

# Deepening Shadows Over a Fragile Democracy

Constantine C. Menges

Two years ago, with the death of General Franco, thirty-six years of dictatorship came to an end in Spain. The effective leadership of King Juan Carlos, the tactical skills of Prime Minister Adolfo Suárez, and the cooperation of most political and economic groups have since brought about peaceful transition to free elections and a functioning democratic government. Spaniards have had a sense of satisfaction with the dramatic political changes they have accomplished.

Now, however, this calm and optimism are being replaced by another mood, a mood of fear, one that people try to push away, like a nightmare to be forgotten. I talked last fall with political leaders of the center, the Left, and the Right, with Communist, Democratic Socialist, and anarchist labor union leaders, with modern and traditional businessmen and bankers. All saw shadows of an earlier failure of democracy, in 1936, and they gave whisper to their fears. From every political direction the same lament: Why did fate have to choose this time for Spain to try to make democracy work? Spaniards remember vividly that the military dictatorship of the prosperous 1920's came to *its* end just as the world depression was starting. Then too the transition from dictatorship had been welcome and peaceful during the first two years. The elections of 1931 were organized by a reform coalition much like the group that brought about the free elections in 1977. And on both occasions the Spanish people voted overwhelmingly for the parties of the center. Nevertheless, after the first elections in the 1930's the economy kept getting worse, labor unrest grew, terrorism intensified, and the culmination of pressures broke the unity of the center political parties. From there it was a steady, agonizing slide downward while the economy failed and the democratic center was torn apart by the extreme Left and Right.

"That was 1936. It can't happen again. Spain has changed. This is a modern economy, where most people

live at the European standard," they say...and hope, and pray. Yes, there is a new, prosperous, economically successful Spain. The elegant streets of Madrid, the bustling cafés and restaurants, the explosion of sensual and political expression, and the traffic jams and new apartment houses are tangible expressions of the good living conditions enjoyed by most people. But stroll along the attractive boulevards to any subway station, walk down the stairs, and take a look underneath the calm surface. The clenched fist holding a machine gun celebrating the Revolutionary and Patriotic Anti-Fascist Front is one among hundreds of terrorist group posters covering the walls. "No to Cooperation With the Government Economic Program," assert posters and speakers representing the big unions, as well as the smaller extremist unions and political parties. Various separatist groups demand "Autonomy for Catalonia!" or for the Basques or for Andalusia. From the Right come the demands of the Carlists, the old Falange, and the New Force, which proclaim the need for "Fatherland, Order and Justice," not democratic political competition. Everywhere in Spain off the main streets these posters, speakers, and causes are visible—from big, bustling industrial cities to small towns on the barren central plain to the newly well-off resort and condominium towns along the sunny coasts. Again and again two words echo—"Amnesty" and "Solidarity." Amnesty is demanded for terrorists, for people arrested in violent demonstrations and marches. Solidarity is pledged for the striking workers in the hotels, transportation, the hospitals, for mailmen, construction workers; the list is long and grows. All of these images may fade away into dim memory, or they may leap from the posters to tear the fragile new democracy to shreds. That is the growing fear.

The next months will determine whether the new democratic system can cope with three severe problems now facing Spain: *first*, the deepening and nearly desperate economic crisis; *second*, the impending deterioration of government services that directly affect many people, such as health care, social insurance, and education; and *third*, the challenge of steady violence from the

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Right and Left political extremes and from separatist groups, coupled with the tangible power of the extreme Right to change the government. More and more Spaniards from all points on the political compass feel that the government and leaders of the two center political parties are not behaving as though they fully understand the extent of the danger posed by these three problems: the full depth of the economic crisis, the new crisis in government services, and the belief that today no group, right or left, could change the democratic political rules by violence.

Throughout the initial stages of the transition from the Franco system the new political leadership moved in unspoken fear of intervention from the extreme Right. Paradoxically this very sense of danger may have provided the incentives for political moderation that helped assure the great success already achieved. It was also important that any reckoning with a continually deteriorating economy was postponed until the June, 1977, national elections provided a firm base for action. As a result, Spain has paid a heavy economic price for its social peace, for it was bought with steady wage increases that kept wages moving faster than the 80 per cent inflation of the last three years.

By the fall of 1977 both these elements promoting stability had changed. No longer did the political parties, except the Communists, fear the prospect of violent intervention from the Right. Further, there was consensus on the urgent need to repair the economy. In late October, 1977, after several months of shuttle diplomacy among the Right, center, and Left, Prime Minister Suárez was able to negotiate a comprehensive austerity plan, which was publicly supported, endorsed, and signed by the four major political parties. But little else has happened since then, except that the quiet deterioration of the economy continues; Right, Left, and regional terrorist groups continue to murder; and public opinion polls reveal that the current government has declined sharply in popular approval.

The overall and visible dimensions of the economic crisis can be sketched quickly. After fifteen years of growth, full employment, and rising living standards, the 1974 world recession ended economic growth in Spain, led to rising unemployment (now more than one million, or 11 per cent of the labor force), and increased inflation at a rate double that of the Common Market, reaching 30 per cent in 1977. At the same time, the number of strikes jumped from 3,200 in 1975 to more than 40,000 in 1976, with a proportionate rise in lost production time. The rate of business failure has increased steadily, new investment has stopped, and the balance of foreign trade has turned sharply against Spain.

But private talks with business and labor leaders point to a situation even worse than these well-known facts describe. Just as inflation has been increasing costs enormously since the change of regime, productivity has declined markedly. One corporate president said: "I don't need a declared strike because my employees are on strike all the time. One out of four comes to work only

two or three days a week, another large group signs in for six or seven friends, and everybody is working less since they know I can't do a thing about it." The head of a manufacturing concern told me his equipment is the same as that used in Germany, but "the same job that takes one hour in Germany requires eight hours in my factory." The Franco labor code, still in force, effectively prevents any worker from being fired once on the permanent payroll. That, in combination with the high social insurance costs and the business pessimism, has acted to limit severely the willingness of government and private companies to enter into "a marriage for life" with any new employees.

More serious still is the fact that thousands of large and small companies are on the brink of bankruptcy because they lack cash to cover current expenses. For years easy financing and tradition have meant that Spanish firms used credit to cover a much higher proportion of their day-to-day expenses than is the usual case in Europe. This was done by using short-term revolving bank credits and by paying suppliers with notes convertible to cash in thirty to sixty days. As part of the fight against inflation the government has cut back on credit, banks are curtailing loans and calling in those that fall due. The shortage of credit meant that, beginning early in 1977, Spanish companies were using ninety and 180-day notes to pay their bills. Because the economic situation got worse, 1977 ended with many companies unable to pay off these notes. And the companies that expected to pay *their* bills once these notes became cash were unable to pay their workers and expenses. There is a clear risk of cascading business failures if the last shreds of hope fade away. Right now their morale is so low that many businessmen talk of "giving the factory keys to the government or the workers and getting out."

During a long, and depressing, conversation, an economic advisor to Prime Minister Suárez sketched other problems pointing to the real possibility of an economic crash in the coming months, including the fact that most large companies were no longer paying social security taxes for their employees. Indeed, they are dipping into their social insurance reserve funds to pay current salaries. This process began in the spring of 1977, when one of the largest government-owned companies, broke and unable to pay its employees, received permission to suspend social security payments and use social insurance reserve funds to meet current expenses. Other large government-owned companies, which account for nearly a fourth of Spain's industrial production, promptly did the same; during the last few months they were joined by many private companies, big and small.

This development will accelerate the second and still invisible element of the crisis—the impending deterioration of vitally needed social services. At present the social insurance system has a budget nearly equal to the rest of the government sector. It covers nine out of every ten persons, currently pays pensions to more than four million retired workers, pays unemployment compensation, provides training for skilled jobs, and pays for nearly all health care and social welfare services. During the years of economic growth there was a steady im-

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provement and expansion of social services, but the last four years of recession have meant a doubling of taxes on employers (who provided nearly all the financing), and, in spite of huge budget increases, a steady decline in the real level of services available. The continuing increase in total unemployment compensation payments and the unwillingness of many government and private companies to make their social insurance payments meant the loss of nearly a quarter of the \$12 billion budget at the end of 1977. And, since the government is cutting back on total expenditure for 1978, its budget for the present year makes no provisions to cover this deficit.

There is also a great deal of ferment within the huge government bureaucracies as the newly legal labor unions compete for members by encouraging demands for higher salaries and more participation in management. The Communist and more extreme left-militant unions are making special efforts to win over government employees. During November, 1977, there were strikes that closed down all hospitals, public works, the postal service, and airports. Because it is widely assumed that the government, unlike private companies, cannot go broke and close down, the pressure for wages higher than the government's anti-inflation guidelines is likely to remain strongest among government workers.

Then there is the normal dislocation and uncertainty accompanying the gradual replacement of the old Franco leadership at the top while all the civil service bureaucrats remain in place. Understandably the new leaders come to public service without previous experience. Most of them sincerely hope to make government work better, but most of the social service bureaucracies have been closed to scrutiny for decades, and the new executives have barely the time and energy to get on top of current problems much less come up with workable ideas for reform.

Together these elements—financial deficits, labor militancy, and a thin layer of new hopefuls presiding over the Franco bureaucracy—virtually guarantee a period of turmoil and decline in the government's social performance. This in turn will have a negative political effect, adding to the loss of confidence in democracy already resulting from the continued downward trend of the economy and the failure to implement the agreed-upon austerity program. Private opinion polling done for Prime Minister Suárez indicated that he personally retained a good deal of support but that his Party and government have lost half the people who voted for them in the national elections. At the same time, the most

extreme left-wing parties gained in support, and this pattern can only feed the extreme Right and Left, which have a number of terrorist organizations ready for action.

The common belief in Spain today is that the time of danger from the extreme Right has passed. In the words of a union leader: “They know they are getting weaker every day, and if they were going to move they would have done it already.” True, a number of milestones have been passed since Franco's death, most notably the 1976 referendum, the legalization of the Communist party, and the 1977 national elections. But there remains more than a conspiratorial Right of the old regime; there is also a social base and tradition for a broader “patriotic Right,” which might coalesce if the coming months suggest that democratic government is unable to protect the standard of living and assure social peace. Were the economy to crash or sink at a faster rate, there might well be tacit popular support for some more limited form of democracy—not a clear-cut military coup, but still a giant step back from the progress made so far, and almost certain to include the suppression of the extremist left-wing parties, perhaps even the Communist party with its powerful labor union. A forecast of this type of right-wing coalition was provided in September, 1977, by a secret and mysterious meeting of high-ranking military officers, who are reported to have asked the king to dismiss Prime Minister Suárez, limit the power of the parliament, and establish an interim emergency government for economic recovery.

One month earlier, in August, 1977, the more extreme Right may have acted more directly to halt the transition to democracy when some of its members planted the bomb intended to assassinate both the king and the prime minister. Although it is not certain which extremist group was responsible for that plot, it is known that two events of January, 1977, were intended to spark enough conflict to give the Right an excuse for intervention. In January five Communist lawyers working on behalf of strikers were murdered and, at the same time, a number of high-ranking military officers were temporarily “kidnapped.” That effort at “destabilization” failed, but the Guerrillas of Christ the King, the New Force, and other elements of the extreme right-wing network built over decades continue to organize and plan, awaiting the “right conditions” for acting.

On the left the principal Communist party, led by Santiago Carillo, has a clearly defined strategy for

achieving power. It needs democracy "at this time" to expand its power from the strong labor union movement secretly built-up during the last twenty years and reach into public services such as health, education, and provincial government.

Right now the Communists are anxious to become indispensable to Prime Minister Suárez in helping Spain get through the growing economic and social crisis. If the democracy survives the next year or two, and if the military and Right no longer pose a significant threat, then in four to six years the Communist party will use its new sources of visible and invisible power to achieve a dominant voice in Spain's destiny. Today the sixty-two-year-old Carillo is the smiling, friendly uncle figure of Eurocommunism, who declares that he is "deeply committed to democracy." During the Civil War he was the Communist in charge of the police in Madrid at the same time suspects by the thousands were rounded up and killed in the early morning hours. Since then all the brutality of Stalinism, admitted even by the Communists, and the suppressions in Hungary and Czechoslovakia have not shaken Carillo's belief in his political religion. There are many in Spain who wonder whether this new Eurocommunist will ever permit real democracy in his tightly controlled party, much less in the nation.

Carrillo's image of moderation is greatly enhanced by a cluster of more impatient Marxist-Leninist-Maoist groups to his left that proclaim the need for social revolution now. Included in this more extreme Left are three Communist parties, one of them strongly pro-Moscow, which compete with Carrillo's party. Most of these parties control labor unions that are trying to expand, and several of these groups have close ties to active terrorist organizations like FRAP (Revolutionary and Anti-Fascist Patriotic Front) and GRAPO (Armed Revolutionary Group for the Workers). Though still small in absolute terms, these extreme Left groups have caused serious problems: They oppose any cooperative efforts to restore the economy, they have encouraged and stimulated strikes by government and factory workers for wage hikes far above the current inflation level, and they are combining forces to form floating "worker assemblies" instead of visible union committees to bargain with employers. Managers who make a deal with a "worker assembly" today are confronted a few weeks later by another "assembly" with new demands and the argument that the previous assembly was not an authentic representative of the workers. Obviously this tactic represents a fusion of Spain's historic anarchism with contemporary revolutionary tactics.

After a long series of political murders in 1976 FRAP announced that it was changing from armed struggle to popular violence—read riots, strikes, and demonstrations. The leadership announced the change of tactics by declaring: "We are growing larger and we will continue to be violent." If one adds up the murders of the extreme Left and the Basque terrorist group, twelve people were gunned down during November, 1977. Most of the victims were members of the Armed Police or Civil Guard—two national paramilitary police, which, together with the armed forces and the Directorate General

of Security (DGS), were the most unpopular elements of the Franco regime. The new democratic government has moved delicately to separate from each other all four power centers of the Right, while still requiring their domestic intelligence capabilities to reduce the threat of terrorism. But such brutal attacks on the police by the Left and separatist groups will only further increase the rightward radicalization of the very individuals who have most to fear should their former victims feel strong enough to take revenge for past actions. Perhaps the terrorists in the speeding limousine who machine-gunned the home of Prime Minister Suárez twice in one recent month only intended a warning. But from which violent direction—right, left, or separatist?

Any one of these three severe problems would challenge the statesmanship and nerve of even the most experienced government and political leaders. Together they are an immense burden. Will the democratic center bear up under such pressures? One hopes so, but recent political moves by Prime Minister Suárez and Felipe González, leader of the Democratic Socialist party, raise questions about their capacity to limit political competition in the interest of the genuine cooperation required by circumstances. With the support and encouragement of King Juan Carlos, Suárez has used his suave good looks, popular appeal, and tactical finesse to keep one step ahead of events. He created the government coalition, the Center Democratic Union (UCD), out of a mélange of small parties, and he is now trying to shape this into a genuine unified political entity. Although Suárez pulled off a political miracle by getting agreement on a program to put the economy back together, he has failed to make a number of tough decisions needed to implement it. And worse, he is losing credibility because the opposition parties, labor, and business leaders are all convinced that his failure to act is explained by simple, short-run concern to maintain his party's hold on the government.

The most damaging failure is the government's unwillingness to set a timetable and procedure for national union elections. These are urgently needed because the Franco labor-management structure has faded away during the last two years. Only a series of valid union elections can select groups to represent the workers and end the wildcat strikes that are partly caused by competition among the unions. Businesses, labor, and the opposition political parties see the delay as an attempt by Suárez to keep his political rivals from getting a firm labor base, for the government party has itself no affiliated union. This erosion of support leaves Suárez and the government with such allies as the loose, still unstable coalition of small parties and the disciplined Communists, just as the economic situation gets worse.

The other half of the political center, the Socialist Workers party (PSOE), has a long history and a young, dynamic leadership committed to democracy and practical reforms. It is by far Spain's largest single political party, winning by itself 34 per cent of the seats in the congress, as compared with the slim majority put together by the many coalition parties of the UCD government. After making the important decision to help the

government repair the economy by negotiating and signing the austerity program, the Socialist party backed off when it saw the enormous political prestige this conferred on Suárez and his party. It did this by highlighting its role in shaping the final outcome "in the interest of the workers" and by a publicity campaign making it clear that only with the help of the Socialists could the government turn the paper agreement into action. But when the first tests came—a series of strikes by public employees—the Socialist party and its union tried to play it both ways: They supported the strikers' excessively high wage demands...based on complex arguments that exempted these strikes from the austerity plan.

At the same time, Felipe González, the thirty-seven-year-old, magnetic, handsome, and articulate leader of the Socialists, began to refer to his party as a "serious alternative to power." He proclaimed this not only in Madrid but also during a visit to the United States. At that time the first democratically elected Spanish government since 1936 had been in office barely four months! To some degree this was a sharp reaction to González's perception that Suárez and his government were tilting toward union election procedures to favor the Communist unions, hoping thereby to avoid strengthening the Socialist party as a result of its union becoming the major voice of organized labor. González went on to suggest publicly that if Suárez continued with his efforts to keep the Socialist union from having a fair chance in the union elections, the result might well be a coalition government formed by the Socialists and Communists.

Santiago Carillo, the Communist leader who remains sober about the threat from the Right, spoke sarcastically about the Socialist position: "Politics," he said, "is for serious people. If Felipe González wants to revive popular fronts, he should go back to Madrid and talk to the Maoists, because we certainly aren't for those

luxuries." The realistic Carillo knows that it is several years too early to cause anxieties on the Right about any type of direct Communist participation in government, and he understood that the rash and premature words of the Socialist leader only served to weaken the willingness of the extreme Right to tolerate Spain's democracy.

Given the fragile nature of the new democracy and the severe economic, social, and political problems facing Spain, the only hope for continued success lies in a democratic center that acts with courage and statesmanship. Prime Minister Suárez has demonstrated masterful tactical leadership and the ability to maneuver toward specific goals. Now is the time for him to worry less about keeping his party ahead in the campaigning for the 1978 municipal elections or the 1979 national elections and to do what must be done to hold the economy and society together. He can then count on the results to provide the political approval at the polls. Felipe González and the Socialist party would do well to shift from their current posture of "semiloyal" opposition and cooperate fully in helping the government to carry out the austerity program. Instead of hoping to reach power as a result of the current government's failure, they can count on their distinctive reform program, traditions, and local political base to gather voter support in future elections. In the short term continued political bickering within the democratic center that prevents effective government carries great risks of massive social unrest and some type of imposed solution from the Right. Even if the immediate dangers are overcome in the next year or two, failure to take this moment of challenge to firmly establish the traditions of responsible cooperation and loyal opposition is to risk the demoralization and fragmentation of the democratic center, leaving Spain highly vulnerable to the Communist alternative in four to six years. The choice rests squarely with the political leaders and parties of the center in this new democracy.