SPAIN.



BMG BERLIN DESKBY 1430Z FOR PM'S PARTY

GRS 1000
CONFIDENTIAL
DESKBY 291430Z
FM MADRID 291300Z OCT 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 577 OF 29 OCTOBER
AND TO IMMEDIATE BONN (FOR PRIME MINISTER'S PARTY)
INFO PRIORITY MOD (DI3W), UKREP BRUSSELS, UKDEL NATO, WASHINGTON,
GOVERNOR GIBRALTAR (PERSONAL), PARIS, LISBON, UKMIS NEW YORK.
INFO SAVING TO RABAT, ATHENS, BRUSSELS, COPENHAGEN, DUBLIN,
THE HAGUE, LUXEMBOURG, ROME.

MY TEL NO 572: IMPLICATIONS FOR THE UK OF SPANISH ELECTIONS

THE UCD GOVERNMENT WERE NOT EASY FOR US TO DEAL WITH.
THE SOCIALIST GOVERNMENT MAY NOT BE ANY WORSE. THE PUBLIC MESSAGE
CONVEYED BY GONZALEZ IS ONE OF PRAGMATISM. HE HAS STRESSED THAT
CHANGES WILL NOT HAPPEN OVERNIGHT. IN PARTICULAR, WE KNOW THAT
THE SOCIALIST LEADERSHIP HAVE NOTED THE DECLINE OF SUPPORT FOR
MITTERRAND AS A RESULT OF THE LATTER'S SWEEPING ECONOMIC CHANGES
IN FRANCE.

- 2. INEVITABLY THE NEW SOCIALIST FOREIGN MINISTER', LIKE PEREZ LLORCA, WILL FIND HIMSELF DEEPLY INVOLVED WITH HMG ON SEVERAL KEY FRONTS. THE NEW GOVERNMENT'S HANDLING OF THE GIBRALTAR QUESTION (SEE BELOW) WILL HAVE A DIRECT BEARING ON OUR OWN ATTITUDE TOWARDS ANY NATO COMMAND ARRANGEMENTS INVOLVING GIBRALTAR AND ALSO SPANISH MEMBERSHIP OF THE EUROPEAN COMMUNITY. THERE IS ALSO THE MAJOR PROBLEM OF THE DISPARITY IN IMPORT DUTIES BETWEEN BRITISH AND SPANISH MOTOR CARS AS WELL AS SPAIN'S IMPORT REGIME IN GENERAL (ALSO SEE BELOW). THESE MATTERS WILL REQUIRE SMART FOOTWORK IN THE PROMOTION OF OUR OWN INTERESTS.
- 3. THE PSOE FAVOURS SPANISH MEMBERSHIP OF THE EUROPEAN COMMUNITY. INDEED THEY ARE PARTICULARLY INTERESTED IN IT AS A MEANS OF OUT-FLANKING THE MILITARY DINOSAURS. THEIR ECONOMIC SPOKESMEN HACE IRICAELY EXPRESSED UNDERSTANDING FOR THE REASONS UNDERLYING THE SLOW PROGRESS TOWARDS ACCESSION. BUT THEY HAVE WARNED THAT THIS MAY GENERATE INCREASING RESENTMENT WITHIN THE PARTY. THIS HAS SO FAR BEEN SATISFACTORILY DIRECTED AGAINST FRANCE BUT COULD SHIFT AGAINST US (MADRID TEL NO 568).
- 4. THE SOCIALIST ATTITUDE ON DEFENCE REMAINS AMBIVALENT. THEY ARE PUBLICLY COMMITTED TO FREEZING NEGOTIATIONS ON INTEGRATION WITHIN THE NATO MILITARY COMMAND, AS WELL AS TO A REFERENDUM ON MEMBERSHIP OF THE ALLIANCE ITSELF. BUT ON THE LATTER POINT GONZALEZ HAS MADE IT CLEAR THAT HE IS IN NO HURRY. IN FACT HE HAS DROPPED EARLIER SUGGESTIONS THAT HIS GOVERNMENT WOULD ADVOCATE A NEGATIVE VOTE. WE SHALL SEE. THE KING'S INFLUENCE AS COMMANDER IN CHIEF WILL BE IMPORTANT. MEANWHILE ALL ALLIANCE GOVERNMENTS, AND ESPECIALLY THE SECRETARY GENERAL OF NATO, WOULD BE WELL ADVISED TO REMAIN SILENT ON THIS POINT AND THUS CONTINUE TREATING SPAIN AS A MEMBER OF THE ALLIANCE UNTIL FURTHER NOTICE. A PARTICULARLY SENSITIVE ISSUE FOR THE FUTURE WILL BE THE QUESTION OF NUCLEAR WEAPONS WITHIN SPAIN AND OTHER COUNTRIES OF WESTERN EUROPE.
- 5. THE SOCIALIST PARTY ARE ON RECORD AS FIRMLY SUPPORTING SPANISH SOVEREIGNTY OVER GIBRALTAR. BUT THEY ARE NO MORE LIKELY THAN THE UCD TO PURSUE ANY OTHER COURSE THAN PEACEFUL NEGOTIATION. IT WOULD INDEED BE FOLLY FOR A SOCIALIST GOVERNMENT TO GIVE THE GREEN LIGHT TO MILITARY IRREDENTISTS. THEY ARE ALSO ON RECORD AS FAVOURING THE LIFTING OF RESTRICTIONS AND WILL BE MORE VULNERABLE THAN THE UCD TO PRESSURE FROM LEFT WING MAYORS IN THE CAMPO AREA. BUT AN UNRECIPROCATED OPENING OF THE FRONTIER SEEMS UNLIKELY. THE MINIMUM REQUIREMENT FOR THE NEW GOVERNMENT HERE WOULD SEEM TO BE THE LISBON AGREEMENT, WITH SOME SORT OF PRIVATE ASSURANCE THAT WE WERE GENUINELY PREPARED TO EMBACK ON A LONG TERM NEGOTIATING PROCESS, ALBEIT WITH FULL SAFEGUARDS FOR THE GIBRALTARIANS. IN DETAILED DISCUSSIONS THE SOCIALISTS COULD BE QUITE AS DIFFICULT AS THEIR PREDECESSORS. THEY HAVE ALREADY USED THE QUESTION OF THE POSITION OF SPANIARDS IN GIBRALTAR AS A STICK WITH WHICH TO BELABOUR PEREZ LLORCA.
- 6. THE DEVELOPMENT OF RELATIONS WITH THEIR EUROPEAN PARTNERS WILL AFFECT THE PROGRESS OR OTHERWISE OF VAGUE THIRD WORLD TRENDS WITHIN THE SOCIALIST PARTY. THEY LIKE TO STRESS THE POSSIBILITY OF IMPROVING LINKS WITH LATIN AMERICA, THE ARAB WORLD AND THE MAGHREB. BECAUSE OF THEIR CONTINUED APPREHENSION ABOUT OLD-STYLE MILITARY ATTITUDES IN SPAIN, THEY WILL TAKE A DISAPPROVING LINE TOWARDS DICTATORS TRYING TO ALTER FRONTIERS BY FORCE. THEY HAVE NO LIKING FOR EXAMPLE, FOR THE PRESENT ARGENTINE JUNTA. IN THE UN AND EGSEWHERE THEY ARE LIKELY THEREFORE TO BE SLIGHTLY LESS TROUBLESOME THAN THEIR PREDECESSORS OVER THE FALKLAND ISLANDS. BUT THEY WILL SUPPORT THE SPANISH NATIONAL POSITION OF SYMPATHY FOR ARGENTINE TERRITORIAL CLAIMS, COUPLED WITH THE IDEA OF PEACEFUL NEGOTIATION.
- 7. THE NEW GOVERNMENT FACES A DAUNTING TASK AS FAR AS THE ECONOMY IS CONCERNED. THERE WILL BE CONTINUING PRESSURE ON THE PESETA, PARTICULARLY FROM THE DOLLAR. FOR THE FIRST TIME THIS YEAR SPAIN WILL BE A BILLION POUNDS STERLING MARKET FOR UK GOODS. OUR POSITION ON MOTOR CARS (SEE ABOVE) SHOULD BE VIEWED AGAINST OUR OVERALL TRADING INTERESTS HERE. IT WILL BE DIFFICULT FOR THE NEW GOVERNMENT TO LIBERALISE SPAIN'S IMPORT REGIME. BUT A NUMBER OF DIFFICULTIES FACED BY OUR EXPORTERS SHOULD BE EASED IF THE SOCIALISTS FULFIL THEIR COMMITMENT TO INTRODUCE VAT AT AN EARLY STAGE.
- 8. THE POSITION OF THOSE BRITISH BANKS ALREADY ESTABLISHED IN SPAIN IS NOT LIKELY TO ALTER IN ANY MAJOR ASPECT. BUT PSOE HAVE SAID THEY WILL PUT A FREEZE ON APPLICATIONS TO OPEN BRANCHES FROM BANKS NOT YET ESTABLISHED. FOUR OF THE BRITISH MAJORS ARE ALREADY HERE AND UNLIKELY TO BE AFFECTED MUCH BY THIS, ALTHOUGH THE PRECARIOUS POSITION OF A NUMBER OF SPANISH COMPANIES IS ALREADY DENTING THE PROFITABILITY OF SOME BRITISH BANKING OPERATIONS HERE.
- 9. AS REGARDS THE PROSPECTS FOR DEFENCE SALES, PSOE ARE NOT (NOT) COMMITTED TO ANY CUT IN DEFENCE EXPENDITURE. BUT EXISTING DEALS MAY NOW BE RE-EXAMINED. THE POSITION MAY NOW JUST BE BETTER FOR PANAVIA TORNADO. RAPIER ALSO COULD STILL HAVE A CHANCE.
- 10. GIVEN THE PERSONAL CHARACTER OF THE SPANISH MIND, IT WILL MAKE IT EASIER TO DEAL WITH ALL THESE PROBLEMS IF, ONCE THE NEW GOVERNMENT IS CONSTITUTED, WE CAN ESTABLISH FURTHER CONTACTS AT HIGH MINISTERIAL LEVEL ON BOTH SIDES, MAKING CLEAR OUR WILLINGNESS TO GIVE THIS NEW GOVERNMENT A FAIR RUN.

FCO PLEASE PASS TO ALL SAVING ADDRESSEES.

PARSONS

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HAVE PRIVATELY EXPRESSED ETC ....



BMG BERLIN DESKBY 291200Z FOR PM'S PARTY ON ARRIVAL

GRS 800
CONFIDENTIAL
DESKBY 291200Z
FM MADRID 291025Z OCT 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 572 OF 29 OCTOBER
AND TO IMMEDIATE BONN (FOR PRIME MINISTER'S PARTY)
INFO PRIORITY UKREP BRUSSELS, UKDEL NATO, PARIS, WASHINGTON,
LISBON, GOVERNOR GIBRALTAR (PERSONAL)
INFO SAVING TO ATHENS, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE,
LUXEMBOURG, ROME, RABAT.

MY TELNO 570 : SPANISH GENERAL ELECTIONS

- 1. THE SPANISH SOCIALISTS WORKERS PARTY (PSOE) HAVE WON AN IMPRESSIVE VICTORY. THIS IS THE FIRST TIME THE SOCIALISTS HAVE TAKEN POWER IN SPAIN SINCE BEFORE THE CIVIL WAR. ALTHOUGH THE PERCENTAGE OF THE VOTE CAPTURED BY PSOE FALLS WITHIN THE MARGINS PREDICTED BY RECENT OPINION POLLS (MADRID TELNO 557), THE SOCIALIST MAJORITY IS MORE SWEEPING THAN MOST OBSERVERS BELIEVED POSSIBLE. THE RESULT, AS WELL AS THE HIGH TURN OUT, DEMONSTRATES THAT THE AVERAGE SPANIARD HAS VOTED MASSIVELY FOR CHANGE AND HAS NOT BEEN SCARED OFF BY FEAR OF A POSSIBLE MILITARY REACTION.
- 2. BY ACHIEVING AN ABSOLUTE MAJORITY IN CONGRESS, GONZALEZ HAS AVOIDED ANY OBLIGATION TO SEEK COALITION PARTNERS. NEVERTHELESS, HE MAY STILL WISH TO INVOLVE SMALL GROUPS SUCH AS THE CATALAN CIU IN SOME TYPE OF PARLIAMENTARY PACT. THE OTHER OBVIOUS CANDIDATE, SUAREZ, HAS NOT DONE WELL ENOUGH TO BE INVOLVED.
- 3. THE VOTING RESULTS SHOW A MARKED POLARISATION IN SPANISH POLITICS. THE CENTRE, WHICH WON 168 SEATS IN 1979, HAS VIRTUALLY DISAPPEARED AS A POLITICAL FORCE. THE UCD, WITH 5% OF THE NATIONAL VOTE, JUST RETAINS THE RIGHT TO ITS OWN PARLIAMENTARY GROUP. SENIOR MEMBERS OF UCD WHO FAILED TO GET REELECTED INCLUDE THE PRIME MINISTER (CALVO SOTELO), FOREIGN MINISTER (PEREZ LLORCA), THE MINISTERS OF THE INTERIOR (ROSON) AND DEFENCE (OLIART) AS WELL AS THE PRESIDENT OF THE COUNCIL OF EUROPE PARLIAMENTARY ASSEMBLY (AREILZA). SUAREZ'S CDS WILL BE BITTERLY DISAPPOINTED BY ITS POOR SHOWING BUT WAS AT LEAST STARTING FROM SCRATCH.
- 4. FRAGA'S CONSERVATIVE ALIANZA POPULAR, IN COALITION WITH THE CHRISTIAN DEMOCRAT PDP, HAS MADE STRIKING PROGRESS. THIS IS A PERSONAL TRIUMPH FOR FRAGA, WHO CONSIDRED RETIRING FROM POLITICS AFTER HUMILIATION IN 1979. HIS CAMPAIGN WAS ENERGETIC AND WELL ORGANISED WITH A SIMPLE MESSAGE OF A STRONG GOVERNMENT OF LAW AND ORDER. HE IS THE MAJOR BENEFICIARY OF THE COLLAPSE OF UCD, SOME OF WHOSE LEADERS WISELY ENROLLED WITH HIM BEFORE THE ELECTION. HE WILL BE A VIGOROUS LEADER OF THE OPPOSITION BUT REMAINS DOGGED BY HIS PROMINENCE UNDER FRANCO.
- 5. THE POOR COMMUNIST (PCE) RESULT COMES AS NO SURPRISE. THE PARTY HAS BEEN TORN BY INTERNAL STRUGGLES AND MUCH OF ITS SUPPORT HAS FOR THE MOMENT SHIFTED TO THE PSOE AS THE OBVIOUS LEFT WING FRONT RUNNER. THIS MAY NOT (NOT) BE TO THE LONG-TERM ADVANTAGE OF SPAIN. THE PCE SECRETARY GENERAL, CARRILLO, WILL NOW BE FIGHTING FOR SURVIVAL AS PARTY LEADER.
- 6. THE EXTREME RIGHT VOTE WAS INSIGNIFICANT. BLAS PINAR'S FUERZA NUEVA OBTAINED ONLY 0.4% OF THE VOTE: TEJERO'S SOLIDARIDAD ESPANOLA WON ONLY 25,000 VOTES.
- SPANISH POLITICS NOW CONFORM TO THE NORMAL WESTERN EUROPEAN PATTERN OF A STRONGLY ENTRENCHED PARTY ABOUT TO TAKE OFFICE WITH ANOTHER LARGE PARTY IN OPPOSITION. BUT THE SPECIAL HISTORIC CIRCUMSTANCES OF SPAIN INVEST THIS SOCIALIST VICTORY WITH UNUSUAL SIGNIFICANCE. THERE IS
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  THAT THIS LURCH TO THE LEFT (AND RIGHT) BY POPULAR WILL WAS AN ESSENTIAL PROCESS IN THE DEVELOPMENT OF THE STILL FRAGILE DEMOCRATIC SYSTEM HERE. BUT HISTORY ALONE WILL SHOW WHETHER THIS CHANGE, EVEN IF NECESSARY, WAS PREMATURE. THE VOTE MAY INDICATE MORE OF A REACTION AGAINST THE SQUABBLING POLITICIANS OF THE CENTRE THAN ANY GREAT ENTHUSIASM FOR SOCIALIST IDEOLOGY. BUT THIS POINT COULD BE OBSCURED BY THE SHEER MAGNITUDE OF THE SOCIALIST TRIUMPH. THE LATTER'S OUTRIGHT MAJORITY WILL MOT MAKE IT ANY EASIER FOR GONZALEZ TO CONTROL DOCTRINAIRE TENDENCIES WITHIN HIS PARTY AND TO STICK TO HIS OWN MODERATE PROGRAMME. THE POOR SHOWING OF EXTREMISTS ON BOTH LEFT AND RIGHT LOOKS ENCOURAGING, THOUGH THIS COULD HAVE NEGATIVE RESULTS IF IT STRENGTHENS MARXIST FORCES WITHIN THE PSOE. COUNTRY APPEARS QUIET TODAY AND THE KING WILL USE HIS INFLUENCE TO TRY TO ENSURE A SMOOTH TRANSFER OF POWER WITHOUT TROUBLE FROM THE MILITARY. HE HELD A MEETING ON 27 OCTOBER WITH ALP THE MAJOR PARTY LEADERS AT WHICH THEY DECLARED THEIR SUPPORT FOR THE CONSTITUTIONAL PROCESS DURING THE INTERREGNUM.
  - 8. THERE ARE A NUMBER OF PROCEDURAL HURDLES TO BE JUMPED BEFORE THE NEW GOVERNMENT CAN TAKE OFFICE. THE ELECTION RESULT ITSELF WILL NEED TO BE OFFICIALLY AND FINALLY CONFIRMED. THE MAXIMUM LEGAL LIMIT FOR THIS IS 5 DAYS. IT COULD TAKE A FURTHER 20 DAYS BEFORE THE NEW CONGRESS ASSEMBLES. UP TO 5 DAYS LATER THERE WILL BE A SOLEMN OPENING SESSION AT WHICH THE KING WILL GIVE THE SPANISH EQUIVALENT OF THE QUEEN'S SPEECH. ONLY AFTER THAT WILL THE NEW PRESIDENT BE INVESTED AND HIS GOVERNMENT FORMALLY NOMINATED. MEANWHILE THE PRESENT TEAM WILL HAVE TO CONTINUE AS A CARETAKER GOVERNMENT.

FCO PLEASE PASS TO ALL SAVING ADDRESSEES.

PARSONS

NNNN

# CONFIDENTIAL

GRS 800

CONFIDENTIAL

DESKBY 291200Z

FM MADRID 291025Z OCT 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 572 OF 29 OCTOBER

AND TO IMMEDIATE BONN (FOR PRIME MINISTER'S PARTY)

INFO PRIORITY UKREP BRUSSELS, UKDEL NATO, PARIS, WASHINGTON,

LISBON, GOVERNOR GIBRALTAR (PERSONAL)

INFO SAVING TO ATHENS, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE,

LUXEMBOURG, ROME, RABAT.

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## CONFIDENTIAL

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## CONFIDENTIAL

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FCO PLEASE PASS TO ALL SAVING ADDRESSEES.

PARSONS

[REPEATED AS REQUESTED]

FCO/WHITEHALL SED

CONFIDENTIAL

GRS 160

DESKBY 290900Z

UNCLASSIFIED

FM MADRID 290744Z OCT 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 570 OF 29 OCTOBER

AND TO IMMEDIATE BONN(FOR PRIME MINISTER'S PARTY) MODUK(D13WEST)

INFO PRIORITY UKREP BRUSSELS UKDEL NATO PARIS WASHINGTON

LISBON GOVERNOR GIBRALTAR

INFO SAVING OTHER EC POSTS AND RABAT

#### GENERAL ELECTION IN SPAIN

1. POLLING TOOK PLACE IN THE SPANISH GENERAL ELECTIONS ON 28 OCTOBER. THERE WERE NO MAJOR INCIDENTS. PROVISIONAL RESULTS OF VOTING, AS ANNOUNCED IN THE EARLY HOURS OF 29 OCTOBER BY THE MINISTRY OF THE INTERIOR, ARE SET OUT BELOW, WITH THOSE FOR THE 1979 ELECTIONS IN BRACKETS. FINAL FIGURES WILL BE AVAILABLE WITHIN 5 DAYS, AFTER CHECKING.

#### GONGRESS OF DEPUTIES (350 SEATS)

| PARTY                                  | NO OF SEATS                      |
|--|----------------------------------|
| PSOE (SOCIALIST)                       | 201 (121)                        |
| AP/PDP(CONSERVATIVE)                   | 105 (9,AS COALICION DEMOCRATICA) |
| PCE(COMMUNIST)                         | 5 (23)                           |
| UCD(GOVERNING CENTRE)                  | 13 (168)                         |
| CDS(CENTRE, SUAREZ)                    | 1 (-)                            |
| CIU(CATALAN NATIONALIST)               | 12 (9)                           |
| PNV (BASQUE NATIONALIST)               | 8 (7)                            |
| HERR! BATASUNA(BASQUE:ETA FRONT PARTY) | 2 (3)                            |

2. TURN OUT IS PROVISIONALLY ESTIMATED AT 79%(68.3% IN 1979). 3. RESULTS FOR THE SENATE ARE STILL TO BE PUBLISHED. 4. SEE MIFT FOR COMMENT. FCO PLEASE PASS TO SAVING ADDRESSEES PARSONS FCO/WHITEHALL SED 2

1 (1)

2 (10)

ERC(CATALAN REPUBLICANS)

OTHERS

FOBONN ØØ6/29

OO BONN DESKBY 290900Z

Seen by P. n. GRS 16Ø DESKBY 290900Z UNCLASSIFIED FM MADRID 290744Z OCT 82 TO IMMEDIATE FCO TELEGRAM NUMBER 570 OF 29 OCTOBER AND TO IMMEDIATE BONN(FOR PRIME MINISTER'S PARTY) MODUK(D13WEST) INFO PRIORITY UKREP BRUSSELS UKDEL NATO PARIS WASHINGTON LISBON GOVERNOR GIBRALTAR INFO SAVING OTHER EC POSTS AND RABAT

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FLYNN

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NNNN