


Franco’s Spain and the European Communities

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At institutional level, the history of relations between Spain and the European Economic Community dates back to the final months of 1959, when the Spanish Government negotiated the establishment of a diplomatic representation, the first ambassador being appointed in January 1960. The first move to establish closer ties was to take place against the backdrop of changes in the regime's economic policy, and coincided with a tentative approach to Western Europe promoted by the Foreign Minister, Fernando Castiella.

On 9 February 1962 the Spanish Government informed the Community that it wished to open negotiations for an association leading in due course to full integration. Spain was confident of the benevolence of France and West Germany, which in effect championed the Spanish regime in Europe for different political, economic and strategic reasons. This coincided with the commencement of work on the Development Plan. Both decisions were adopted at the same meeting of the Government Representative for Economic Affairs on 19 January 1962.

Spain's official request to open negotiations was therefore not only a response to the need for closer ties with Europe, but was also driven by a complex set of internal and external factors that conditioned the Franco Government's decision-making. In this context, two particular aspects must be considered, the first of a strictly political nature and the second of a technical and bureaucratic kind:

- 1) *The approach determined by the changes in the regime's economic policy.* All potential problems had to be considered in preparing the Development Plan, especially the external needs involved. Both Spain's economic backwardness and its inadequate integration in the world economy — particularly in terms of foreign trade — and the need for technical and financial assistance from international institutions to be able to take such ambitious plans forward were issues that had to be addressed immediately.
- 2) *The need to reconcile two conflicting strategies that differed markedly in their assessment of the priorities for Europe and European integration.* On the one hand, the strategy developed by the technical ministries of introducing Spain into the international economy (which did not exclusively involve closer ties with European regional organisations in general, or with the process of European integration in particular), avoiding the risks of isolation yet being aware of the existence of other international cooperation institutions and the economic and political costs they involved. On the other, the strategy set out by the Ministry of Foreign Affairs, which was keen to avoid the political and economic isolation entailed in remaining aloof from the process of European integration in the stage it had reached at the time, given the positive forecasts for its medium and long-term development. In the end, the struggle was resolved by subordinating aspects of Spanish foreign policy to the needs of the Government's economic policy and to its development strategies as a result of political imbalances and economic mismatches with Western Europe.

Given the negotiations to be faced on the orientation of Spanish economic policy, such subordination of foreign to economic policy in the decision to initiate talks with the EEC appeared to be determined both by political needs linked to the launching of a development-driven economic model (affirming the change in economic policy in search of new technical and financial support from international institutions such as the IMF and the World Bank, which was crucial for implementing a development plan), and by the urgent need for foreign trade to maintain and expand Spanish exports to avoid an unsustainable external deficit potentially arising out of the Development Plan (the regime believed that the request to open negotiations with the EEC would mean that the tariff reductions being extended to GATT countries — under negotiation at the time of the request — would be extended to particular agricultural products).

These constraints in themselves clearly do not fully explain the factors underlying the Spanish request to

open negotiations. The existence of other (European-based) factors, generally involving the common denominator of gradual consolidation of the Communities' institutional structure and common policies, must also be taken into account.

In short, in the Spanish Government the political constraints were to prevail over the economic constraints when it came to deciding when to announce its decision, while both in preparing the decision and in setting the criteria for the negotiating stage, which was thought to be imminent, the economic and technical aspects were to prevail, even though the decision was motivated by the persistence of the factors leading to the creation of the Common Market — establishment of a free trade area, concentration of capital, collective work on research and technological renovation, making the most of huge investment, etc. Potential enlargements, and above all the period of economic expansion experienced in the European economy, made a further turn of the screw necessary. Cooperation as a mere 'European partnership' was not sufficient for the Spanish plans for its economy. What was needed was greater involvement in Europe, the principal Spanish export market.

These efforts to adapt to the international environment were to culminate with the request of 9 February 1962 to open negotiations with the EEC. This reflected an economic rationale that would ensure the survival of the regime, regardless of how clear the limitations of that rationale were, both at economic but above all at political level, in the Council's reply. This was due among other things to the fact that the answer to the 'Castiella letter' was merely an acknowledgement of receipt, since it was extremely problematic to define a common position in the face of the variety of reactions to Spain's request to open negotiations. These positions varied between the extreme prudence adopted by some countries and the belligerence of leftist parties and organisations and even of European governments with socialist participation, such as Belgium, the Netherlands, Italy or Luxembourg, a situation which, meanwhile, affected the regime's reaction to the meeting of internal opposition and exile groups at the IV Congress of the European Movement International, the *Munich Conspiracy*, in early June 1962.

The fact remains that the Spanish request forced the EEC to take an official stance on the Franco regime. Debate on the advisability or otherwise of initiating negotiations with Spain soon developed into a political campaign against cooperation driven by the European left, leading to the *Birkelbach* Report to the European Parliament on the conditions for cooperation and accession. The positions both in European foreign offices and in European regional bodies with parliamentary assemblies, or those which wielded greater political influence on Franco's Spain, coincided: internal liberalisation — economic and political — should be the *cause* of integration into Europe rather than the *effect*. This was to be the *European ceiling* the regime came up against: the relative and incomplete efforts to forge closer ties with the economic policies implemented in Europe were considered to be a *necessary* but *insufficient* condition. Western Europe considered political liberalisation, or at least evidence giving credence to such progress by the Spanish regime, to be essential for any association that went beyond the strictly economic and technical.

The second act in Spain's attempts to ensure closer ties with the Communities was to come in January 1964. This time the Spanish Government changed tack by renewing its request to open negotiations without reopening the European political debate, the objective being to try to obtain a customs and trade agreement.

On 2 June 1964 — two-and-a-half years after the first request — the President of the Council of Ministers, Paul-Henri Spaak, officially responded to the Spanish initiative on the EEC's behalf with a compromise solution: authorisation was given for a study into the problems the Community raised for Spain.

The founding Treaties and the *Birkelbach doctrine* obviously represented an obstacle to Spanish accession, though the institutions did not have a unanimous view on the type of relations to be established with Franco's Spain. The Council's position, on the one hand, seemed to be very prudent at political level, and the Member States examined Spanish participation through the prism of their own economic, political and strategic interests. The ideological debate within the European Parliament on the strategies that would favour Spanish democratisation, on the other, were diametrically opposed: Socialists called for the complete exclusion of the Franco regime, while Conservatives and Christian Democrats saw advantages in signing a trade agreement. In the end, the Commission endeavoured to strike a balance between two almost

irreconcilable positions.

The principal hurdle continued to be how the EEC saw Spain and its political regime. The country would represent a secondary problem in economic terms, but would be decidedly awkward politically. Overlying this issue was the bilateral dimension of Spanish relations with Community Member States, an aspect that was to draw Spanish diplomacy into very delicate situations, since transposing the level of understanding at bilateral level with particular governments into a different multilateral setting accommodating a variety of interests and attitudes was a complex matter.

Two other more short-term problems existed: the Community agenda was monopolised by the effects of the British problem on the integration process and GATT negotiations, and by the dynamics of the consolidation and development of the Communities.

As has been stressed, meanwhile, the members of the Council were not unanimous as to the nature and substance of negotiations with Spain, as emerged after the delivery of the November 1966 Commission report on possible ways of resolving institutional relations with Spain, even if it had to be along the lines of preferential solutions. The Commission was in fact to need another five months to formalise a first mandate to negotiate with Madrid. There were, moreover, factors external to the negotiations which influenced the Council's positions, including: the dynamics of national election campaigns (the Netherlands in 1967); Italian demands for Community agricultural guarantees before consenting to the agricultural preferences to be adopted with respect to the Mediterranean countries; French and Dutch pressure to favour the agricultural demands of the Maghreb and Israel respectively, at the expense of any concession to Spain; the withdrawal of unconditional German support for Spain when the Social Democrats entered the federal government; American criticism of the signature of a preferential agreement with Spain that conflicted with the GATT provisions; and the Dutch proposal following the Six-Day War to suspend negotiations with Spain until a solution to the Middle East conflict was found.

In order to address these problems, a *Working Group* was set up to examine preferential concessions to Spain. After submitting its findings to the Council on 8 March 1967, two differing views emerged on negotiations with Spain and on the two stages in which it was felt that Spain's approximation to the EEC should develop: that supported by Germany and France, on the one hand, which saw the first stage as a three-year preparatory phase ensuring the gradual integration of the Spanish economy into the EEC, and that advocated by the Netherlands and other countries, on the other, which purely and simply wished to shelve the problem.

Finally, the Franco regime's plan to secure closer ties with Brussels ensured that Spanish political developments were to come under increasingly greater and more demanding scrutiny. Once Spanish-EEC relations had been institutionalised, Community institutions would have the moral legitimacy to denounce the regime and to call for unequivocal political changes leading to liberalisation.

Relations between Spain and the European Communities during the late Franco era were in fact defined precisely by a complex and inconclusive negotiating process that began after the preferential trade agreement was signed on 29 June 1970.

Broadly speaking, the agreement, which came into force on 1 October 1970, established a general system of preferences with a view to the gradual dismantling of trade barriers between Spain and the European Communities. A provisional additional protocol was added in 1973 in an attempt to respond to the dual impact of the enlargement of the Community to include the United Kingdom, Ireland and Denmark, and to the establishment of a free trade area with EFTA. For various reasons, however, the 1970 agreement was to remain in force until Spain joined the Communities on 1 January 1986.

A particular issue to be noted in relation to the 1970 agreement is the controversy surrounding both its political background and the purported asymmetric economy it would engender. While for the EEC the agreement was strictly commercial and of minor importance, for Spain it was crucial both politically — the regime presented it as a victory in Europe — and economically, since it allowed the country to get into the

Community, albeit by the back door. At any event, the political and the economic levels appeared to overlap.

From an economic perspective the agreement did not appear to be far-reaching for either party, though it left many doors open for industrial products which Spain was able to exploit very successfully, and which did not damage the export interests of Spanish agriculture. It has actually been claimed that this virtually consolidated Spain's economic integration into the EEC, as was to be corroborated by the development of the trade balance, which recorded a surplus in the years prior to accession. However, improved productivity, the peseta's favourable exchange rate, tax relief on exports and the need to find new markets also contributed towards this positive development.

In summary, three characteristic aspects of the 1970 agreement should be noted:

- it was the outcome of protracted exploratory talks that began in 1964 and did not conclude until 1967, but it was in particular the culmination of negotiations fraught with political and technical difficulties, and which required two Council of Ministers mandates, one in July 1967 and the other in October 1969;
- it was a 'telescopic formula' envisaging a two-stage development, though the transition from the first to the second stage was not automatic, since it entailed a deepening of relations and was therefore subject to fresh negotiations;
- it was a strictly commercial and minor agreement for the EEC, but a crucial agreement for Spain both politically — the regime presented it as a victory in Europe — and economically, since in effect it allowed the country to get into the Community, albeit by the back door.

From the political perspective, meanwhile, relations between Spain and the European Communities remained virtually stagnant from the close of 1972 — when negotiations to add an additional protocol were concluded — until the Franco dictatorship came to an end. Although plans to establish closer ties with Brussels gave rise to increasingly demanding scrutiny of Spanish political developments, which was to be reflected in a gradual hardening of European negotiating positions, the lack of unanimity in the Community on the issues raised by Spain was to condition the EEC's attitude. These differences were based not only on political but also on economic grounds (one of the principal sticking points involved the commercial advantages granted to Spain and the negative effects generated by these advantages in some European countries). The fact remains that while Spain was a secondary issue on the Community agenda during the 1960s, its position was gradually to develop as a result of the political dimension that coloured relations due to the repression of the opposition in Spain, the economic and institutional dimension that was affected by the first enlargement, and the geo-strategic dimension, which coincided with the formulation of EEC Mediterranean policy.

The philosophy underlying the process of integration and the Community body of law itself were clearly serious obstacles to relations with Europe, but the same attitude within the Spanish regime did not facilitate matters either. On the one hand, Spain maintained much of its decades-old mantle of victimhood, never failing to condemn any Community criticism of its domestic situation as interference in its internal affairs, thereby reinforcing the political veto imposed in 1962. This only served to highlight how complex it was for the dictatorship to translate the level of understanding (or misunderstanding) from a bilateral level into a different multilateral framework, with a variety of interests and attitudes prevailing within the European Community.

On the other hand, the extreme positions expressed at the negotiating table went beyond the possibilities set out in the negotiating mandates the Commission was working to. In reality, the needs involved in the development of the European Communities, particularly after the *Paris Summit* (December 1974), were to monopolise the Commission's more self-interested agenda, the Commission establishing its priorities to the detriment of relations with Spain. This was to delay the Council's formulation of its negotiating mandates to the Commission due to omissions and silence on issues of interest to Spain, explicitly stated political declarations and unilateral action by the Commission or some of its members, with diplomatic

repercussions.