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GPS 550A
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FM MADRID 101650Z
TO IMMEDIATE FCO
TELNO 77 OF 10 MARCH 1980
INFO ROUTINE GIBRALTAR (PERSONAL) D13 W. MOD

FOLLOWING SENT IN AMBASSADOR'S ABSENCE ON TOUR.

SPAIN: THE BASQUE ELECTIONS

1. THE BASQUES WENT TO THE POLLS ON 9 MARCH TO ELECT THEIR FIRST PARLIAMENT. THERE WAS RELATIVELY HEAVY (44%) ABSTENTION BUT NO INCIDENTS. PROVISIONAL RESULTS ARE AS FOLLOWS:

PNV (BASQUE NATIONALIST PARTY)	25
HERRI BATASUNA (PRO-ETA(M) EXTREME NATIONALIST)	11
PSOE (SPANISH SOCIALIST PARTY)	9
UCD (GOVERNMENT CENTRE PARTY)	6
EE (PRO-ETA(PM) NATIONALIST)	6
AP (RIGHT WING)	2
PCE (SPANISH COMMUNIST PARTY)	1
TOTAL	60

2. THIS IS AN IMPORTANT VICTORY FOR BASQUE NATIONALISM (42 OUT OF 60 SEATS) AGAINST THE MADRID BASED PARTIES, AND FOR THE MODERATE PNV AGAINST ALL COMERS. BUT IT WAS IN THE MAIN A VOTE FOR CONSTITUTIONAL HOME-RULE, NOT FOR INDEPENDENCE. THE NEW BASQUE PARLIAMENT HAS 30 DAYS IN WHICH TO FORM A GOVERNMENT AND CHOOSE A PRIME MINISTER(PRESIDENT). THE PNV ARE PROBABLY STRONG ENOUGH TO GOVERN ALONE, AND PLAN TO TRY. THEY CAN LOOK TO UCD, PSOE OR EE FOR AD HOC ALLIANCES, AND IF HERRI BATASUNA DECIDE NOT TO TAKE UP THEIR SEATS (AS IN THE NATIONAL PARLIAMENT)

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(THE PNV

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THE PNV ALONE WILL COMMAND AN ABSOLUTE MAJORITY. THIS WILL DO MUCH FOR CONFIDENCE LOCALLY AND IT MAKES SENSE OF THE CONSTITUTIONAL PROCESS ON WHICH THE GOVERNMENT IS LAUNCHED.

3. BUT THERE ARE MINUS FACTORS. THE POLITICAL GROUPING SUPPORTING THE ETA TERRORISTS HAVE SHARPLY INCREASED THEIR SHARE OF THE VOTE SINCE THE GENERAL ELECTION LAST YEAR, AND THOSE WHO FAVOUR INDEPENDENCE MAY NOW SEE THIS AS JUSTIFICATION FOR THE VIOLENT METHODS WITH WHICH ETA(M) HAVE PURSUED IT. THE GOVERNMENT UCD SLUMPED BADLY DESPITE A STRONG IF BELATED INTERVENTION BY SUAREZ PERSONALLY IN THE ELECTION CAMPAIGN, AND THE SOCIALISTS DID NOT IMPROVE ON THEIR POOR SHOWING AT THE LAST ELECTION. THERE HAD BEEN HOPES THAT A QUOTE SPANISH UNQUOTE VOTE WOULD MANIFEST ITSELF, OFFSETTING THE STRONG NATIONALIST CURRENT: BUT IT EVIDENTLY DID NOT EMERGE.

4. THE BASQUES SUFFER BOTH A SENSE OF AGGRIEVED INFERIORITY AND AN ACUTE ECONOMIC CRISIS. THE PNV WILL NOW SET ABOUT TRYING TO RECTIFY BOTH. THEY CAN BE EXPECTED TO USE THEIR NEW POSITION OF STRENGTH TO PRESS FOR THE MAXIMUM TRANSFER OF POLITICAL AND ECONOMIC POWERS PERMITTED UNDER THE AUTONOMY STATUTE. A KEY QUESTION WILL BE THE FINANCIAL ARRANGEMENTS GOVERNING THE NEW RELATIONSHIP BETWEEN MADRID AND THE BASQUE COUNTRY. THE PNV LEADER GARAICOETXEA'S PRESTIGE WILL HAVE BEEN GREATLY ENHANCED BY THIS RESULT, AND HAVING NEGOTIATED THE AUTONOMY STATUTE WITH SUAREZ LAST YEAR, HE NOW SEEMS LIKELY TO ADOPT AN EVEN TOUGHER STANCE IN NEGOTIATING DETAILED ARRANGEMENTS WITH MADRID: THE HIGH VOTE FOR HERRI BATASUNA WILL STRENGTHEN HIS ELBOW IN DOING SO. ON THE OTHER HAND, THE GOVERNMENT'S PRESTIGE HAS RECEIVED A FURTHER BLOW IN THE WAKE OF THE ANDALUSIAN REFERENDUM (MADRID TELEGRAM NO 68) AND THERE WILL NOW BE MUCH HEART SEARCHING OVER THEIR REGIONAL POLICY AND SUAREZ' MANAGEMENT OF IT. THE ETA TERRORISTS OF BOTH MILITARY AND POLITICO-MILITARY PERSUASION WILL NOW BE REVIEWING THEIR TACTICS. ALTHOUGH THE BASQUES ARE WELL ON THEIR WAY TO ACHIEVING THEIR MAIN OBJECTIVES-THEIR OWN GOVERNMENT AT THE HEAD OF THEIR OWN PARLIAMENT WITH SWEEPING POWERS TO RUN THEIR OWN AFFAIRS-A RESUMPTION OF VIOLENCE CAN NOT BE RULED OUT.

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