotiations and assurances were given in both Brussels and Madrid that progress was being made. Decisions of importance to this process, such as the recognition of Israel by Spain, were nonetheless not forthcoming. Rhetorical progress in Brussels was not a substitute for real progress in Madrid but the UCD government continued to procrastinate on taking action to implement necessary changes. The summer of 1980 produced significant shifts in Spanish foreign policy. French President Valéry Giscard d'Estaing called for a halt on Community enlargement until internal EEC problems could be resolved, such as the budget and CAP reformation. Spanish hopes for rapid integration were consequently frustrated. Señor Marcelino Oreja, the Spanish Foreign Minister, announced that Spanish incorporation into NATO could possibly guarantee accession to the EEC.²⁴

²²Ibid.

²³Ibid.

²⁴Marcelino Oreja, El País (newspaper) Madrid, June 15, 1980.

As stated earlier, the Spanish government had continuously denied any linkage in the two processes; but it became apparent that EEC negotiations would take much longer than anticipated, NATO began to look more appealing to the faltering UCD government.

In September 1980, Señor Eduardo Punset was appointed the new Minister for Relations with the EEC and together with Minister Calvo Sotelo, who was appointed Vice-President for Economic Affairs, gave greater unity and effectiveness to the integration process. The two Spanish ministers insisted that the solutions to the economic crisis in Spain were not distinct from the economic mechanisms which would have to be adopted to achieve EEC integration.²⁵ They advocated working directly with the EEC to devise formulas which could be channeled to the Spanish government to expedite the task of economic reform. This program has been successful under the government of President Calvo Sotelo and constant liaison continues between Madrid and Brussels. The EEC integration process for Spain is complex, but it should be noted that between 1977 and 1980 internal political events took precedence over accomplishing tasks to speed integration. Rhetoric will not succeed in gaining Spain's admission to the EEC; substantial Spanish economic reform is needed.

²⁵ Interviews with Señor Punset and Señor Calvo Sotelo in El País (newspaper) Madrid, October 8, 1980 and November 14, 1980.

V. THE EUROPEAN COMMUNITY

A. COMPOSITION

The European Community (EC) unites ten nations -- Belgium, France, the Federal Republic of Germany, Italy, Luxembourg, The Netherlands, Ireland, the United Kingdom, Denmark, and most recently, Greece (January 1, 1981) -- in a common desire to establish a peaceful and prosperous Europe moving towards the closer union of the people of Europe. The Community is more than an international organization of states and yet less than a real federation. The EC literature states that "the EC is an institutional framework for the construction of a united Europe."²⁶ The idea of Community is to foster common European policies, programs, laws and regulations which will improve and sustain economic well-being in Europe, guarantee peace among member states, and help other nations with trade and aid.

B. TREATIES

Three treaties form the legal basis on which the Community rests and outline the scope of its activities.

1. The European Coal and Steel Community (E.C.S.C.) Treaty of 1951

The European Coal and Steel Community (E.C.S.C.) Treaty created the pilot project for European economic integration by pooling the member

²⁶"The European Community at a Glance," Delegation of the Commission of the European Communities, Council Press, Washington, D.C., January, 1981, p. 3.

countries' resources of coal and steel in a common market unhampered by national boundaries.

2. The European Economic Community (EEC Common Market) Treaty of 1957

The European Economic Community (EEC Common Market) Treaty was designed to combine the member countries' total economic resources in an economic union wherein goods, persons, services and capital would move freely and where common policies would prevail for such fields as foreign trade, agriculture, and transport.

3. The 1957 European Atomic Energy Commission (EURATOM) Treaty

The European Atomic Energy Commission (EURATOM) Treaty provided the framework to coordinate Community activities in developing a powerful nuclear industry pledged to the peaceful uses of atomic energy.

C. INSTITUTIONS

The main institutions involved in the running of the European Community are the Council of Ministers, the Commission, the European Parliament, and the Court of Justice. The Council of Ministers is the EC's principal decision-making body. The government of each nation has a seat on the Council. The Foreign Minister is usually a country's main representative, but a government is free to send any of its Ministers to Council meetings. For some particularly important decisions by the Council, unanimous agreement is necessary, but in principle, most decisions can be taken by a majority. The votes of the members are weighted according to population. France, Germany, Italy, and the United Kingdom have ten votes each; Belgium, Greece, and the Netherlands have five votes each; Denmark and Ireland have three votes each; and Luxembourg has

two votes. A total of 45 votes is needed for a proposal to be passed, however, the EC literature states that "the Council never imposes a decision on a member in a matter that the member considers to be of vital national interest."²⁷

The Commission is responsible for seeing that the treaties are implemented and for initiating Community policy and administration. This arm of the Community has 14 members chosen by agreement of the Community governments and these Commissioners are chosen to act in the Community's interest, not in the interests of their national origin. Commissioners are appointed for four years and can only be removed by a vote of censure from the European Parliament. Each Commissioner heads a department with special responsibilities for one area of Community policy, such as economic affairs, agriculture, energy, etc. Discussions are held between a Commissioner's department and interested parties and the Commission formulates draft proposals which are then sent to the Council for passage.

The European Parliament advises the Council of Ministers on Commission proposals, with the Council determining the budget and exerts some political supervision over the Council and Commission. The Parliament has 434 members who represent the citizens of all the countries of the Community. Members are directly elected and serve for five years. France, Germany, Italy, and the United Kingdom are each represented by 81 members, the Netherlands by 25 members, Belgium and Greece by 24, Denmark by 16, Ireland by 15, and Luxembourg by six members. The members of the Parliament do not sit in national groups, but in political party groups, which are at the present time by order of decreasing strength, the

²⁷ Ibid., p. 5.

Socialists, the European People's Party (Christian Democrats), the European Democrats (Conservative), the Communists, the Liberal and Democratic Group, and the European Progressive Democrats (Gaullists and allies).²⁸ Parliament meets on the average once a month and debates issues presented by its committees. The decisions made by the Parliament are not binding on the Council of Ministers but are considered influential. It has the power to dismiss the Commission by a two-thirds majority vote and also has the power to reject the Council's proposals for the Community budget.

The Court of Justice settles the legal disputes involving Community laws. It is composed of ten judges, one from each Community country and each serves for six years. Judgments of the Court are binding in each member country and it can settle disputes between Community institutions and member states, between institutions, or between member states themselves.

Three times a year, a European Council is called where the Heads of Governments meet to discuss broad areas of policy -- the EC's equivalent of the Summit Meeting.

The Community has funds -- the European Regional Development Fund, and the European Agricultural Guidance and Guarantee Fund -- to help regions with economic difficulties. Special assistance is available to the coal and steel industries, while the European Investment Bank provides finance for industrial development. The Community supports a liberal trade policy worldwide and has entered into several trade

²⁸Ibid., p. 7. (Rank ordering and definitions in italic from EC literature.)

associations with other countries. In 1963, the Community signed the first Association Convention with 18 African states in Yaoundi, Cameroon. This was expanded in 1975 to become the first Lome Convention (Lome I) and in 1979 Lome II established a contractual relationship between over sixty African, Caribbean, and Pacific countries granting these countries food aid and a system of generalized preferences for their industrial goods and some agricultural exports to the EC. All the Community countries are also members of the Organization for Economic Cooperation and Development (OECD), the General Agreement on Tariffs and Trade (GATT), the Council of Europe, and, with the special case of Ireland as the sole exception, NATO.²⁹ This relationship of the Community with NATO will be discussed later.

D. ECONOMICS

Table II³⁰ lists the European Community's 12 largest customers and 12 largest suppliers during 1979; it should be noted that Spain was the Community's fifth largest customer and seventh largest supplier.

Table III³¹ is used to illustrate the growth of Community trade between 1958 and 1979, in internal and external markets. The statistics seem to indicate that the main purposes of the Community, to promote and sustain the economic growth of Europe, are being accomplished, even though world economic conditions have deteriorated.

²⁹ Klepak, op. cit., p. 103.

³⁰ "Basic Economic and Social Statistics," European Community Statistical Office, Office for Official Publications of the European Communities, Luxembourg, 1979, p. 9.

³¹ Ibid.

TABLE II
 1979 EC's BIGGEST CUSTOMERS
 1979 EC's BIGGEST SUPPLIERS

The Community's 12 Biggest Customers		The Community's 12 Biggest Suppliers	
1979 (\$ millions)		1979 (\$ millions)	
U.S.	35,056	U.S.	48,827
Switzerland	24,854	Saudi Arabia	19,964
Sweden	14,600	Switzerland	17,588
Austria	13,708	Sweden	14,407
<u>Spain</u>	<u>9,135</u>	Japan	13,708
Saudi Arabia	8,948	U.S.S.R	11,769
U.S.S.R	8,834	<u>Spain</u>	<u>9,357</u>
Japan	6,484	Norway	8,677
Yugoslavia	6,175	Austria	8,527
Norway	6,101	Iraq	8,356
Greece	5,707	South Africa	7,894
Algeria	5,342	Nigeria	7,740

TABLE III
GROWTH OF COMMUNITY TRADE
(\$ millions)

	1958	1979
Intra E.C. (9)	23,241	611,146
E.C. (9) with rest of the world	45,756	564,829
<u>Imports</u> (\$ millions)		
From U.S.A.	3,952	48,827
From Eastern Europe & U.S.S.R.	1,027	22,133
From E.F.T.A.	3,430	56,009
From Japan	241	13,708
From O.P.E.C.	3,839	71,101
<u>Exports</u> (\$ millions)		
To U.S.A.	2,622	35,056
To Eastern Europe and U.S.S.R.	844	20,099
To E.F.T.A.	4,414	65,059
To Japan	198	6,484
To O.P.E.C.	2,630	41,537

E. RECENT PROBLEMS

Throughout the 1960's, when the Common Market was being set up, and up until 1973, strong growth served to oil the wheels of integration and cushion the social impact of structural changes in industry and agriculture. Now the economic climate is not as favorable for the integration of new members or the steady growth of old members. The last few years have been stormy ones for the world economy. The disruption of the international monetary system following the United States' decision in 1971 to discontinue dollar convertibility, the quadrupling of oil prices at the end of 1973, and the serious payments imbalance and exchange rate fluctuations which appeared as a result, contributed to the start in 1974 of the worst recession since World War II. All of these factors have had a severe impact on the European Community's level of economic growth and volume of world trade.

The expansion of economic activity in the Community has slowed down considerably since 1974, and is expected to remain sluggish in the near future. Under these circumstances, the expectations for improvement in the EC's employment situation are grim. Inflationary pressures also exist with rapidly rising consumer prices. During 1978, the number of unemployed in the Community exceeded 6 million and rises in consumer prices topped 7 percent.³² Many of the EC's industries are experiencing difficulties. Iron and steel, in particular, are running well below full capacity despite rationalization measures adopted at the Community

³²Commission of the European Communities, "Opinion on Spain's Application for Membership," Bulletin of the European Communities, Supplement 9/78, transmitted to the Council by the Commission on 29 November 1978, Belgium, 1979, p. 11.

level and in a number of member states. The shipyards' order books remain empty, and restructuring is necessary in the textile industry. The general slowdown in the economy has also hit the agricultural sector, where the unsatisfactory world trade situation has, by causing a deterioration in the trade balance, focused attention on the deficits in the agricultural trade of some member states. The economic crisis has also effected the Community's external policy especially in relation to the Lome II Convention signatories, limiting the scope of the commercial policy.³³ The EC has tried to maintain the value of these agreements by applying a diversified policy to the different countries and regions.

The Community budget is also seen as a major problem with a multitude of political ramifications. The 1981 Mitterrand election in France could fray the strong bonds which existed for seven years between Valéry Giscard d'Estaing's France and Helmut Schmidt's West Germany. Their collaboration resulted in a protectionist farm policy that benefited France's farmers and was paid for by West Germany and Britain. Table IV shows the relationship between the net gainers and net contributors to the Common Market's 1981 budget.³⁴

It is questionable whether the French-German relationship will remain as unequal or exclusive as it was in the past and this change will effect the political forces within the European Community. President Mitterrand has indicated that, while France's relationship with West Germany remains privileged, it is no longer exclusive. This loosening

³³Ibid., p. 12.

³⁴Paul Lewis, "A New French Factor in Europe's Equation," The New York Times, June 7, 1981, Section 4, p. 2-E.

TABLE IV
NET GAINERS AND NET LOSERS TO THE COMMON
MARKET'S 1981 BUDGET

(in billions of U.S. dollars)

Italy	plus	1.0
Ireland	plus	0.8
Belgium	plus	0.7
Netherlands	plus	0.6
Denmark	plus	0.6
Luxembourg	plus	0.4
France	plus	0.2
Britain	minus	1.0
West Germany	minus	2.4

in the French-German connection has caused speculation that Great Britain may have an opportunity to play a bigger role in European affairs especially in the restructuring of the Community budget, a process that began in June 1981 in Luxembourg. In budget matters, as indicated by Table IV, West Germany's natural ally is not France but Great Britain, the only other net contributor to the Community's \$24 billion annual budget, most of which at the present time is spent on subsidizing its inefficient farmers.³⁵ The budget debate is about Europe's future shape and political cohesion within the Community. The future of the

³⁵Ibid., p. 2-E.

European Monetary System, the Common Agricultural Policy (CAP), and the enlargement of the Community to include Spain and Portugal are all major debates which will be tackled by the European Community in the near future. Table V shows the proposed numerical participation in the Community by the countries seeking membership and by the present members.³⁶ (The levels proposed by Greece were accepted by the Community in January 1981.) It should be noted that due to population, size, and GNP, Spain will become an important member of the Community upon acceptance of its application.

³⁶ Commission of the European Communities, "Enlargement of the Community," Bulletin of the European Communities, Supplement 2/78, Belgium, 1978, p. 11.

TABLE V
 PROPOSED NUMERICAL PARTICIPATION IN THE COMMUNITY INSTITUTIONS
 BY THE APPLICANT COUNTRIES AND MEMBER COUNTRIES

	Indicators of size of country			Participation in institutions					
	Surface area ¹ (1000km ²)	Population 1976 (millions) ³	GDP 1976 (USD thousand million) ⁴	European Parliament		Council Weighting	Commission (Judges)	Court of Justice (Judges)	Economic and Social Committee
				Non elected	Directly elected				
Germany	248.6	61.5	445.30	36	81	10	17	1	24
United Kingdom	244.0	56.0	218.50	36	81	10	17	1	24
Italy	301.3	56.2	170.80	36	81	10	17	1	24
France	547.0	52.9	346.70	36	81.6	10	17	1	24.9
Spain	504.8	36.2	104.62	--	56.6	8	1	1	18
Netherlands	41.7	13.8	89.30	14	25	5	1	1	12
Belgium	30.5	9.8	66.35	14.5	24	5	1	1	12
Greece	132.0	9.2	22.04	14.5	24	5	1	1	12
Portugal ¹	91.6	9.7	14.95	--	24	5	1	1	12
Ireland	43.1	5.7	38.90	10	16	3	1	1	9
Norway ²	323.9	4.0	31.30	10	--	3	1	1	9
Ireland	70.3	3.2	8.05	10	15	3	1	1	9
Luxembourg	2.6	0.4	2.20	6	6	2	1	1	6

¹ Participation in the different institutions as suggested in the present report. Greece has proposed the same figures.

² Participation levels in 1972 Act of Accession.

³ Source: SOEC and Commission.

⁴ Source: Commission.

⁵ Level proposed by Greece.

⁶ Based on proposed Council weighting for Spain of 8 votes, i.e., between groups of medium-sized and large countries in ratio of 5:8:10. Calculated figure = 58.2 with medium countries having 24 seats, 58.6 if assumed to have 25.

⁷ Possible level, instead of 2 each as at present.

⁸ Subject to view of Court of Justice.

⁹ Calculation on same basis as for elected parliament = 19.2 seats. Rounded down to 18 to allow for equal size of three interest groups.

¹⁰ It is unlikely that the coal and steel output of any of the applicant States will reach one eighth of the total value of output of the enlarged Community. This aspect of Article 28 of the ECSC Treaty will therefore be unaffected by enlargement.

VI. THE SPANISH ECONOMY AND THE EUROPEAN COMMUNITY

A. GENERAL CONDITION

The purpose of this section is to present an overview of the Spanish economy in relation to the European Community. Particular emphasis will be placed on the problems of unemployment, agriculture, and trade. For years Spain has been trying to get its economy in a position favorable to acceptance for membership in the European Community. Spanish democracy had the bad luck to be born just as a worldwide recession was beginning to bite deeply. While a succession of governments wrestled with the post-Franco transition, the economy stagnated. The unemployment rate has soared past 12 percent, the inflation rate has rarely dropped much below 20 percent, and foreign debts have mounted steadily. Free access to the Common Market—Spain's biggest trading partner—would theoretically boost Spanish exports and bring a flood of foreign investment into the country. Equally important, an entree to Europe would be a powerful political buttress for Spain's beleaguered democracy—powerful enough, perhaps, to deter future takeovers.

Community membership has always had high priority in Madrid. In July 1980, when French President Valéry Giscard d'Estaing suggested a moratorium on further expansion until the Ten could sort out their Common Agricultural Program (CAP) and budget problems, hopes in Madrid for accelerated entrance were dampened. Giscard was expressing a genuine concern within the Community, but he was also echoing his own farmers, who vehemently oppose the admission of another major producer of wine,

olive oil, and vegetables to their markets. To the Spaniards, that attitude obscured the Community's democratic purpose in favor of narrow economic concerns.

In March 1981, Spanish Foreign Minister, Jose Pérez-Llorca y Rodrigo, urged the EC to overlook the technical difficulties surrounding Spanish admission and concentrate on the political goals. The results of this plea were that the EC did what it could. The then EC Council President Christoph van der Klaauw reaffirmed the EC's commitment to Spanish democracy, and he stated that the original schedule for the talks would be honored by the Commission.³⁷ The council is also expected to approve up to \$120 billion annually in development loans to Spain during the year before accession. (Accession is tentatively planned for January, 1984.) These funds will be provided by the European Investment Bank for use in aiding depressed regions and small businesses.

Over the summer of 1981, Spain and the Community discussed a number of relatively simple issues -- EURATOM (the energy policies of the EC), capital flows, and the customs union. Agriculture, fisheries, and other more complex questions will be handled later. The remodelling of Spain on a Western European basis is one of the few givens of the political scene in that country. Spain sees EEC membership as necessary to its future economic and political development and also as fundamental to Europe, given Spain's geography and history.

³⁷ Nielsen, op. cit., p. 35.

B. THE 1970 EEC-SPAIN TRADE AGREEMENT

After World War II, the Franco regime, as mentioned earlier, was ostracized by both Western and Eastern European governments. Over the years, repeated attempts by Spanish foreign policy leaders to establish solid European links were doomed to failure due to Spain's form of government, Fascist Franco. As early as 1962, the Spanish government expressed interest in an association with the EEC, possibly leading to eventual full integration. Exploratory talks were held from 1964 to 1966 with a view to negotiating a purely commercial agreement. The negotiations proper lasted from 1967 to 1970, and the EEC-Spain Agreement, signed on 29 June 1970, came into force on 1 October 1970.³⁸

Under the provisions of the agreement, the contracting parties agreed to consolidate and extend their economic and trade relations; establish the basis for a progressive expansion of trade with each other; and emphasize the EEC's desire to develop economic and trade relations with countries bordering on the Mediterranean. The specific terms of this agreement varied depending on the economic sector involved. In the industrial sector, the Community applies tariff concessions of 40 percent to 60 percent, depending on the product, to nearly all imports originating in Spain, while about half of the agricultural imports are granted a tariff preference of between 25 percent and 60 percent. Spain offers tariff concessions of 25 percent to 60 percent, again depending on the product, to a sizeable proportion of its imports from the Community.³⁹

³⁸"Spain and the European Community," March 1981, *op. cit.*, p. 1.

³⁹Official Journal of the European Communities, No. L 182, 1970, Belgium, 1970, p. 2.

This agreement lasted until 1975 when the Community broke off negotiations with Spain in protest against human rights violations. A press release by the European Parliament dated March 16, 1974 stated: "Continual violations perpetuated by the Spanish government against human rights and the rights of the citizen and its intolerance of the rights of minorities hinder the entry of Spain into the Common Market."⁴⁰ After the coronation of King Juan Carlos I in November of 1975, contact was resumed but Spain indicated that it now wished to conduct its relations with the Community with a view to future membership.

In 1977, Spain applied for full membership; and as stated earlier, negotiations continue. The sectoral issues which are being discussed in these negotiations include the steel industry (Spain is one of the Community's three chief suppliers); the fisheries; textiles and footwear, and agriculture. Other economic considerations under negotiation include a customs union and freedom of movement in the industrial sector; taxation; capital movement; membership in the E.C.S.C. and EURATOM; transportation; resources; and regional and external policies. As is evident, the procedures for Spanish entrance into the EEC are extremely complex but the alternative is a Spain which is very much outside looking in, not a fundamental part of the European continent.

C. SPAIN AND THE EEC-ECONOMICS

The EEC is by far Spain's most important market, source of tourism and investment, and source of imports. While this is true for all

⁴⁰European Information Service, press release, March 16, 1974, Brussels, Belgium.

four sectors of activity, it is particularly striking in the use of exports. Spain's 1977 exports went to EEC countries to the extent of 45.6 percent of the total. In 1978, this figure was 46.3 percent. Compared to the United States' share of Spain's exports, which was 9.8 percent in 1977 and 9.3 percent in 1978, this is extremely significant.⁴¹ The trend in recent years has been toward a relative decline in exports to the United States and a striking increase in exports to the EEC.

In the import area, the EEC accounted in 1977 for 34.4 percent and in 1978 for 34.6 percent of Spain's imports. The EEC investment in Spain from 1960 to 1975 was 34 percent of the total for foreign investment and has been further accentuated recently. While 30 percent came from West Germany alone, that country was far from being the sole major EEC investor. Great Britain, France, the Netherlands, and Italy all invest in Spain, and over two-thirds of the tourists coming to Spain are from EC countries—over 21 million in 1977.⁴²

For the EEC as well, Spain's importance has grown greatly. While in 1958, Spain ranked twentieth as a source of imports, by 1979 Spain ranked seventh. As a customer, Spain's relative importance to the EEC has grown even more. In 1958, it was in the sixteenth position as a market for EEC goods and by 1979, it was fifth. (Table II shows these figures.) Within the Community, the main purchasers of Spanish goods continue to be in the following order of importance: France, West

⁴¹ Anuario Estadístico de España, 1978, p. 370, Madrid, Spain, 1978.

⁴² Ibid., p. 371

Germany, Great Britain, and Italy. Together in 1979, these four countries bought 39 percent of all goods exported by Spain.⁴³ This concentration of purchasing reflects the European and multinational companies' investment in Spain using the country in part or substantially as an export base.

This is especially the case of the expanding motor vehicle industry. The presence in Spain of Citroen-Peugeot, Talbot, and Renault, with French control, bears importantly on France's purchases from Spain. Talbot, for instance, invoices all its European sales through France.⁴⁴ Using Spain as an export base is financially beneficial to these companies and last summer's French-engineered delay in the Spanish entry talks caused great concern among the multinationals.

U.S. companies have also made huge investments in the Iberian Peninsula in the hope of using that country as a platform for tariff-free exports into the much larger EEC market and significant delays in Spanish membership could cast serious doubts on the value of their investments. American multinationals ranging from Ford to Dow Chemical, and including Oscar Meyer, Wrangler, 3M, International Harvester, Abbott Laboratories, and Procter and Gamble have been literally pouring money into Spain in order to reap the benefits of EEC membership.⁴⁵ These companies had hoped to see Spain a full member of the EEC by early 1983 and had

⁴³Robert Graham, "Spanish Exports," Financial Times of London, July 18, 1980, London, P. II.

⁴⁴Ibid., p. II.

⁴⁵"Spain: An EC Tiff Imperils U.S. Investments," Business Week, July 28, 1980, p. 54.

invested substantial money on that date. Their opinion of the French delaying tactics was that Giscard's action was a ploy to gain votes from the French farmers in the Presidential election. The ploy obviously did not work, and now all eyes are on the Mitterrand government, which has been vigorously pursuing internal French economic reform in conjunction with EEC reform.

D. THE ECONOMIC DEBATE

The economic issues between the EEC and Spain are complex. The two sides have approached entry from two distinct poles. The Spanish have sought in the lengthy negotiations to protect their young industries with a long transition period, while pressing for free circulation of their agricultural products. The Community, on the other hand, has viewed Spanish industry--not entirely correctly, according to the Financial Times⁴⁶--as aggressive, heavily government-supported, low-cost, and capable of ruthless dumping practices, which would severely injure the Community's ailing industries. Therefore, the Community has sought to negotiate a shorter transition time for lowering tariff barriers on industrial products. As for agricultural products, the Community, pressed by specific demands from France and Italy, would like to see its own goods protected as long as possible.

In relative terms, Spain's agricultural exports to the EEC have declined over the past decade. It is reported that they once represented 45 percent of total exports to the EEC; and now they account for just 25

⁴⁶Robert Graham, "Slow Progress on Entry Negotiations," Financial Times, July 18, 1980, p. III.

percent of that total.⁴⁷ The reason is that significant progress has been made in the Spanish export mix, which now includes industrial and consumer goods. The multinationals have also contributed greatly to this change in the Spanish export pattern to the EEC.

The thorniest issue in the debate is, and will probably remain, Spanish agricultural exports. Europe and especially Northern Europe needs the kinds of products that Spain is geared to producing in quantity: citrus, Mediterranean fruits, and vegetables. At the present time, Community producers of such competing items as citrus, tomatoes, olive oil, grapes, wine and canned products are protected. In a free market, the Spanish believe, they can undersell these producers because their production costs, including wages, are cheaper. Fears of this practice have produced violent incidents in Northern Spain between the French and Spanish farmers. Another issue involved is what the Spaniards believe to be discriminatory EEC preferential trade agreements with other non-member Mediterranean producers. The reduction in the common external tariff applied to the three Maghreb countries produce is 80 percent, and for Israel it is a 60 percent minimum. But for Spain, the reduction is only 40 percent and the Spanish claim that the other countries have more favorable terms of trade with the EEC.⁴⁸

A side issue in the economic debate includes the status of the Canary Islands within an EEC context. Presently, the Canaries are a duty-free zone and depend heavily on this special position for economic survival. The Community prefers not to accept duty-free zones. Another consideration is the expanding Spanish market in Latin America. This

⁴⁷ Ibid., p. IV.

⁴⁸ Ibid., p. IV.

market may be adversely affected by Spanish entry to the EEC when these countries discover that their goods are subject to higher tariffs.

As previously stated, the economic issues confronting Spain and the EEC are extremely complex. The negotiating road to Spanish entry will be long and arduous, but the need for Spain, if it ever wants to become a fully modern industrial country, to learn to stand up and reap the benefits of European competition, is clear.

VII. THE ENLARGEMENT OF THE EUROPEAN COMMUNITY

A. COMMUNITY GOALS

The prospects facing an enlarged EEC still loom in the future. Many reports have been submitted by Spain to the EC Commission and the Commission has done comparison analysis of the present members and the states requesting accession (Spain and Portugal). As a criteria to judge the outcome of the Community enlargement, one must look at two of the major goals of the EC: (a) the promotion and strengthening of democracy and economic prosperity in the member-countries, and (b) the growth of external trade of the Community and the strengthening of its role in international affairs as well as the liberalization and development of its international economic trade. Will the enlargement of the EC⁴⁹ in its present form assure these goals or bring EC members closer to them? This is the basic problem now facing the European Community.

The central elements of the EC are the customs union with its tradition of external liberalism, a developing common commercial policy, and the Common Agricultural Policy. These elements influence the external trade of the member countries, but they provide few effective means of changing member countries' internal policies to adapt to a common market. Inequalities in the economic development of EC member countries form part of the basis for the current internal EEC reform debate. Community enlargement has been forced to a secondary position during 1981 while the

⁴⁹Official Journal of the European Communities, Documentation Section, 1970. The Terms EEC and EC are used interchangeably depending on the Source used.

Commission seeks viable means of resolving unacceptable internal conditions prior to acceptance of Spain and Portugal. The disparities which exist between EC members and candidate countries are shown in Table VI. As is evident, it will be hard to reconcile the interests of the economically stronger countries with those of the developing countries, and this is the task which now faces the EEC.

TABLE VI

PER CAPITA GROSS DOMESTIC PRODUCT AT MARKET
PRICES IN 1978, EC AND CANDIDATE COUNTRIES
(in \$1,000 U.S.)

Denmark	9.0
Germany F.R.	8.4
Belgium	3.1
Netherlands	7.7
France	7.2
United Kingdom	4.4
Italy	3.5
Ireland	2.9
Greece	2.8
Spain	3.1
Portugal	1.7

Source: OECD-Observer, March 1979.

B. COMMUNITY PROBLEMS

Specific major problems within the European Community include the following:

1. Successful economic activity abroad for EEC and non-EEC countries is threatened from many directions. Improvement in the global economic condition could rectify this situation but continuation of

the current stagnation threatens the fiber that binds the EEC together.

2. There exists a dilemma of conflicting interests within the EEC. This opposes those who favor European protectionist policies (principally those countries in the poorest economic situation) to those seeking greater progress abroad (notably West Germany).
3. The political stability of the southern flank of Europe is questionable. Most observers agree that EEC enlargement could contribute to the political stabilization policies in the candidate countries; but doubts exist regarding the EEC's ability to effectively handle a political crisis in a member country.
4. The EEC negotiations to revise the budget arrangements and to reform the Common Agricultural Policy (CAP) have been very slow and tedious serving to exacerbate imbalances within the Community. Critics note that the Commission should take a firm lead in reform, and that the longer the Commission continues to accommodate the views of member states, the longer they will take to change.⁵⁰

C. SPANISH PROBLEMS

Enlargement of the EEC will create a new set of problems for the candidate countries. It appears that the Spanish government has not yet devised a comprehensive plan to meet the consequences of EEC integration. Political parties and government officials have publicly stated that EEC accession would be advantageous for Spain, but there has been little

⁵⁰ Joan Pearce, "The CAP: A Guide to the Commission's New Proposals," The World Today, London, Chatham House, September 1981.

actual planning done to ready the country for integration. As one government official interviewed in Madrid stated,

EEC integration will cause a major shockwave to hit the Spanish economy. Some businesses and industries will survive the shock and become more efficient in the long run. Others will fail and be crushed by the competition. This shockwave is necessary to propel the Spanish economy into the twentieth century.⁵¹

Some of the major problems which may face Spain as a member of the EEC are the following:

1. Integration into the existing structure of the EEC will expose Spanish industry to dangerous pressure of superior competition from outside. The protective barriers against this competition existing up to now in the form of high tariffs and national industrial policies will have to be removed to a large degree.
2. Only relatively small parts of Spanish capital and labor are engaged in industry and in large-scale internationally competitive agriculture. The majority of the capital and labor in Spain is engaged in small and medium-scale industry and small agriculture enterprises. Growth in these sectors has been possible due to protected national markets and national industrial policies with high subsidies. Without these crutches, a large majority of Spanish capitalists, workers, and small farmers may initially suffer big losses in profits and wages by integration into the EEC.⁵²

⁵¹ Direct quote to the author by a Spanish government official who requested anonymity, Madrid, October 10, 1981.

⁵² O. Sievert, oral testimony given by Sievert as a member of the Economic Experts' Council for the Assessment of the Economic Situation, in Deutscher Bundestag, May 29 and 31, 1978, 2 volumes; Protokolle Nos. 32 and 33, pp. 1019-27.

3. Wages in Spain will have to remain at a low level during the integration process. This runs contrary to the peoples' expectations of elevated wage levels similar to northern Europe.
4. Spain's economic relationship to Third World countries will have to be revised to meet Community goals.

To reiterate, the Spanish government does not have a comprehensive position on the possible consequences of EEC integration. With respect to agriculture in the 1st and 2nd Congress of the governing UCD, the party indicated that Spanish agriculture will simply have to follow the EEC guidelines, foreseeing far-reaching changes in these guidelines due to the scheduled CAP reformation. The need for industrial conversion has been stated, together with the restructuring of sectors and increased productivity to face a level of competition for which Spanish industry is not prepared. New legal regulations must also be developed for companies, including a gradual liberalization of trade. These changes have been advocated to ease the transition of Spain's accession to the EEC, but specific programs are not yet in place.

In financial and monetary policy, the lack of competitiveness of the Spanish financial system is recognized. A new process is advocated which would gradually allow more freedom to financial institutions. Nothing has yet been done to monetary policy, although at UCD government level acknowledgement has been made that Spain must adopt the European Monetary System. This system will impose a currency discipline on Spain and substantially change the country's economy. Entry of Spain to the EEC will naturally entail the entry of the peseta in the orbit of the German

mark and the end of the peseta-dollar subservience.⁵³ Adherence to the European Monetary System is being delayed, even though this will be a prerequisite to EEC accession.

Changes in economic, industrial, agricultural, and monetary policy are being reserved for the membership negotiations. Special emphasis is placed by the Spanish government on establishing long transitional periods after EEC accession to deal with these crucial issues. Spain should immediately implement a coherent economic plan for EEC membership, since the types of structural changes necessary will take years to accomplish and could be initiated at the present time. Internal political pressures have so dominated the Spanish government during 1981, that essential goals are being neglected, such as getting on with the steps necessary for EEC membership. The Spanish media have recently pointed out that negotiations with the EEC have entered their fourth year; but difficulties within the EEC have increased, therefore putting Spain at a disadvantage.⁵⁴ To postpone critical issues until after the entry offers no solution. Immediate problems such as the perceived discrimination against Spanish agricultural products by EEC members may continue indefinitely, or at least until Spain is a Community member. Time should be used now for the streamlining of Spanish administrative and institutional practices using the EEC methods in monetary policy, taxation, banking, trade, and industrial reform. Final adjustments should not

⁵³UCD, La Solución a Un Reto, Unión Editorial, S.A., Madrid, 1979, p. 258.

⁵⁴Spanish Economic News Service, "External Relations," Madrid, Spain, February 16, 1982, p. 2.

be left to the last moment. The present interval, enforced by the EEC problems of budget and CAP, offers the Spanish government a breathing space which should be used constructively to alleviate future economic problems.

VIII. THE REFORM OF THE COMMON AGRICULTURAL POLICY (CAP)

A. THE CAP

In order to analyze the primary reason for delay in Spanish entry to the EEC, it is necessary to examine the CAP and the Commission's new proposals for reform. At the end of May 1980, agreement was reached within the EEC on resolving the unacceptable situation created by the United Kingdom's contribution to the budget of the European Community for 1980 and 1981. (Refer to Table IV, Net Gains and Net Losses to the Common Market's 1981 Budget, page 41.) To avoid repeated negotiations, the EEC decided to seek a more lasting solution to the problems. Accordingly, the Commission was given a mandate to examine the development of the Community policies with a view to proposing structural changes in the budget that would prevent the recurrence of unacceptable situations. During the last week of June 1981, the Commission presented its report on the mandate, a major feature of which was a section setting out new guidelines for the Common Agricultural Policy (CAP). Spain's accession to the EEC has been delayed, in part, due to the complexity of these reforms. Examination of the long-standing economic arguments for reforming the CAP and the budgetary pressures that are now making some change inevitable within the EEC will clarify some of the dilemmas surrounding Spain's accession to the EEC.

B. PRESSURES FOR CHANGE

Those who believe the CAP is in need of reform usually view its failings as stemming chiefly from the way that the price mechanism has evolved and

the central role that it plays.⁵⁵ When common prices were established throughout the Community, they were set at a high level because West Germany, while accepting some reduction, declined to lower its prices to the level of other countries. At the same time, for a large part of agricultural production, intervention mechanisms were set up which ensured that farmers could sell all they produced at a guaranteed price. The high price level and guaranteed prices, together with improved productivity, encouraged production to rise, causing the Community to reach and then exceed self-sufficiency in some products, notably dairy products, sugar and cereals.⁵⁶ Because prices were the principal determinant of farm income, there were political and social arguments against holding them down. As surpluses grew, they became an increasing burden on the Community budget which has to cover the cost of disposing of them through paying for storage, destruction, or export restrictions to producers who sell to third countries at prices below those prevailing in the Community.

The adverse effects of the CAP's price mechanisms extend further than the budget. The resources that are used to produce goods for which there is no market at the high Community price could be more efficiently applied in another sector. Furthermore, because of the system of guaranteed prices, price competition within the Community has been inadequate to bring about the division of labor that should have resulted from the establishment of free trade among member states.

⁵⁵ Pearce, op cit., p. 339.

⁵⁶ Reflections on the Common Agricultural Policy," Bulletin of the European Communities, Supplement 6/80, Brussels, Belgium, 1981, p. 17.

The CAP has also exacerbated imbalances within the Community and within the agricultural sector. There is now greater divergence in farm income, partly because large-scale farmers are better able to take advantage of the CAP, and partly because the CAP provides more support for some products than for others. Differentiated treatment of products results in some member states, notably Mediterranean producers, receiving proportionally less support. Imbalances have also been generated by the transfer of resources from consumers to producers due to the high level of Community food prices, and from taxpayers to farmers as a result of surpluses. These transfers are reflected at the national level in the form of trade-generated flows and financial flows through the EEC budget from member states that are net importers of agricultural products to those that are net exporters. The CAP's system of external protection has also been criticized on the grounds that it reduces export outlets for third countries, depresses world prices, and destabilizes world markets.⁵⁷

Pressure has been building for CAP reform and the proposed Community enlargement, to include Spain and Portugal, both significant agricultural exporters, has forced the EEC to deal directly with the problem. The British budget problem points directly to the ironies of the CAP, in that, despite being one of the poorer members of the Community, Britain has come to make the largest contribution to the budget. (Refer to Table IV.) This happens primarily because Britain is a large importer of agricultural products and consequently benefits comparatively little from agricultural

⁵⁷ Pearce, op cit., p. 340.

expenditure, which accounts for the lion's share of the EEC budget.⁵⁸ To furnish the funds needed to fulfill the CAP requirements, the Community utilizes a European Agricultural Guidance and Guarantee Fund (EAGGF), which is financed by farm import levies, customs duties, and a portion of the value added tax (VAT), which is not to exceed one percent, supplied by the national governments. At present, nearly 75 percent of the annual Community budget is required to administer the CAP.⁵⁹

For Britain's contribution to the EEC budget to be noticeably reduced, the proportion of EEC funds spent on agriculture would have to be greatly cut back, or another adjustment mechanism would have to be devised. According to the Commission's assessment, the reasons for the adverse British net budget contribution are (a) Britain's small, efficiently run farm sector receives a relatively small amount of the Community's very extensive spending on agriculture; (b) Britain still imports a substantial amount from non-Community states, thus paying a larger share of the customs duties; and (c) many British products are subject to the value added tax, resulting in a high British VAT payment into EEC coffers.⁶⁰

A second source of pressure within the Community is the increase in total budget expenditure. Revenue is made up of agricultural levies, customs duties, and up to one percent of the value added tax base (VAT) of

⁵⁸The largest part (95 percent) of the European Agricultural Guidance and Guarantee Fund (EAGGF) is spent on supporting guaranteed prices. (Community Bulletin, 8 December 1980, p. 17.)

⁵⁹Scalingi, Paula, "The European Community in 1981: Pondering at the Crossroads," Orbis, vol. 25, no. 1, Spring 1981, p. 126.

⁶⁰Ibid., p. 129.

member states.⁶¹ For several years, expenditure was well within the limit of these Community resources; but, as it rose, it took up an increasing proportion of the value added tax and began to approach the ceiling of one percent. The nearing of the ceiling demonstrates that the financial arrangements of the CAP were devised for a situation where products were in deficit and are much less suited to dealing with surpluses. As the Community has moved from deficit to surplus in some products, potential revenue from import levies has declined, while expenditure on disposing of surpluses has risen.

Expenditure in excess of the ceiling will be necessary when Spain and Portugal join the Community, which is officially scheduled for January 1984. Once the number of Mediterranean member states is increased, there will also be growing pressure for the CAP to treat southern products in the same way as northern products. This could mean either extending the amount of support given to southern products or curbing that for northern products. It is essential to note that enlargement of the EEC will serve to magnify imbalances already existing within the Community.⁶²

C. GUIDELINES FOR CAP REFORMATION

In the Commission's report to the Community, the CAP was commended for having achieved positive results over the past twenty years. It fulfilled key objectives of the Treaty of Rome: security of food supplies, satisfaction of consumer's requirements, increased productivity, and higher

⁶¹Op cit., Bulletin of the European Communities, Supplement 6/80, 1981, p. 11.

⁶²Ibid., p. 9.

farm incomes. The Commission report called attention to the fact that all this had been done for a total cost of 0.5 percent of the Community GNP,⁶³ which is not excessive when compared either with what it would have cost each member to run its own national policy or with the costs of the policies of the Community's main competitors.

Recalling the instruction in the original mandate that the basic principles of the CAP should not be called into question, the Commission's report confirms that these remain essential. The three basic principles of the CAP are:

1. A unified market, implying common prices, which enables goods to circulate freely.
2. Community preference, which protects the unified market against imports from third countries.
3. Financial solidarity, which entails channelling the financing of the CAP through a Community institution.⁶⁴

The report stated that it was not possible or desirable to discard the mechanisms of the CAP, though to adjust them is both possible and necessary. The existence of surpluses in most major products underlines this necessity. The Commission recommended improved control of surpluses, concluding that guaranteed prices should not be fixed with respect solely to farm income considerations but should reflect market realities more than they have, and that the guarantee should no longer be open-ended. Having established this

⁶³ Pearce, op. cit., p. 344.

⁶⁴ Op. cit., Bulletin of the European Communities, Supplement 6/80, 1981, p. 6.

frame of reference, the Commission's report set out the following six guidelines for future decisions on the CAP:

1. Price policy and export policy are highly interdependent, in the context of the Commission's recommendation that the Community should aim gradually to align guaranteed prices with prices based on a better organized world market. This could be achieved by pursuing a firm policy toward prices within the Community and adopting a more active export policy designed to stabilize world prices by means of cooperative agreements with other major exporters, possibly supplemented by long-term export contracts. This would entail short-term continuation of the existing policy of keeping Community price increases to modest proportions and long-term collaboration with other major suppliers to raise the level of world prices.

Eventually, the Commission feels that this would narrow the gap between EEC prices and world prices to reflect market realities.

2. Production targets are proposed to make producers more aware of market realities. These would be set for all major products to signify the volume of production that the Community wants to guarantee at full price. Once the target was reached, producers would no longer receive the full price.
3. Structural policy should be tailored to the needs of individual agricultural regions. The Commission recommended that measures be prepared to assist in resolving the problems of Mediterranean agriculture prior to Community enlargement. These will be medium-term programs covering an integrated policy for incomes, markets,

production, and structures, and involving both financial and agricultural instruments of the Community.

4. Income support subsidies are envisaged as a possible supplementary measure to be used only in specific circumstances established by the Community. Due to the high cost involved in these subsidies, the Commission recommended that they be confined to help only certain small producers.
5. Quality control and financial control should be reinforced within the Community. Quality control would help reduce surpluses by excluding some production from the market and contribute to EEC export promotion. Tighter financial control would increase the Commission's role in regulating the management of Community funds in member states.
6. National aids (such as loans) are to be subjected to greater scrutiny by the Commission.⁶⁵

These Commission guidelines for CAP reform are still being debated within the European Economic Community. The Commission has devised proposals that would leave the principles and mechanisms of the CAP essentially intact while adjusting the mechanisms to ensure that budget expenditure rises less rapidly than Community resources. At least for the next few years, the main burden of restructuring the budget will be left to a budget mechanism, if these guidelines are followed. The assessment that seems to have guided the Commission is that those member states that most want the CAP changed, the United Kingdom and West Germany, are primarily concerned

⁶⁵Pearce, op. cit., pp. 344-346.

with the CAP's budget implications, whereas those that least want changes, Belgium, Luxembourg, the Netherlands, Denmark, Ireland, and probably France, are less reluctant to make concessions on CAP budgetary reforms than on the other aspects of the policy dealing with price policy and production targets. The member states who currently reap the benefits from an inefficient CAP will block reforms which they perceive to be unfavorable to their own national economic interests.

In light of the internal problems confronting the EEC, the prospect of enlargement could put the Community's cohesion to a severe test which it may not be able to withstand. The Commission's report to the European Community emphasizes that for political reasons, only gradual progress is feasible on realigning European economic policies. Enlargement of the EEC presents an added burden on the Community and only concrete steps, by both Spain and the member countries, will speed up the tortuously slow pace of the negotiations.

D. CURRENT STATUS OF THE EEC

The ten heads of the EEC governments met in London during the last week of November 1981 in an attempt to reconcile EEC differences. Disillusionment with the EEC is more widespread than ever before, with many citizens of member countries expressing a desire to leave the Community. During 1981 and 1982, cries to leave the EEC were heard throughout Europe. Labor unions in Great Britain, farmers in France, Socialists in Greece, and public opinion polls in Holland and Denmark all call for pulling their countries out of the EEC. There has also been a sharp fall in support for the EEC in West Germany, the cornerstone of the Community. A poll taken in April 1981 found that only 35 percent of West Germans

were "very favorably" disposed towards the EEC.⁶⁶ This is hardly surprising, as West Germans perceive they are subsidising other EEC countries, as are the British.

Just ten years ago in 1972, Willy Brandt, Edward Heath, and Georges Pompidou created out of thin air the concept of "European union," including monetary union, which was scheduled to be completed by 1980.⁶⁷ To many Europeans present at its proposal, it is no surprise that such a union has not succeeded. Observers in 1972 viewed the plan as overly optimistic in light of the world-wide weakening of economic conditions during the early 1970s. But the present mood in Europe has relegated the concept of "European union" to an idea which seems altogether beyond the Community's reach.

In the past ten years, the EEC's common institutions have acquired no added authority, despite the holding of direct elections to the European Parliament in 1979. Agreement on most of the obviously needed common policies has proved elusive. A modest amount of progress has been made in only one area, the development of a common foreign policy. The great achievement of the 1960s--the creation of a Common Agricultural Policy (CAP)--as described in the preceding section, has proven to be an albatross. Farm spending has absorbed three quarters of the EEC's money and huge extra costs have been imposed on food-importing countries such as Britain, Italy, and West Germany. The expectation of the early 1970s that new

⁶⁶"Saving the EEC," The Economist, London, England, November 28, 1981, p. 11.

⁶⁷Ibid.

social spending policies, such as the regional fund, would correct these distortions has been belied by events.

Faced with this chronology of failure, the arguments of those who want to abandon the European experiment seem persuasive. As stated earlier, numerous Socialists in Britain and Greece want to pull their countries out. Other politicians, including Helmut Schmidt, want to stay in the EEC but seem inclined to abandon the fight for a more closely united Europe. It is therefore important to understand why the disintegration of the EEC could cut living standards throughout Western Europe, weaken the Western Alliance, and undermine the new Mediterranean democracies.

In regard to living standards, the EEC has succeeded in removing tariff barriers between its members, and this has increased trade by even more than many optimists had originally hoped. Between 1958 and 1980, exports among the nine EEC countries (Greece was not yet a member) rose 3,000 percent in dollar terms in a period when EEC exports to the rest of the world rose a mere 1,300 percent.⁶⁸ Few tariff barriers now remain in place, and the EEC's free-trade rules have helped to stop the world's biggest trading block from going protectionist during the worst recession in 50 years. It is significant that the British Labor Party rests its arguments for leaving the EEC on its desire to establish a siege economy in Britain. That could make Britain even poorer than it already is. If Britain—out of the Community—were to follow this course, it would

⁶⁸ Ibid., p. 12.

encourage other EEC countries both to retaliate and to try a protectionist fix for themselves, the cost of which would gradually become apparent.

A second risk is that a break-up of the EEC could undermine the Atlantic Alliance. NATO is nearly a decade older than the EEC but arguments about the planned installation of long-range nuclear missiles in Europe have again stirred up neutralist sentiments. Numerous Dutchmen and Danes are beginning to argue that they would be safer with the status of non-aligned Austria or Sweden, without giving consideration to the fact that the safety of Austria and Sweden rests, at least in part, on a unified West behind them. The EEC forms part of the fiber holding Western Europe together, and abandoning the Community could produce a resurgence of purely nationalistic foreign policies on the continent. Nationalism has been one of the main causes for two world wars in Europe during the twentieth century. The EEC was created (in part) to stop this history from repeating itself. It is a forum for settling issues with words rather than arms and should be utilized as such. The basic assumption of this thesis is that a correlation exists between military security and economic development; alliance cohesion and EEC growth and progress are essentially linked in Western Europe.

A third risk is that an EEC break-up would take the strength out of Western Europe's stance toward the new southern democracies. A major attraction of EEC membership for Greece, Spain, and Portugal has been that it would make it harder for the military to usurp power. The EEC is perceived as a democratic club, and a military coup in one of its members would lead to that country's expulsion. Ensuring democratic stability has been a primary motive for these new democracies to desire

EEC integration. The Community should acknowledge responsibility in this process by speeding the pace of accession negotiations.

E. THE BUDGET

Many Europeans feel that the costs of EEC membership are too high for their individual countries. A more equitable budget is therefore a prerequisite for saving the European Community. Some sources believe that the sensible solution to the budget problem is not another palliative as recommended by the Commission, but the introduction of a new system which transfers cash from rich states to poor states.⁶⁹ Transfers from one EEC country to another would thus not be the random result of EEC spending policies designed to achieve different objectives but would reflect a deliberate Community decision to redistribute from rich to poor. This type of system would not be feasible without definite limits being set as to the size of the profits or losses that one country can make. This would create a fairer burden for West Germany and Britain while ensuring that rich countries like France, Denmark, Belgium, Luxembourg, and Holland made a net contribution to the EEC budget (which they do not at the present time). Budget reform must be accompanied by changes in the Common Agricultural Policy (CAP), as discussed earlier, so that farmers are aided by limited income subsidies instead of by artificially fixed prices for their products. If food prices were allowed to fluctuate, to balance supply and demand, there would be no need to accumulate surplus food.

⁶⁹"Why did we ever invent the EEC?" The Economist, London, England, November 28, 1981, p. 12.

F. ROADS TO EEC UNITY

If the Community budget and CAP reforms are eventually successful, the EEC could look to advance European integration in three ways: (a) stronger common institutions, (b) more political cooperation, and (c) closer economic integration.⁷⁰ Most observers believe that stronger common institutions are unlikely, given the current mood in Europe. The notion of the EEC Commission as an embryo European government is not taken seriously. Direct election of the European Parliament in 1979 was a gesture toward stronger institutional ties but few Europeans actually understand the workings of this Parliament or express much interest in their elected representatives.

Greater political cooperation is viewed as a viable route to increased EEC unity. The Ten's foreign offices have developed an efficient network for exchanging messages daily on foreign policy issues, and the EEC ministers and officials meet regularly. At the United Nations, the EEC countries vote in unison on three-quarters of the issues debated, although that is usually not too difficult. On the Arab-Israeli question, it has been difficult to attain unity, but if one recalls that a decade ago the views spanned a spectrum from pro-Israeli Holland to pro-Arab France, the EEC has come a long way. The Community's common trade policy has enabled it to use economic clout for political ends such as opening its markets to poor countries and imposing sanctions on Iran. West Germany's foreign minister, Hans-Dietrich Genscher, has even suggested that the EEC form a common defense policy, an idea last tried unsuccessfully in 1954.⁷¹

⁷⁰Ibid., p. 13.

⁷¹Ibid., p. 12.

The obstacles to European defense union appear to outweigh the positive arguments. Proponents suggest that a Community defense policy would (a) divert the tendency toward neutralism in the smaller EEC countries; (b) provide a defense forum for France; and (c) tend to rationalize and restructure Europe's overlapping arms industry. Those opposed to the plan argue that (a) there is not a perfect overlap of NATO and the EEC in that Ireland is in the EEC but not in NATO, while Norway, Turkey, and Iceland belong to NATO but not to the EEC; (b) any move to create a European defense community independent of the United States might encourage neo-isolationists in America to pull American troops out of Europe; and (c) future European defense decisions could be subject to a member country's veto; and due to the diversity of views within the European Community, this would probably ensure a "no-action" defense policy. Pursuit of an implausible consensus within the EEC has been the cause of many controversies, and the idea of a common EEC defense policy is unlikely to gain much support in the current European political climate.

The third road to greater unity, closer economic integration, is the most promising. Enlargement of the Community has necessitated a critical look at EEC goals and failures. The Community is still a long way from achieving the total common market goals it is aiming at. Prices of cars, one of the most tradeable consumer goods, still vary by as much as 50 percent from one EEC country to another. This type of variation is possible because the ten countries still have widely different rules on such things as safety and pollution. Harmonization of these rules will help to create a genuine common market, with fewer restrictions and more

competition. The proposed enlargement of the EEC has spear-headed action for reform which has been lagging for years. Economic integration is a complex notion and what Europe needs now is not grand declarations but a determination to put its spending in order and to create a really competitive market, which might open the way for closer political and monetary union in the 1990s.

Spain's dual foreign policy goals of joining NATO and the EEC are intricately linked by an overwhelming desire to join Europe. Spanish membership in NATO is expected to be accomplished by May 1982. Spain will become a member of the EEC by 1985. Most sources maintain that the original 1983/1984 integration date was overly optimistic and the complex EEC enlargement problems have only recently been understood in Madrid. Spanish membership in NATO could serve to accelerate the EEC integration process, but internal Spanish economic reform is needed for smooth integration into the European Community.

The prospect of EEC enlargement and the British budget dispute have forced the European Community governments to examine their partnership, recognize its flaws, and face the long-avoided prospect of reform as an alternative to the possible dissolution of the EEC. Internal and external pressures confront the Community during the 1980s. It is essential that the EEC members iron out their problems in a mutually beneficial manner. Patching over differences to postpone possible confrontations will not suffice or add to EEC unity⁷². A future EEC composed of twelve states, each with its own aspirations, capabilities, and interests will have to carefully consider and judiciously apply new mechanisms to increase European cooperation.

⁷²Scalingi, op cit., p. 144.

IX. SPAIN SEEKS NATO MEMBERSHIP

A. THE NATO DEBATE

On August 20, 1981, Don Leopoldo Calvo Sotelo, the Spanish Prime Minister, formally announced that Spain would seek NATO membership. This declaration was anticipated in international circles but the timing of Spain's decision did catch some foreign observers off-guard. Since May 1981, the United States Joint Chiefs of Staff negotiating team has been actively pursuing a renewal of the 1976 Treaty of Friendship and Cooperation between Spain and the U.S. (often referred to as the base rights agreement), and the NATO admission of Spain could considerably alter the scope of this treaty and the tone of the negotiations. The 1976 agreement was due to expire on September 21, 1981, but it was decided to extend the agreement for eight months. During this period, it is expected that NATO membership will be attained by Spain, thus requiring a conscientious rethinking of what should be included in the U.S.-Spain bilateral accord. The negotiations are still being pursued with particular heed being given to the changing political and military realities in Spain.

The Cabinet decision to apply for full NATO membership can be viewed as the culmination of a thirty-seven year commitment of Spain to take her rightful place in European security affairs. During the "fascist" regime of General Francisco Franco, Spain was essentially isolated and ostracized from the mainstream of the continent due to European distaste for Franco's dictatorial form of government and its origins in the Spanish Civil War. At the NATO Conference in May 1970, the northern European nations soundly overruled Spanish admission to the Alliance, adhering to their traditional

position that democracy in Spain was a prerequisite to membership. The death of General Franco on November 20, 1975, and the subsequent approval in December 1978 of a 169-article Constitution were key events that helped to propel the nation toward European integration. The dual objectives of NATO and EEC membership have been the cornerstones of Spain's foreign policy, but domestic turmoil has complicated the attainment of these goals. Terrorism and the after-effects of an abortive coup d'etat attempt (in February 1981) continue to test the young democracy. An internal debate rages between the four principal political parties as to the value of NATO membership to Spain. During the fall of 1981, the Socialist party (PSOE) with aid from the Communist Party (PCE) launched a major anti-NATO campaign throughout Spain. The streets of Madrid were littered with anti-NATO literature, and a public drive took place in an attempt to obtain 500,000 signatures to call for a popular referendum on the NATO issue. The forces backing NATO entry, principally the governing centrist party--the UCD (Unión del Centro Democrático)--and the CD (Coalición Democrática, formally known as the AP or Alianza Popular), have not been successful with the public at large in countering the anti-NATO campaign, as mentioned earlier. The pro-NATO political forces possessed enough parliamentary votes to pass the issue in the Spanish legislature without a referendum.

Even though the anti-NATO campaign presented problems for the governing UCD, on November 26, 1981 the Spanish Senate voted 106 to 66 to accept a NATO membership invitation. An accession protocol was signed on December 10, 1981 in Brussels at a special meeting of NATO Council Ministers. This protocol's ratification by the 15 Alliance members will authorize

Spanish accession to NATO. Most observers believe the target date of May 1982 for Spanish accession will be met, barring major political obstacles.

The debate in Spain centers on whether the country would benefit more from (a) full-fledged membership in the Western community, including NATO and the EEC, or (b) a more neutral posture, between the West and the Soviet bloc, and with a special relationship with the oil-producing Arab countries. The Soviet Union has persistently warned Spain that it would regard Spain's accession to NATO as a fundamental realignment of the East-West balance that would put Spain on the front-line of any war in Europe. The Soviets have also dropped subtle hints implying that, if Spain stayed out of the alliance, the Soviet Union would use its influence to help eliminate Basque terrorism. The pro-NATO forces point out that because of Spain's bilateral treaty with the United States, it would be difficult for Spain to maintain neutrality in an East-West conflict, while NATO membership would commit other alliance members to the defense of Spain. NATO membership could also assist the Spanish effort against terrorism by promoting increased international collaboration in law enforcement. Though a number of other pros and cons regarding NATO membership are discussed in Spain, Western observers agree that the advantages for both Spain and NATO outweigh the disadvantages.

B. SPANISH PRIORITIES: NATO, GIBRALTAR, EEC

During a recent visit to Europe researching the implications of Spanish political priorities, it was the privilege of this author to interview the Spanish Ambassador to Belgium, Señor Don Nuño Aguirre de Carcer. His Excellency warmly recalled an informal reunion which took

place in 1969 between himself and the famous University of Chicago professor of international relations Hans Morgenthau. During their meeting, the future Ambassador boldly asserted that it was his sincere desire to help navigate Spain into the twentieth century by simultaneously solving three problems: entry into NATO, entry into the EEC, and Gibraltar. The reaction of the scholar of international relations was to label these goals the dreams of a daring young diplomat. Today, the realization of the Ambassador's past vision seems close at hand for Spain.

The solution to Gibraltar could lie beneath a NATO umbrella. Spain will have to unlock the gates to the Rock and come to an agreement with the United Kingdom over its future status. Gibraltar has often been referred to as a splinter in the heart of Spain, and removal of this source of irritation would allow the Spanish to concentrate on the other international problems facing them. Although Gibraltar is an emotional issue for the Spanish, it need not be an insurmountable obstacle blocking Spanish entry into NATO. The forthcoming membership of Spain in the Alliance has provided a framework for progress on the issue of Gibraltar. Possible creation of a Spanish NATO Command at Cartagena or Cadiz, which the Spanish press has discussed, could logically lead to coordination with Gibraltar, which now reports to the NATO Headquarters in Naples. The ancient and emotional diplomatic dispute is clearly between Great Britain and Spain to resolve but being NATO partners may hasten a breakthrough on the problem.

The on-going EEC negotiations are extremely complex, but progress has been made since the 1977 Spanish application for membership. Internal

EEC policies are currently being reformed and revamped to ease the pains of enlargement. The EEC's Common Agriculture Policy (CAP) and budget are both scheduled for lengthy revision, as discussed earlier. Spain also must make some internal adjustments in her economic sector, such as changing her taxation policies and modernizing industrial practices, in order to become a member of the EEC. Owing to the technical nature of these negotiations, progress has been slow; but most observers believe that Spanish EEC membership may be attained within the next three years.

NATO is essentially the military infrastructure of the Community, and Spain's desire to enter both the EEC and NATO has been a constant priority.

C. ROLE OF THE SPANISH MILITARY IN NATO

Progress in modernization of the Spanish military forces has been steady since the mid-1970's. The relationship between the Spanish military and foreign policy had to be reassessed after Franco's death. Spain's military traditions had to be democratized, while equipment and procedures had to be technically brought up to date in order to coordinate Spanish security interests with Spanish foreign policy. Speculation continues regarding the specific role of the Spanish military within a NATO environment, but one point is clear. The additional number of troops, usually estimated at 342,000, will increase NATO's force strength.

An array of organizational decisions will face NATO upon Spanish entry. Most sources agree that the Spanish Navy and Air Force are more readily adaptable to the NATO structure than the Spanish army. This has been reflected in the shifting distribution of the Spanish defense budget

within the last few years, which has favored the Navy and Air Force. A Ministry of Defense was formed at the end of 1977 to attempt coordination between the services. The recent Military Retirement Law, passed July 11, 1981, could also have long-term, far-reaching effects in realigning the hierarchy of the Spanish Armed Forces. The government has been subtly trying to restructure the military for a new NATO role; but it will take time for the forces to switch from an internal security role to a national defense role aimed at external adversaries.

During a recent interview in the magazine NATO's Fifteen Nations, the Spanish Defense Minister, Alberto Oliart Saussol, pointed out that

"Spain belongs to the West ideologically and economically, and is clearly allied with it. It is anticipated that in the near future this alliance will be even more concrete than it is today. The security of Western Europe, which is seriously threatened by the problems in the Middle and Near East, depends upon the NATO alliance."⁷³

As to the military advantages of NATO entry, the Defense Minister stressed the participation by Spanish armed forces in a wider sphere which would allow access to and comparison of doctrines, procedures, information, weapons and material, training, and logistic possibilities, all of which would make the Spanish armed forces more effective. The desire to enter NATO to upgrade and modernize the Spanish armed forces is related to an interest in increasing Spanish arms exports. Such exports could benefit from NATO cooperation in electronics and other advanced technology fields.

⁷³ NATO's Fifteen Nations, June-July 1981, Vol. 26, No. 3, "Defense Problems of Spain," interview with Alberto Oliart Saussol, Minister of Defense.

D. MOSCOW'S VIEW OF SPAIN IN NATO

Minimizing Spain's contribution to the alliance -- or trying to prevent it altogether -- forms part of the Soviet process of outflanking NATO, both militarily and economically. The Soviets understand how Spain might strengthen Western security and seek to prevent her contribution. This Soviet desire to neutralize the potential accession of Spain to NATO was evident in the 1976 Soviet proposal that both NATO and the Warsaw Pact agree not to expand. Spain's PCE echoed this line, and the PSOE Socialists led by Felipe Gonzales were hostile to both NATO membership and the bilateral link with the United States.

In early September 1981, the Soviet Union delivered an official warning to Spain, stating that NATO entry would increase international tensions.⁷⁴ Spain's reply to the Soviet memorandum was to call it a rude intervention into internal Spanish politics, essentially dismissing the warning. Relations have been strained between the two countries for the past several months, especially since the Spanish government expelled some Soviet embassy personnel accused of spying during the fall of 1981.

⁷⁴Alberto Ballarin, "El memorándum Soviético," Ya (newspaper) Madrid, Spain, September 12, 1981, p. 5.

X. SPANISH MILITARY REFORM

A. SPANISH ARMED FORCES

The total number of armed forces in Spain is 342,000 (230,000 conscripts).⁷⁵ The estimates for each service are as follows:

Army:	255,000 (190,000 conscripts)
Navy:	49,000 (12,500 Marines) 40,000 conscripts
Air Force:	38,000
Reserves (all services):	1,085,000
Para Military Forces:	
Guardia de Civil	64,000
Policia Armada	40,000

Military service is compulsory and the length of conscription is 15 months. The force allocation by percentages is: Army 76 percent, Navy 13 percent, and Air Force 11 percent.⁷⁶

These figures are provided as a basis for a discussion of military reforms undertaken in Spain.

The traditional mission of the Navy is to provide defense of the coastal waters of Spain, the Balearic and Canary Islands, and overseas

⁷⁵"The Military Balance 1980/81," compiled by International Institute for Strategic Studies, London, Bartholemew Press, 1980, p. 36.

⁷⁶"El Coste Economico de La Defensa," chapter by Angel Lobo in Espana-Que Defensa, Instituto de Cuestiones Internacionales, Madrid 1981, p. 133.

possessions, in addition to protection for Spanish shipping. It is also responsible for coast guard functions, such as prevention of smuggling and the patrol of territorial fishing waters. Supporting tasks include ASW, mine warfare, and amphibious operations.

Current estimates of Spanish naval forces are 49,000, which includes 12,500 marines. This small but thoroughly dedicated force has been gradually modernized. Much of the equipment used by the Spanish Navy in the past was second-hand and of American manufacture, but recent trends have been toward new equipment of Spanish construction. The Spanish Navy shipyard, Bazan, plans to launch the aircraft carrier P.A.-11 of 15,000-ton displacement during the Spring of 1982. The P.A.-11 will be the first aircraft carrier ever constructed in Spanish shipyards, and it will allow the so-called sky-jump which permits takeoff of the Harrier-Matador aircraft ordered by the Spanish Navy. Four new French Agosta submarines and four frigates are also on order. The transition from a coastal patrol force to a modern NATO naval force could produce intense growth for the Spanish Navy in the next few years.

The Spanish naval officer, who travels with his service, is more likely to speak a foreign language than his army or air force counterparts. Spanish warships at sea communicate tactically in English, as do NATO navies due to extensive experience during exercises with both NATO and U.S. fleets. The Spanish Navy appears to be overwhelmingly in support of NATO entry, which would widen the scope of the Navy's mission. Wide speculation exists in Spain that NATO membership could possibly involve a straits command being set up with a Spanish admiral in charge. Until

negotiations between NATO and Spain begin to discuss actual force roles, such speculations are tentative.

B. MILITARY REORGANIZATION

All military reforms are being conducted under a program called "Ciclo de la Política de Defensa" (Cycle of the Defense Policy). The Minister of Defense establishes the guidelines around which the military and non-military defense power of Spain are to be organized. Under these policies, three objectives are to be sought by three different agencies:

1. The Joint Chiefs of Staff prepare and propose the joint strategic plan.
2. Civilian ministers elaborate partial contributory plans to the common defense effort.
3. The General Secretariat of Economic Affairs of the Ministry of Defense establishes the high level logistics plan.

Not all of the agencies participating in the "cycle" have produced the expected results. The joint strategic plan has been completed, but the other two aspects of the "cycle" are lagging behind. The civilian ministries have not produced even a partial plan and the high-level logistics plan is hampered by inter-service reservations and lack of sufficient political leverage resulting from the fact that the Minister of Defense is the only civilian serving in an executive capacity in his own ministry. He is therefore forced to rely on military personnel who are affected by the military reform and the reorganization of the structures of the different services.

The industrial sector was also programmed to be a driving force in the reform process. Under the responsibility of the Dirección General de

Armamento y Material (Arms and Material Division), the defense industries in Spain were supposed to contribute to the military reform. Reasons for failure in the industrial sector are twofold: (1) isolation of the defense industry from updated management techniques for planning purposes, and (2) resistance of the defense industries to be drawn into a common restructuring process. Many observers believe that the government should be exerting more pressure on the different agencies to proceed with the planned reforms.

Spain spends approximately \$125 per capita on defense, a figure comparable to that of Italy, Portugal, Turkey, and Luxembourg.⁷⁷ Modernization is a costly process ; personnel expenditure in the armed forces is being reduced in favor of investment (62 percent of the defense budget in 1975 to 55 percent in 1980). Each service has adopted a program for combat readiness; but without a well-developed defense plan, Spain's coordinated effort at reform could fail. The Navy plans to continue to form its combat group around its light carrier; the air force is about to get a new generation of aircraft; and the army intends to enlarge each of its three major formations (the armored, mechanized, and motorized divisions) by one new brigade. But none of these technological modernizations will obviate the need for true structural reform in the Spanish armed forces.

Antonio Sánchez-Gijón, a leading Spanish defense writer, sums up the problem facing the Spanish government in regard to military reorganization:

⁷⁷ *Ibid.*, p. 145. (Italy--\$124, Luxembourg--\$116, Portugal--\$60, and Turkey--\$58.)

"The Spanish government approaches the NATO decision while many of the contemplated military reforms are still underway or not yet envisaged. It also lacks a well-defined defense policy. Up to now Spanish military and defensive thought has traditionally revolved around the idea of exclusively defending Spanish territory and sovereignty; thus, joining the alliance obliges government and military planners to think in terms of defense in the context of a coalition war. The level of professional defense debate in Spain seems inadequate and outmoded. It must be taken into account, however, that as a result of the coup attempt and the tensions created by acts of terrorism perpetrated against high-ranking army officers, the political climate has been totally unfavorable to any intellectual exchange in matters of defense planning and military organization.⁷⁸

C. SPANISH DEFENSE IDEAS

Often referred to as the "threat from the South," Spanish defense planning has been essentially geared to thwart an attack from North Africa. This North African threat syndrome is closely related to past Spanish historical experiences and has been fed by the realities of an unstable Maghreb. Traditional Spanish security interests of the enclaves of Ceuta and Melilla on the Moroccan Mediterranean coasts obviously relate to the North African threat. The recent build-up of Soviet armaments in Libya and Colonel Qaddafi's aggressive behavior in the Mediterranean have made the threat seem more credible to Spanish authorities. The growth of Moroccan airpower and Algerian sea-borne missile capacity is of great concern to those who imagine that an adversary to the south may attack Spain. The consequences of Spanish entry into NATO could be to reduce the perceived danger from Northern Africa to Spain. In a new political role as a member of NATO, a strong possibility

⁷⁸NATO's Fifteen Nations, June-July 1981, Vol. 26, No. 3; "Spain on the Threshold of the Atlantic Alliance," Antonio Sánchez-Gijón, p. 44. (Emphasis added.)

exists for Spain to practice balance of power policies in the Maghreb. Spanish officials presumably realize that it is in the interest of all the Western allies to maintain stability in this geostrategic area.

As Spanish strategists and military planners prepare to join NATO, there must be a change in focus from the traditional Spanish security concepts to include a wider range of possibilities for defense. The "Balears-Gibraltar Straits-Canaries axis" security area should be widened to include other aspects of Spain's strategic environment. Antonio Sánchez-Gijón has drawn up a list of strategic possibilities for Spanish planners to assess in redefining their defense role within the Alliance. These include:

1. A view of the Iberian Peninsula as a bastion in the rear of Europe-- a platform for the projection of power.
2. The capacity to project armed power from the Iberian Peninsula is based on secure access to its coasts by the cargoes that use the South Atlantic and South Central American sea and air routes. The Peninsula is a traditional beachhead for armies fighting for supremacy in Europe. It is protected by distance from Soviet attack by conventional means.
3. Spain has a vital interest in supporting the strength of the European Central and Southern flanks of the Alliance; she has a direct interest in the maintenance of stability in the Maghreb area, especially in relation to the Canaries.
4. Both Spain and the allies are interested in the control of the Straits of Gibraltar, and in the control of the opposite shores by a friendly country, Morocco. Ceuta and Melilla can be turned into

a token of Moroccan stability, and the British colony of Gibraltar into a symbol of Western security and cooperation.⁷⁹

One can readily see that the organization of Spain's defense can no longer be planned in terms of one (North African) threat to her territory. It is in the vital interest of Spanish strategic planners to widen the scope of their security concerns. NATO alliance would facilitate this task and assist Spanish military officials in future military participation in the defense of the West.

⁷⁹ Ibid., p. 47. (Antonio Sánchez-Gijón's article in NATO'S Fifteen Nations, June-July 1981, is one of the most concise on the future of Spain in NATO.)

XI. THE COMBINED MILITARY COORDINATION AND
PLANNING STAFF (CMCPS)

A. CONCEPT

Under the terms of the 1976 Treaty of Friendship and Cooperation between the United States and Spain, the Combined Military Coordination and Planning Staff was established. The mission of the CMCPS was to facilitate coordination between the Spanish Armed Forces and the Armed Forces of the United States, as well as other forces dedicated to the defense of the North Atlantic.

The CMCPS is responsible for preparing and coordinating plans which are in harmony with existing security arrangements in the North Atlantic area, and for actions which could be taken within the geographic area of common interest (ACI). Many observers believe that the work of the CMCPS has been instrumental in preparing the Spanish Armed Forces for an eventual NATO role. The infrastructure created in 1976 could be used as a starting point for eventual integration of Spanish forces into the NATO organizational structure. The CMCPS headquarters has also been the site of the U.S.-Spanish bilateral negotiations in Madrid. During a recent trip to Madrid, this author conducted interviews with members of the CMCPS in relation to Spanish entrance into NATO. Most observers noted that, if Spain joins NATO as planned, the CMCPS could play a very important role. The ongoing projects of defense planning, logistics, and equipment modernization could simply be expanded to include the other allies.

B. STRUCTURE

Under Supplementary Agreement Number 5 of the Treaty, the Spanish-American Council was set up and it is under this Council that the CMCPs works. Planning is done by permanent military representatives to the staff from the U.S. and Spanish military. Areas covered by the CMCPs include:

1. Maritime defense of the geographic area of common interest (ACI);
2. Air and ground defense of Spain;
3. Force readiness;
4. ACI Command Structure; and
5. Spanish contribution to the defense of the West.

The military committee has formulated the proposal to appoint a commander-in-chief, ACI to head the combined strategic structure and the staff has also formulated an ACI general defense plan and alert procedures plan. These proposals or plans will have to be reviewed and revised if Spain joins the Alliance but many of the concepts which have been agreed upon since 1976 could be enlarged to facilitate Spanish force coordination within NATO.

The organization of the CMCPs consists of a General Secretariat; four Coordination and Planning Divisions (Operations, Intelligence, Logistics and Communications); and an Exercise Division. All the divisions are manned by Spanish and U.S. military personnel of equivalent ranks. Militarily, the Combined Staff is responsible to the U.S. Joint Chiefs of Staff and the Spanish Joint Chiefs of Staff through the Joint Military Committee. The structure resembles in many ways the system established in SHAPE, only on a smaller bi-lateral scale. During a visit to the

CMCPS in October 1981, the atmosphere was very cordial, with Spanish and American military officers working side-by-side on joint projects. A speculative mood existed as to the new roles members of the CMCPS might have as Spain joined NATO; but all believed the structure of the Staff had effectively prepared Spanish military officers for an international role. One of the most significant achievements of the Staff since 1976 has been the role of the Exercise Division which prepares and coordinates a Combined Annual Exercise Plan. These annual exercises have been instrumental in preparing the Spanish Armed Forces for a role within NATO. The Spanish Navy and Air Force have been the chief beneficiaries of these combined exercises due to the composition of U.S. armed forces in the Mediterranean area (i.e., mainly U.S. Navy and Air Force).

The CMCPS is related to other headquarters in that USCINCEUR is the principal U.S. coordinating authority and the Spanish officer assigned as President of the Joint Chiefs of Staff (General Chief of the High General Staff) is the principal Spanish coordinating authority. As is evident, the infrastructure of the CMCPS could be used in the transition of the Spanish armed forces into a NATO environment.

C. GEOGRAPHIC AREA OF COMMON INTEREST (ACI)

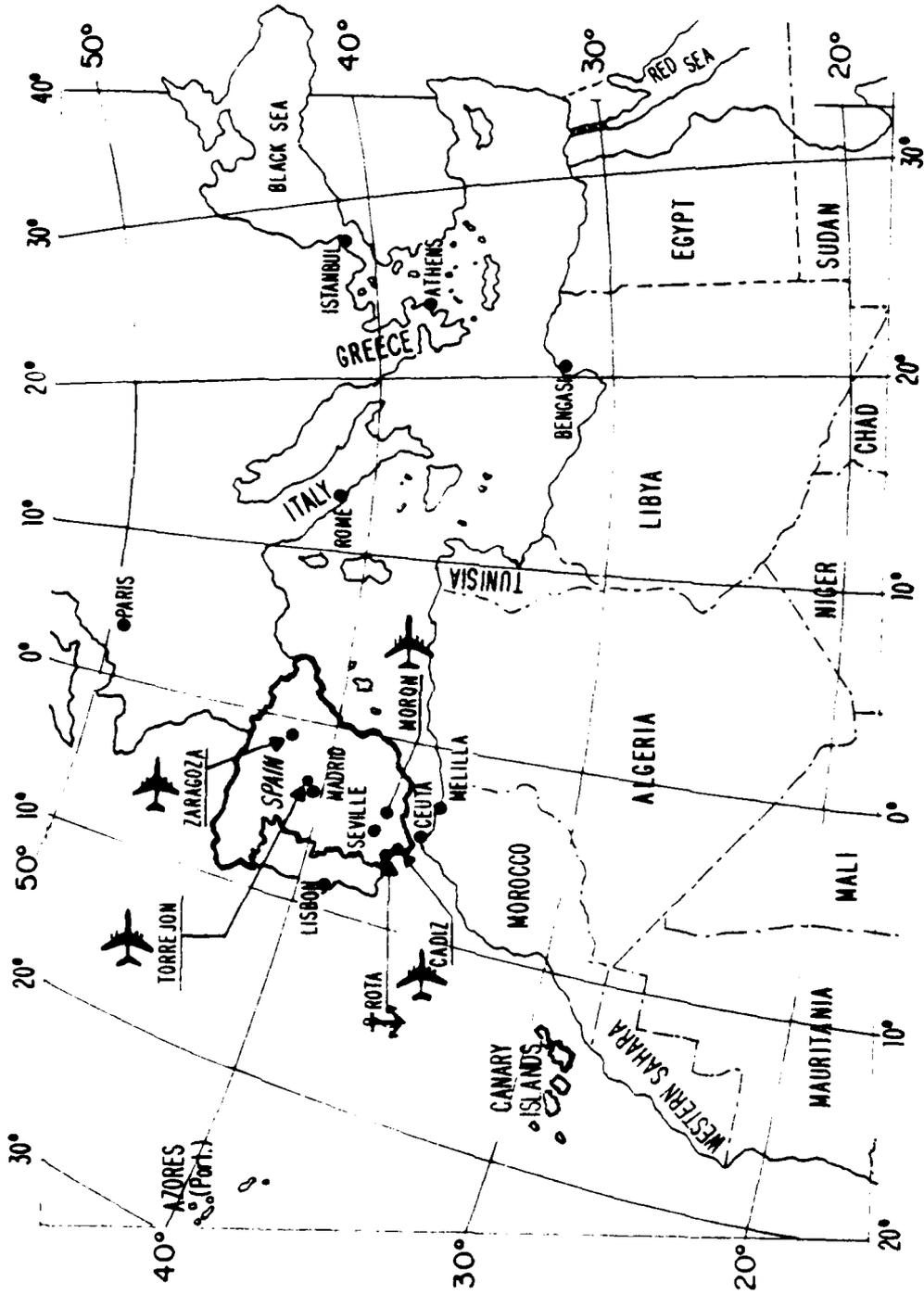
In order to clearly view the geostrategic perspective of the CMCPS, a definition of the ACI is appropriate. The geographic area of common interest is defined as follows:

1. Spain, including adjacent airspace
2. Atlantic Area
 - a. Northern limit: the parallel of 48 degrees north latitude to the European Continent

- b. Western limit: from the intersection of 48 degrees north latitude and 23 degrees west longitude, south to the parallel of 23 degrees north latitude
 - c. Southern limit: the parallel of 23 degrees north latitude eastward from 23 degrees west longitude to the coastal waters of the African littoral
 - d. Eastern limit: northward along the African coast to the Strait of Gibraltar, and thence northward along the coast of Europe to 38 degrees north latitude
3. Mediterranean Area: from the Strait of Gibraltar to the meridian of 7 degrees east longitude
4. The ACI excludes the territory of third states and their territorial waters
5. The ACI encompasses portions of the areas assigned to two U.S. unified commands, the Atlantic Command and the European Command. For the Atlantic area, all phases of plan development and operations shall be a matter of coordination with the Commander-in-Chief, Atlantic (CINCLANT) through U.S. Commander-in-Chief, Europe (USCINCEUR), and subject to such agreements as may be deemed necessary.⁸⁰

A map is included following this description of the ACI for information. The map is an approximation of the terms of the ACI.

⁸⁰ Terms of Reference for the Combined Staff (Revised 18 April 1980, Washington, D.C.), p. 1, paragraph 3.



Geographic Area of Common Interests between the US and Spain

D. GEOSTRATEGIC IMPORTANCE

Spain's geostrategic significance to the Alliance derives in part from its dominant geographic position with respect to adjoining seas and sea passages and from its natural barriers to invasion. Its seaports and airfields command the eastern Mediterranean and the Strait of Gibraltar. The significance of such a favored strategic position is greatly increased by Spain's considerable distance from the airfields of the Warsaw Pact countries and its natural barriers to an invasion.

Unlike France, which also has a position on both the Atlantic and Mediterranean, formidable mountain ranges shield Spain from invasion by land. In the north, the Pyrenees block the overland route from Europe. Moreover, invading Warsaw Pact ground forces would have to pass through both Germany and France before confronting the Pyrenees. If invading forces chose the amphibious route, they would encounter other mountains whether they made their assaults from the Atlantic, the Balearic, or the Alboran Seas, for in the northeast and east, the Catalonian Mountains stand inland from a narrow coastal plain, and in the south and southeast, the Andalusians complete the chain of mountains that enclose three sides of Spain's tableland. Only from the west, through Portugal, is Spain easily accessible to invading ground forces.

Air distances from eastern Europe to central Spain are 2,000 miles or more, and central Spain is several hundred miles beyond all but a few French airfields. Moreover, penetration of Spanish airspace requires Warsaw Pact aircraft to pass through or suppress the defenses beginning in the Federal Republic of Germany.

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A Spanish stronghold could thus serve NATO as a staging point or a base for naval and military operations into the waterways bordering the European Peninsula, into the westward reaches of the Atlantic, into the land mass of Europe itself, or even into North Africa. Should retreat operations be necessary, Spain can be made a stronghold in whose expanse of land and in whose numerous ports and airfields refuge could be found to regroup and to rebuild offensive strength. As Curt Gasteyger notes,

The Southern flank has been the 'neglected child' of the alliance for too long. As Western security in the broadest sense depends ever more on events outside the alliance, particularly in the Middle East, the defense and stability of the southern flank, as the link between the two, are crucial to the alliance.⁸¹

⁸¹Curt Gasteyger, "The Southern Flank: New Dimensions" in NATO: The Next Thirty Years, edited by Kenneth A. Myers, Westview Press, Colorado, 1980, p. 187.

XII. UNITED STATES INTERESTS IN SPAIN

The United States has a wide variety of political, economic and security interests in its relations with Spain. Since Franco's death, the U.S. has fully supported the democratic evolution in Spain. Democratic and Republican administrations alike maintained close ties with the Franco regime for thirty years, justifying the relationship with a rightist authoritarian regime in anti-Communist and strategic terms. This support coexisted uneasily with the U.S. commitment to democracy, and the close ties to Franco's regime were a source of tension within the American political system and in U.S. foreign policy.⁸² Frictions were created with other democratic states, particularly among the northern European nations, which were not convinced that the strategic importance of Spain outweighed the lack of democracy there.

Since 1976, Spain has radically changed its form of government. This transition to democracy has made Spanish membership in the economic and defense alliances of Western Europe a clear possibility. Democratic progress in Spain is in the U.S. national interest. Spanish membership in the EEC and NATO is also concurrent with U.S. economic and security interests on the Iberian Peninsula. One problem which may face the U.S. as change occurs in Spain is that democratic Spain may prove to be a somewhat less predictable ally than the Spain led by General Franco.

⁸²Issues in United States Relations with Spain and Portugal, Report prepared for the Committee on Foreign Affairs, U.S. House of Representatives, February 1979, Washington, D.C., p. 4.

Bilateral problems may emerge between the U.S. and Spain. U.S. interests will nonetheless be better served by support for democracy in Spain.

A. U.S. ECONOMIC INTERESTS

Spain, while not yet enjoying a standard of living comparable to most other Western industrial countries, nonetheless qualifies as one of the top ten industrialized countries in the world.⁸³ It therefore constitutes an important economy in terms of its potential for future absorption of U.S. and other imports, and it is likely to become a more active exporter as its industries adjust to competition in the European Community. Spain may also present an increasingly attractive market for financial investments from the U.S. The United States, therefore, has significant economic interests in the policies and performance of the Spanish economy.

The American Embassy in Madrid judges Spain to be one of the principal markets for American exports.⁸⁴ In 1977, Spain imported approximately \$2,162 million worth of American goods. Agricultural products constituted the largest share, with approximately \$330 million in oilseeds (primarily soybeans) and \$215 million in corn.⁸⁵ Other imports included (in descending order of value) coal, organic chemicals, tobacco, data processing equipment, iron and steel scrap, and machinery. These imports constituted approximately 12 percent of all Spanish imports, compared to approximately 34 percent coming from the European Community countries.

⁸³OECD Economic Surveys, Spain, April 1980, OECD, Director of Information, Paris, France, p. 50.

⁸⁴U.S. Government, Department of Commerce, Foreign Economic Trends--U.S. Implications--Spain, prepared by American Embassy, Madrid, July 1978, p. 4.

⁸⁵Ibid., p. 6.

Spain has traditionally run a deficit in its balance of trade with the U.S. In 1977, this deficit amounted to approximately \$1,160 million, as Spain exported approximately \$1,000 million to the U.S. Spain exports no significant quantities of vital raw materials or mineral resources to the U.S. Footwear led the list of Spanish exports to the U.S. in 1977 with approximately \$230 million in value, followed by canned vegetables, petroleum products, tires, iron and steel plate, books, motor vehicle parts, and olive oil. These exports amounted to about ten percent of all Spanish exports, compared to 46 percent going to the European Community members.⁸⁶

With regard to future trade, the American Embassy in Madrid has judged that, in addition to stable demand for American agricultural products, there will be potential for growth in exports of equipment for health care, electrical power, computerization, and process control. The 1978 Embassy report has also projected possible opportunities for increased U.S. export of building and construction equipment, research and instruction equipment, on and offshore drilling equipment, coal mining equipment, and laboratory and scientific instruments.⁸⁷

The extent of such growth will depend heavily on whether the Spanish economy can sustain real growth while combating serious inflation (15.7 percent), high unemployment (10.2 percent), and persistent balance of payments deficits.⁸⁸ The ability of Spain to deal with its serious

⁸⁶ Ibid., p. 10.

⁸⁷ Ibid., pps. 4, 10.

⁸⁸ OECD Economic Survey, Spain, op cit., p. 13, 15, 19, 79.

economic problems will in turn be affected by whatever political turmoil and domestic uncertainties take place as Spain becomes firmly entrenched in Europe through NATO and EEC membership.

Spain's entry to the European Community may have some marginal negative impact on U.S. exports to Spain, but this may be more than offset by certain positive impacts. The process of adapting to European Community rules and tariff structures will occur throughout the 1980s. While producers in the European Community countries will eventually enjoy tariff-free entry into the Spanish market, the European Community countries are not significant competitors in the principal areas of current U.S. exports to Spain. In addition, U.S. exports to Spain of many manufactured products might benefit from the fact that Spain's overall tariff structure, after joining the EEC, will make the market somewhat more vulnerable to U.S. imports than it is at present. Sales to EEC markets by U.S. multinationals operating in Spain may also benefit.

In Spain, U.S. investments are larger than those of any other single foreign country. Current trends seem to be preserving this position, although West Germany, with its growing resources, is now an active investor in Spain. During the first quarter of 1978, the U.S. accounted for 32 percent of all foreign investment, West Germany for 26 percent, and Switzerland for 15 percent.⁸⁹ Spain continues to require new investment, particularly to modernize plant and equipment and to restructure industry to prepare for the time when the Spanish market will be opened to direct competition with the efficient industries of the

⁸⁹The Economist Intelligence Unit Ltd., Quarterly Economic Review of Spain, 3rd Quarter 1978, London, p. 14.

European Community countries. The Spanish government has continued to take a relatively open attitude toward foreign investment, liberalizing banking laws in 1978 to permit foreign banks to open branches in Spain. There has been some concern expressed, particularly by the Socialists, that certain sectors of the economy are becoming excessively dominated by foreign capital.⁹⁰ Spain's investment requirements appear to guarantee significant investment opportunities, provided that the country remains on a democratic course and that EEC accession negotiations proceed without major setbacks. United States national economic interests can best be served by a closer association of Spain with the other democracies of Western Europe. The U.S. has supported Spanish initiatives to join the EEC; but, due to the complex nature of the negotiations, the United States cannot substantially affect the timetable for Spanish accession to the European Community. Pressure from the U.S. on the European Community countries to speed up the entry procedures would be detrimental to Spain. The United States has tried to persuade the Western European countries that an institutional overlap exists between NATO, the EEC, and the OECD, and that national security interests are inexorably linked to national economic interests.⁹¹

B. U.S. SECURITY INTERESTS

The foreign and defense policy of Spain is of considerable importance to U.S. strategic interests. If the West could depend on a Spanish

⁹⁰ Op Cit., Report prepared for U.S. House Committee on Foreign Affairs, 1979, p. 7.

⁹¹ Alexander M. Haig, Jr., "Healing NATO," from NATO: The Next Thirty Years, edited by Kenneth A. Myers, Westview Press, Colorado, 1980, p. 447.

contribution to Western defense in the case of an East-West confrontation in Europe, the NATO-Warsaw Pact balance would look more favorable with the addition of 342,000 Spanish forces. Even more important than Spanish manpower and arms would be the benefits flowing from the inclusion of Spanish territory in the NATO area. NATO would gain added territorial depth for defense and would benefit from more flexible and dependable lines of logistics support and communications. The geostrategic importance of Spain to NATO is quite obvious and the U.S. has long recognized the importance of Spain to U.S. national security goals. Since 1953, there has been a bilateral accord between Spain and the U.S. This accord has provided the U.S. with access to and use of certain Spanish military facilities and installations. This defense relationship is incorporated in the 1976 Treaty of Friendship and Cooperation between the U.S. and Spain. The Treaty was to expire in September 1981 but has been extended until May 1982. The United States is actively supporting the Spanish application to join NATO, but overt political pressure by the U.S. on other Alliance members would probably be counterproductive. Spanish accession to NATO is expected to be accomplished by May 1982, but irrespective of the NATO decision, the U.S. has specific strategic interests in Spain.

The principle Spanish facilities presently utilized by the United States are the naval base complex at Rota; Torrejon, Zaragoza, and Moron Air Bases; the Bardenas Reales Firing Range; and the Cadiz-Zaragoza pipeline. (Refer to Map on page 94.) In addition, a number of other communications and support facilities are made available for the use of American military forces.

Foremost among the U.S. installations is the Rota Naval Base complex near Cadiz. Until 1979, Rota was the home port for a tender that served the U.S. nuclear-powered ballistic missile submarines (SSBNs). Under Supplementary Agreement No. 6⁹² of the Treaty, the U.S. agreed to withdraw by July 1, 1979 the nuclear submarine force which used the Rota tender. Anti-nuclear political pressure, supported by the Spanish Socialists and Communists, forced the removal of the U.S. nuclear submarines from Spain. Rota continues to support the U.S. Navy's airborne anti-submarine warfare (ASW-P-3s) and ocean surveillance operations. The ASW aircraft staging out of Rota are in a geographically superb position to cover the approaches to Gibraltar and the Western Mediterranean area.

Torrejon Air Base, located just east of Madrid, serves as headquarters for a tactical fighter wing that could have a strike mission in the event of war. Torrejon also serves as a major staging, reinforcement, and logistic airlift base for U.S. forces. Zaragoza Air Base in northeast Spain is used as a tactical fighter training base. It is situated near the Bardenas Reales Firing Range where gunnery and bombing practice for the units of the U.S. Air Force, Europe (USAFE) takes place. Approximately 70 percent of the air-to-ground and 50 percent of the air-to-air weapons training of the USAFE takes place at Zaragoza and its associated facilities.⁹³

Moron Air Base, located near Seville, is a support and communications base that is currently in standby status. The 468-mile Cadiz-Zaragoza

⁹²Treaty of Friendship and Cooperation between Spain and U.S.—
Supplementary Agreement 6, Paragraph 1, Madrid, 1976.

⁹³Op cit., Report of U.S. House Committee on Foreign Affairs,
1979, p. 9.

pipeline provides a vital means of conveyance for aviation fuel, motor gasoline, and diesel fuel for operations of the U.S. forces in Spain.

As is evident, the net contribution of military missions supported by these facilities to both the United States and NATO security interests is considerable. Replacing some of these installations by relocation would be difficult and would degrade the ability of the U.S. to fulfill important military missions. Under current agreements, the Spanish base facilities would be available in the event of a war, but activities at the bases are subject to Spanish approval and continued access would be more secure if Spain were a member of NATO.

The relationship between renewal of the terms under which the U.S. is provided access to the Spanish base facilities and Spain's membership in NATO contains some very difficult questions of timing and substance. From the U.S. perspective, some might argue that if Spain becomes a member of NATO, it would no longer be appropriate to have to pay for access to facilities that essentially support objectives of the Alliance. From the Spanish perspective, the advantages of joining NATO could have been diminished by the prospect of losing the financial benefits inherent in the bilateral accord. Neither of these arguments seems to be ultimately persuasive. Spain has requested NATO membership and the U.S. Treaty has been extended until May 1982. An enlightened and well-organized U.S. political and diplomatic effort will be needed to sustain vital U.S. and NATO security interests on the Iberian Peninsula. The effort, however, will be well worth the price.

XIII. CONCLUSIONS

A. EUROPEAN INTEGRATION

Over the past few years, Spain's new democracy led by King Juan Carlos has continued to consolidate itself internally for the goals of joining the European Community and NATO. Half-in half-out memberships are no longer seen as viable for the Spanish economy. All forces within the country seem to be united behind the EEC issue. Spain's eventual entry to the EEC is backed by all political parties, and sometimes even taken for granted by the public at large. The NATO membership issue is much more controversial, but of the utmost importance to the Spanish government.

After decades of Francoist-imposed isolation, saturated with memories of the long-dead glories of the Spanish past, Spaniards want to join in a common European destiny. They also want to consolidate the democratization that has been achieved by joining the European democratic club. Many of the decisions that affect Spain are made in Brussels; and the Spanish want to have a voice in Brussels, speaking for the Spanish interests.

At the present time, there are no major internal political obstacles to Spanish entry to the EEC. The opposition of certain agricultural interests in France and Italy is much less likely to be decisive than the pressures on the EEC to help a newly democratic nation prosper. A number of critical issues remain to be settled; but progress since 1977 has been steady and by 1985 Spain will probably be granted full membership in the European Economic Community.

The NATO membership issue is more difficult, but Spain may become a member of NATO during the first half of 1982. The negotiations between NATO and the Spanish government will have to resolve delicate political and technical issues, including:

1. The role of the Spain in the NATO infrastructure, share of the administrative budget, staffing, and representation on civilian and military agencies.
2. The question of where Spain will fit in the present NATO command structure. Spain has both Atlantic and Mediterranean interests. How will these be strategically most advantageously divided? Will Spain fall under SACEUR or SACLANT or both?
3. The role and positioning of the Spanish Armed Forces in NATO.
4. That status of the Canary Islands which are already within the NATO geographic area. Questions concerning whether or not foreign troops will be stationed there may arise.
5. The role of Portugal on the Iberian Peninsula and the politically sensitive issue of control of Command Iberian Peninsula Atlantic (COMIBERLANT). For Portugal, the prospect of Spanish entry into NATO could be viewed with mixed emotions. The Portuguese firmly favor the entry of their larger neighbor but also realize that they will soon have to compete with Spain for NATO funds and plans. During the summer of 1982, COMIBERLANT is scheduled to be under the control of a Portuguese officer and Spain's entry to NATO could complicate this command realignment proposal.
6. The role of the Spanish enclaves of Ceuta and Melilla on the Moroccan Mediterranean coast is questionable since they do not

fall within the geographic realm of NATO. The Spanish government is committed to maintaining the security of these cities despite persistent demands by the Moroccans for the return of the enclaves. At the present time, there is no plan to expand the NATO treaty area, so the Spanish government will have to defend its interests in this area without Alliance assistance.

These issues will be part of the complex negotiating agenda, but the advantages of NATO membership to Spain far outweigh the disadvantages. Militarily, Spanish entry would allow for the updating of doctrinal concepts, improvement of combat methods, reorganization of units, and substantial renovation of the logistics system. The end results would undoubtedly be improved military units with higher morale and a greater degree of tactical and strategic efficiency. In addition, Spain's accession could make three contributions to NATO: (a) the advantages of her unique strategic position; (b) an increase in NATO forces; and (c) the boost to NATO's morale and legitimacy through democratic Spain's decision to work with its Western counterparts for the defense of freedom.

B. INTERNAL CHALLENGES TO THE SPANISH DEMOCRACY

Since the August 20, 1981 announcement by the Spanish Prime Minister, Senor Leopoldo Calvo Sotelo, that Spain would seek NATO membership, cohesion within the governing UCD party has been eroding. A recent article in the Economist stated that what "Spain really needs now is not a Superman (as called for by some of the army generals who preferred life under General Franco) but Superglue."⁹⁴ The governing UCD has lost

⁹⁴The Economist, 14-20 November 1981, "Spain," p. 57.

most of its left wing and several fragments of its right wing. There is now serious doubt as to whether the government can survive much longer.

Party leaders have been meeting in order to try to stick the party together, but little progress has been made. Official statements by Señor Calvo Sotelo have adamantly confirmed his intention to remain in office until 1983, when the next election is due, but many Madrid politicians are speculating on the possibility of an election during the Spring of 1982. If an election were to be held recent polls suggest the Socialist Party (PSOE) would win.⁹⁵

The problems confronting the UCD are primarily internal; but the vocal efforts of the PSOE and PCE in rallying popular support behind their anti-NATO campaign during the fall of 1981 have affected the power base of the UCD. The government party (UCD) presented a relatively weak front to the Spanish people during this emotional debate over the NATO issue and popular support has waned. There were other incidents of UCD mismanagement of Spanish affairs which worked in favor of the PSOE. During early September 1981, for example, a tragic incident caused the death of over 200 Spaniards and illness to thousands. A shipment of toxic olive oil passed the normal inspection criteria of the government causing sickness in many Spanish households. Investigative procedures were initiated to find out why this error was allowed; but these resulted in what many called a government whitewash of the affair. The UCD has been so busy trying to keep its own house in order that it has neglected some

⁹⁵ Ibid.

of the primary goals of governing. The PSOE and PCE have benefitted by mistakes such as these, which have served to underline what PSOE leader Felipe Gonzales calls government incompetence.

The divisions and hesitations of the UCD government have had a double effect:

1. Encouraging right-wing military officers to view Spanish politics as a mess.
2. Increasing popular support for the Socialists.

In early November 1981, nine members of the lower house and six senators from the social democratic group in the UCD walked out and set up their own party. A former justice minister who has been a member of two Centrist Cabinets, Señor Fernandez Ordoñez, was their leader. He is founding a Democratic Action party and although he has promised to cooperate with the government party, it is dubious how long the UCD can effectively lead with a divided house. Señor Ordoñez resigned from the government in June 1981 after bitter inter-party disagreement on fiscal reform and divorce. The new Democratic Action party is still closer to the UCD than to the PSOE on NATO and international affairs. But the growing success of the moderate element in the PSOE Party evidenced at the October 1981 PSOE Congress could give rise to the possibility of a future alliance between the new democratic party and the moderates in the PSOE party, if events continue to be in constant turmoil within the UCD.

Four right-wingers also defected from the UCD in November for disagreement with the government over its policy on divorce. The Centre party's conservatives have also been disturbed by the UCD's inability to do

better in elections in Catholic rural Galicia and in other autonomy-minded regions. Some of the UCD conservatives are beginning to lean toward agreement with Señor Fraga Iribarne, the victor in Galicia and well-known leader of the arch-conservative CD party, whose formula for a stable Spain is a "grand right" coalition. He argues that a right wing coalition is a national alliance which would please the army and reconcile doubting officers to democracy. Middle-of-the-road UCD supporters wonder pessimistically if even a "grand right" could satisfy the disgruntled military, who have repeatedly called for a greater voice in governing Spain.

Even the Communist Party (PCE) of Señor Santiago Carrillo has been besieged by internal dissension. Basque Communist militants are threatening secession from the party in order to shake off what they refer to as Carrillo's Madrid-based imperialism. Clear winners of these internal political reshufflings in Spain are the Felipe Gonzales-led PSOE members. The problem with a PSOE victory in an election during the Spring of 1982 is that it could be the straw that breaks the camel's back--it could serve to push the army over the edge. King Juan Carlos could face a dilemma similar to that sprung upon his brother-in-law, King Constantine of Greece, in 1967: whether to disown the coup-makers or go in with them to try to have a restraining influence. Spain's king has stated that he would deny legitimacy to any coup attempt, but what will happen in Spain's near future still remains to be seen.

Turning to the international arena, there are definite steps which could be taken by Spain's neighbors and the U.S. to help her through these difficult months.

1. NATO should welcome Spain with open arms. NATO military officers could help to redirect the focus of the Spanish military officers and provide them with a mission in an East-West context.
2. EEC countries should accelerate the pace of Spanish accession negotiations. This solution would help to solidify Spain's democracy, but prospects for quick results from the EEC are limited, due to factors explained previously.
3. Spain's European neighbors could coordinate a policy of international cooperation aimed against militant Basque terrorists, who may give right-wing elements, including those in Spain's army, their best pretext for a coup.

The government and the opposition in Spain have been sparring nervously, watching the soldiers watching them. The calamity of a house divided could beset Spain at the most crucial point in her quest for European integration. Madrid leaders would do well to put aside their internal party rivalries in order to accomplish their ultimate goals. All of Europe (and the West) needs a democratic Spain.

C. NATO/EEC--THE GOALS ARE LINKED

Military security and economic development. The two are linked in that one fosters the other and without both neither can be achieved. Spain seeks the dual foreign policy goals of accession to NATO, the Western security alliance, and the integration in the European Economic Community. In pursuing these goals, the Spanish government seeks to attain greater internal political stability and a more influential position in Western Europe. This thesis has examined some of the complex issues involved in Spanish integration into Europe. Consideration

of the European Economic Community as a whole and the various issues pertaining to Spanish membership suggests that enlargement of the EEC has created many new problems for member countries (e.g., the possibility of added competition, the necessity of structural adjustments, additional labor supply in an already depressed European labor market, and increased political tensions between member states) and exacerbated old problems (e.g., EEC budget inequities, reform of the Common Agricultural Policy, and monetary deviations). The 1980s will be a crucial decade for the European Economic Community. It faces a formidable array of interrelated problems which stem from two fundamental causes: inherent weaknesses in the EEC's institutional and financial structure (as examined in Sections V, VII and VIII) and the Community's reluctance to adjust to changing times, which has become particularly clear in the debate over Community enlargement to include Spain. The prospects for maintaining and increasing economic and political cooperation within the EEC will largely depend on the Community member states' willingness to address and rectify these problems in the near future.

The most obvious structural defect is the Community's Common Agricultural Policy (CAP), "an ever-growing bureaucratic monster which now swallows three quarters of the annual EEC budget and is threatening the Community with imminent bankruptcy."⁹⁶

Section VIII of this thesis examined the reform of the CAP, the pressures for change within the Community, and the additional problems which will confront the Community as it is enlarged to include Spain.

⁹⁶Scalingi, op cit., p. 123.

Other structural weaknesses in the EEC which were examined include the budget and the laborious Community decision making process. The Community's adjustment to Spanish membership will be difficult, but not impossible. Spanish internal economic reform is necessary prior to EEC accession, as explained in Sections VI and VII. Changes in economic, industrial, agricultural and monetary policy should not be delayed by the Spanish government. As pointed out throughout this thesis, Spain should immediately implement a coherent economic plan for EEC membership, since the types of structural changes necessary will take years to accomplish and could be initiated at the present time. To postpone critical issues until after the entry offers no solution. Time should be used now for the streamlining of Spanish administrative and institutional practices using the EEC methods in monetary policy, taxation, banking, trade, agricultural and industrial reform. The present interval, enforced by the EEC problems of budget and CAP reform, offers the Spanish government an opportunity which could be used constructively to alleviate future economic problems.

The ramifications of Spain's application for NATO membership, given Spain's strategic importance in the Mediterranean, are more obvious. Militarily, Spanish entry would allow for the updating of doctrinal concepts, improvement of combat methods, reorganization of units, and substantial renovation of the Spanish logistics system. In addition, Spain's accession to NATO will increase NATO forces by 340,000 troops and boost NATO's morale and legitimacy through democratic Spain's decision to work with its Western counterparts for the defense of freedom. (NATO membership implications were discussed in Sections IX through XII.)

It can be concluded that, as Spain attains greater integration with Europe through membership in NATO and the EEC, the need for Spain to depend on the United States for its national security will diminish. Relations with the United States will continue to be important to Spain, but the unique dependence which existed in 1953 will be gone. Spain has been seeking a more independent role in world affairs through greater association with Europe. Spain has begun to integrate into the European Community. It may also be concluded that Spain's integrative process points to a correlation between Spanish national security goals and Spanish economic development. The two goals can be attained by Spanish integration into NATO and the EEC. It is extremely important to Spain's political, military, economic, and social development that the Western nations accept Spain into their democratic club. As pointed out throughout this thesis, numerous problems still confront the young Spanish democracy, but these problems can be more readily solved if Spain is solidly aligned with Europe.

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