



BRITISH EMBASSY.

MADRID.

2 January 1982

The Rt Hon The Lord Carrington KCMG MC  
LONDON

My Lord

ANNUAL REVIEW FROM SPAIN FOR 1981

1981 has not been a good year for Spain. The central question during the year was the survival of democracy itself. In its support millions have demonstrated in the streets. The minority seriously wishing to return to the days of military rule is small. But it is powerful and can draw support from the bickerings of politicians, the weakness of the economic situation, and the comparative mildness of Western reactions towards the military take-over in Turkey. Against this must be set the increasing strength of the web of relationships with the non-authoritarian countries of the NATO Alliance and the European Community which militate against a return to military rule, unfashionable in Western Europe for many years. Spanish democracy therefore remains extant though it is still fragile.

2. A political crisis came to the boil in January, 1981, with the resignation of the then Prime Minister, Adolfo Suarez. A successful political manipulator, or Trimmer as we would have called him in the 18th century, he had been the founder of the ruling UCD. But he had lost the confidence of its right wing, the Christian Democrats. The more serious and better educated Calvo Sotelo emerged as the compromise figure for the Premiership, though the supporters of Suarez retained control of the party apparatus and Suárez is by no means a spent force. The unedifying political manipulations associated with these events helped to cause widespread disillusion with the patriotism and competence of Spanish politicians as a whole.

3. This contributed in turn to the attempted military coup on 23 February when Colonel Tejero and his civil guards held the entire Government and Parliament captive in truly Cromwellian style. The top army leadership rallied behind the King whose decisive action in quelling the potential coup

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stretched his own constitutional powers to the limit. It later became clear that two senior Generals, Armada and Milans del Bosch, had been plotting with Tejero and that the incident was not as isolated as it first appeared.

4. The episode gave the Spanish politicians a considerable fright. Some later told us that they thought their last hour had come. For a time they were in chastened mood. The UCD temporarily submerged their differences. The Socialist opposition (PSOE) promised cooperation on major issues. Calvo Sotelo took more trouble than Suarez to accommodate the military. In particular, legislation was agreed with the PSOE to harmonise the process of granting autonomy to the various regions of Spain, though this was beginning to fray by the end of the year. In a country whose unity was built up over hundreds of years of constant struggle, the army, seeing themselves as the only truly national force, had been particularly suspicious of the devolution policy of Suarez. They thought this went too far and too fast. Calvo Sotelo was at pains to correct this trend. A new unified command to combat terrorism was set up and has achieved some success. Indeed the decrease in terrorist violence has been one of the few bright spots over the past year.

5. After the long summer break things began to go wrong again. The Government were made to look inefficient over the scandal about adulterated oil. For different reasons the Social Democratic Justice Minister, Ordoñez, resigned, after getting on to the statute book an important but controversial law permitting divorce. He subsequently left the party taking sixteen other members of Parliament with him. There was growing dissatisfaction within the ruling party over their poor performance in the regional elections in Galicia in October. The right wing began to press the Government to move away from the centre and to ally themselves with the more openly conservative AP, led by Manuel Fraga; a move some military figures were thought to support. With his Parliamentary majority threatened, Calvo Sotelo had to take control of the party apparatus and remodel the Cabinet at the beginning of December. This had the effect of confirming the UCD as an all-embracing party of the centre. Calvo Sotelo thus chose to reject the alternative option of trying to get closer to the military and the business leaders. Meanwhile, the Communists and to

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a lesser extent the Socialists have both endured considerable internal difficulties, all the national parties suffering from the growing strength of regionalism.

6. The year thus ends with several major political problems still outstanding for the Government. The huge army continues to cause anxiety in spite of the serious efforts made by the King and the Government to calm and control them. The King has expressed private but deep mis-givings about military attitudes. But it is important not to generalise about military opinion which ranges from moderately progressive to outrageously dictatorial. The Generals who have been allowed to get to the top have on the whole accepted the reality of democratic rule. But right wing leaders undoubtedly exist throughout the army and it is particularly disturbing that they should include middle rank and junior officers. There are also thought to be civilians stirring the pot. The hope has not been fulfilled that the army would automatically modernise itself with the retirement of older officers who owed their career to Franco. Indeed one of the most disturbing features of modern Spain is the polarity of young people in many cases between extremism of the right as well as the left. Their seniors tend to be more cautious, remembering the horrors of the Civil War. Other disturbing features have been the considerable sniping (metaphorically) between the press and the army, the lack of respect shown by the ultras for the King, and the general feeling that the Government have not so far been sufficiently assertive in dealing with indications of military insubordination. There is no easy option for the Government in this field, since they are obliged to balance military aversion towards the devolution programme for the regions against the strident demands of the latter, particularly in the Basque country and Catalonia.

7. Another serious problem has been the continuation in the doldrums of the Spanish economy. Registered unemployment has continued to rise, reaching nearly 13% in October. The real growth in GDP during the year is likely to be less than 1%. An unprecedented drought has done damage to both agriculture and industry. Calvo Sotelo's assumption of power created a certain amount of confidence among the business community but even they are slow to realise that the economic problems to be faced are on a world

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rather than a national scale. On the more positive side, however, must be set the agreement reached in June with the unions and employers under which the Unions in effect accepted a 2% cut in real wages to the end of 1982 against a promise that unemployment would be held at its current level.

8. In these difficult internal circumstances the Government have followed the classic course of trying to achieve success in the field of foreign affairs. Spain's negotiations for accession to the European Community made some progress, thanks largely to the British Presidency. But serious negotiation has not yet been possible on either agriculture or customs union. Despite Community pressure, the Spaniards have still not given a clear commitment to implement VAT fully by their date of accession. This now seems to be moving towards 1985.

9. It was largely to achieve more rapid progress in the drive to reintegrate Spain with Western Europe that the Spanish Government launched their bid to join NATO, culminating with the signature of the relevant Protocol in Brussels on 10 December. This produced no immediate political dividends domestically, and the Government's presentation lacked any sense of history. But as pointed out in my despatch of 7 December, it will also produce for Spain a more dignified relationship with the United States and a seat at the top multilateral table. Moreover, it should provide a fresh role for the Spanish armed forces, helping to concentrate their minds away from internal politics. In some quarters this is already taking effect. The Spaniards may not prove an unmixed blessing within the Alliance but they would be much more troublesome outside. The weakening of the purely bilateral link with the United States could also help to improve relations with France, always an uneasy neighbour and one with little enthusiasm for assisting the Madrid Government in further struggles against Basque terrorism.

10. Other foreign policy dimensions have not been neglected. The CSCE Conference, where Spain has become an integral member of the Western caucus, has continued to cast a spotlight on Madrid. The Government have signalled to the Soviet Union and her allies that Spanish entry into NATO will not prevent them from enjoying the correct, if not cordial, relationship which they already have with some other members of the Alliance. Spain has continued also to cultivate her relationship with North Africa and the Arab world, the latter being particularly important in view of the country's own lack of internal

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energy resources.

11. Anglo-Spanish relations have, as usual, been dominated by the problem of Gibraltar. Outwardly it has been highly unsatisfactory that the Government have failed to implement the Lisbon agreement of April, 1980, providing for the simultaneous opening of the frontier with Gibraltar and the beginning of negotiations aimed at resolving differences over the Rock. As I write, the issue hangs in the balance. In practice and in private the degree of inter-governmental cooperation on this issue has been considerable. The Spanish Government have registered their gratitude to Her Majesty's Government and to you personally for the help we have given over their entry into NATO, as well as their attempts to overcome difficulties, emanating mainly from Paris, in their negotiations for entry into the European Community. Considerable restraint has been shown on both sides. The Spanish Government were at pains not to fan the flames of popular emotion here when the Prince of Wales made a brief transit stop in Gibraltar at the beginning of his honeymoon in August. Subsequently they were grateful to us for our forbearance in not so far publicly rejecting some highly partisan recommendations favourable to Spain in a report by the Foreign Affairs Committee of the House of Commons. The Spanish Government's failure to implement the Lisbon agreement, though scarcely courageous or even honourable, is explicable in terms of their trepidation about alienating military and right wing opinion. It was perhaps inevitable that they should have been fearful of taking action which might appear as a price for international agreement to enter the Alliance.

12. As the year ended, however, the omens began to look better. The Spanish Prime Minister and Foreign Minister made clear their strong personal wish to announce in the context of Calvo Sotelo's visit to London on 8 January, 1982, a firm date for implementing the Lisbon agreement. The main motive behind this decision has been the realisation that only in this way can they achieve negotiations with Britain. These are an essential pre-requisite both for injecting a sense of movement into the Gibraltar problem and for defence cooperation over Gibraltar with its strategic command over the Straits. One can only hope that the Government have calculated correctly that the present interest of the Spanish Armed Forces in entering NATO, with consequent benefits hopefully to be derived in the Gibraltar context, will offset right wing opposition to the opening of the frontier itself. Though it seldom hits the headlines, we should not under-estimate the deep sensitivity the issue

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can evoke: it is the one issue Spaniards have never disagreed about.

13. Otherwise Anglo-Spanish relations have proceeded smoothly with several important visitors at senior Ministerial and official level and a visit by the Duke and Duchess of Gloucester in May to open a prestigious exhibition of work by Henry Moore. Coverage of British affairs in the media has, on the whole, been good. Unfortunately British exports to Spain have probably declined in real terms. This is partly because of the failure of Spain, in spite of all our efforts, to produce solutions to most of our bilateral trading problems. But British Aerospace Dynamics moved closer to a contract to supply the Rapier low level air defence system to the Spanish army at a cost of well over £100 million. Indeed the area of defence equipment sales is one which may be of special interest to us in the future, in view of the known wish of the Spanish Government to reduce their present dependence on United States armaments and to become involved in European cooperative projects. The number of British visitors to Spain has increased to reach probably a record of four million, about one hundred of whom are now languishing in Spanish prisons. Even more activity in the field is expected next year in view of the attraction provided by the World Cup finals. Cultural relations with Britain have remained strong. The valuable work of the British Council has been increasingly based on collaborative agreement, in which the Spanish financial contribution is at least as great as ours.

14. The prospects for the future are unusually difficult to assess. Some untoward development on the Tejero pattern can never be ruled out. Those who know their Spanish history best tend to be among the pessimists. If the plotters did try another time, one of their first acts would be to eliminate the influence, even the person, of the King, whose position remains crucial for the continuation of Spanish democracy. Nevertheless the pessimists may be looking at the wrong scenario. I believe that there is a growing realisation here that it would be absurd in the modern age for Spain to revert to military rule, relapsing into the condition of a Latin American country rather than a creative member of the Western European democratic fold. A situation which might tempt the more responsible Generals to take over the country would be a collapse of the national political apparatus in Madrid and its replacement by a motley rank of regional parties, leading to a vacuum in

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power at the centre. For this the next elections, due in 1983 at the latest, will be crucial. Meanwhile, Calvo Sotelo has to face further searching tests, not least the trials this February of the military plotters of last February and the elections in Andalusia in May which are unlikely to go well for the UCD. My recent dealings with the Prime Minister over Gibraltar have not given me the impression of a tough-minded politician who knows where he is going.

15. We should nevertheless try to make the best possible use of Spanish need for British cooperation in many fields; their entry into NATO and the European Community and their political requirement for some progress over Gibraltar. The implementation of the Lisbon agreement should open a new era in the dialogue over Gibraltar, improving Anglo-Spanish relations as a whole. The way will thus be clear for exchanges of visits at the highest Royal and Ministerial level. Britain will then be able to take her rightful place as one of Spain's best allies and friends.

16. I am sending copies of this despatch to Her Majesty's Representatives in European Community, NATO and Maghreb countries and in Moscow, the Governor of Gibraltar (Personal) and the UK Representatives to NATO and the European Communities.

I am, Sir,  
Yours faithfully,

R E Parsons



MR. J. Coles



With the compliments of  
*F. N. Richards*  
THE PRIVATE SECRETARY  
*Prime Minister*

*f.a.*  
*WOL 28/1*

FOREIGN AND COMMONWEALTH OFFICE  
SW1A 2AH

*6.1.82.*





Private Secretary  
 Advance copy;  
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 follow.

Alan Hunt  
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## SUMMARY

## ANNUAL REVIEW FROM SPAIN FOR 1981

The survival of democracy itself was the central question during a bad year for Spain. It is still fragile. (Paragraph 1).

2. The political crisis in January 1981, following the resignation of Suarez as Prime Minister, paved the way for the attempted military coup of 23 February. This gave the Spanish politicians a fright and for a time they rallied round the new Prime Minister, Calvo Sotelo. (Paragraphs 2-4).

3. In the autumn the ruling Government party (UCD) threatened to fall apart until Calvo Sotelo remodelled the Cabinet in December, confirming the party as one of the centre. But the year ended with several major political problems still outstanding including that of devolution and the trial of officers responsible for the February coup. (Paragraphs 5 and 6).

4. The economy has been in the doldrums. (Paragraph 7).

5. Negotiations for access to the European Community made only limited progress. But a Protocol for Spanish entry into NATO was signed on 10 December. Spain has also cultivated relations with non European countries. (Paragraphs 8-10).

6. Anglo Spanish relations have been dominated by the problem of Gibraltar. Implementation of the Lisbon agreement is now to be hoped for as preparations are made for the Spanish Prime Minister's visit to London on 8 January 1982. (Paragraphs 11 and 12).

7. Otherwise Anglo-Spanish relations have proceeded smoothly with considerable activity in the field of trade, culture and consular affairs. (Paragraph 13).

8. For the future Calvo Sotelo has to face some searching tests. New military plots cannot be ruled out, especially in the event of a power vacuum at the centre. Nor does Calvo Sotelo give the personal impression of any great inner strength. (Paragraph 14).



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9. All the more reason why we should now try to take our rightful place as one of Spain's best allies. (Paragraph 15).

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