


The accession of Franco’s Spain to the OEEC

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Francisco José Rodrigo Luelmo

The economic situation in Europe in the wake of the Second World War was disastrous. In addition to the shortages endured by the people of Europe, the States of the Old Continent were undercapitalised, dollars were scarce, they had balance of payment deficits and trade relations between them were exclusively bilateral. The result was the promotion by the United States of the Marshall Plan to try to prevent the expansion into Western Europe of Communism (which could have gained from the hardships being experienced by the population) and to stimulate North American investment in the Old Continent through the reconstruction of the countries affected by the war. The Committee of European Economic Co-operation (CEEC) was founded in July 1947 for the very purpose of distributing the funds from Washington.

The CEEC heeded the recommendations of the Marshall Plan and established an institutional framework to administer and organise the allocation of US aid more effectively. In April 1948, the countries which were members of the CEEC founded the Organisation for European Economic Co-operation (OEEC), which, as one of the first bodies to group a large number of Western European nations under a single umbrella, is regarded as one of the precursors to the European Communities. The OEEC had other objectives in addition to managing the capital sent by the United States, including supporting the free market, facilitating trade between the member countries and promoting credit facilities for the purposes of fostering economic growth in Western Europe. Later, in September 1950, the European Payments Union (EPU) was established under the aegis of the OEEC with the aim of ending post-war monetary problems and establishing a system of multilateral payments and credit facilities for debtor countries. Apart from the USSR and the Communist States, which ruled themselves out of the process, only two European countries remained outside the OEEC: Finland and Spain.

The authoritarian nature of its political regime meant that Spain was not invited to join the international organisations which emerged after 1945, especially in the wake of several United Nations General Assembly Resolutions of 1946 condemning the Franco dictatorship and calling for the international isolation of Spain for its collaboration with the Fascist powers in the Second World War. The OEEC was no exception. Despite that fact, Spain's isolation in international trade was due not only to the authoritarian nature of General Franco's regime but also to the autarchic, protectionist policy conducted by the authorities in Madrid, which distanced the country from potential foreign investors.

In 1950, however, the UN relaxed the international isolation of Spain and granted technical agencies full autonomy when accepting new members. This change benefited the Franco regime. For example, in 1953 Spain was a founding member of the European Conference of Ministers of Transport, an agency with links to the OEEC, and of other technical agencies in Europe.

Despite this, the OEEC itself still refused to accept Spain as a member, and Washington's support was the determining factor in Madrid achieving its objective of joining the organisation. The signing of the defence agreements with the United States in 1953 and the withdrawal of the international resolutions against the Franco dictatorship led to Spain becoming a member of the United Nations in 1955. Similarly, the way was paved for the country's gradual entry into other international bodies such as the OEEC, although accession to the latter moved at a modest pace as Madrid had to carry out a number of economic reforms before it was able to achieve full membership.

When assessing Spain's application to join the OEEC in January 1956, the OEEC Council noted that it would be appropriate to conduct a detailed study of the situation of the country's economy, balance of payments and trade rules, and an ad hoc Working Group was established to that end. During the study the Working Group was able to ascertain that the Spanish economy was not at that time in a position to fulfil the obligations required by the OEEC. It was therefore proposed that Spain should temporarily be given the status of 'associate state' like the United States and Canada, and on 10 January 1958 Spain's Association Agreement with the OEEC was signed. Barely 18 months later, on 20 July 1959, Spain became a full member country of the OEEC. By that time, the OEEC and the IMF had already provided Spain with aid in

the form of technical and financial assistance to formulate the 1959 Stabilisation Plan, which included the economic liberalisation mechanisms required before the country could be admitted as a member of the OEEC. Later, as an OEEC member country, Spain was involved in the foundation of the OEEC's successor, the Organisation for Economic Co-operation and Development (OECD), which was established on 14 December 1960 with a seat in Paris, and which would count the United States and Canada among its full members.

Membership of the OEEC would therefore have two fundamental consequences for Spain: firstly, it led to a rapprochement between Franco's regime and other European countries and the promotion of both economic development and foreign investment in the hope that economic liberalisation would result in political liberalisation; secondly, it forced the Francoist regime to adjust its economic policy and bring itself into line, to a greater or lesser extent, with the standards imposed by the OEEC and the free market system, although the presence of a strong public sector meant that the State retained a key influence in the Spanish economy.