1936-1986: From Civil War to Contemporary Spain
Concertation and Economic Policy

Spain after Franco: From Corporatist Ideology to Corporatist Reality
by J. Martinez-Alier and Jordi Roca

Economic Policy in Spain's Democracy: Dilemmas and Constraints
by Carlos Bustelo

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In November 1986 the Center for European Studies held a colloquium to mark the fifty years that had passed since the beginning of the Civil War in Spain. In drawing together plans for the conference we chose to emphasize the enormous transformation experienced by Spain in the past half-century rather than focus on a commemoration of the struggles of the 1930s. To this end we invited a distinguished group of panelists to participate in two days of discussions at the Center based on presentations by historians and social scientists from the United States, Canada, Great Britain, and Spain. The papers and discussions during the conference focused on a number of themes, including the social dimensions of the conflict of the 1930s, the surviving historical memories of the Civil War and the meanings associated with those memories, the making of contemporary democratic Spain, and the enormous contrast between the society of the 1980s and that of half a century earlier.

The contributions grouped together in three working papers on "**1936-1986: From Civil War to Contemporary Spain**" are based on papers presented at the CES conference. The Working Papers entitled "**From Counterrevolution to Historical Accommodation,**" "**Meanings and Memories,**" and "**Concertation and Economic Policy,**" span many of the larger themes covered in the colloquium. Among the greater paradoxes of the recent Spanish experience, one must include the fact that the transition to democracy was initiated (or at the very least, guided), albeit under pressure from the opposition, by the remnants of a regime born in an episode of repression and counterrevolution. Although they cannot serve as a general history or a fully exhaustive interpretation of this transformation, the contributions published in these three working papers will help the reader make sense out of this large paradox.

In "**From Counterrevolution to Historical Accommodation**" (No. 13), historians Martin Blinkhorn, Stanley Payne, and Paul Preston examine various dimensions of the Spanish experience. Stanley Payne's sweeping interpretation, "**Counter-Revolution,**" examines the multi-faceted or eclectic character of a regime held together by Franco and initiated by a counterrevolutionary military coup but based on the social and political support of diverse elements of the Spanish Right. Martin Blinkhorn's careful reconstruction of the trajectory of Spanish Carlism in "**History in the Service of Politics: The Carlist Party and the Carlist Past**" examines how one component of that counterrevolutionary coalition evolved toward left-wing opposition to Francoism, and subsequently reinterpreted its own history. Paul Preston's expansive yet analytic essay, "**Revenge and Reconciliation: the Spanish Civil War and Historical Memory,**" emphasizes the importance of the interpretation of the Civil War experience as it traces how the repressive regime born in civil war eventually gave way to democracy and reconciliation.

In "**Meanings and Memories**" (No. 14), social scientists Martha Ackelsberg and Susan Harding explore the historical memories of the war and the meanings associated with the struggles of the past by very different groups of contemporary Spaniards. In "**Mujeres Libres, 1936-1986: Meaning, Memory, and the Politics of Repression,**" Martha Ackelsberg examines the tenuous relations between two generations of Anarchist Feminists, the veterans of the revolutionary struggles of the 1930s and the new recruits of contemporary democratic Spain. In the view of Ackelsberg, the collective trauma of repression interrupted the normal passing on of historical memories, leaving the new recruits without an appreciation for the struggles of the past and rendering the communication between the two generations quite complicated. In an anthropological essay on "**Village Narratives of the Civil War,**" Susan Harding argues that the initial reticence of many Spaniards--at least in large areas of rural Spain--to discuss their memories of the Civil War or to place themselves clearly on either side of the historical struggle, actually reveals the deepest meaning of the Civil War experiences for them. In the view of Harding, for many rural Spaniards, the Civil War itself, and to a lesser extent, the social conflict of the prior years, represented an encroachment by a hostile and complex external world on the meanings and structure of their village life.

One aspect of historical memory could not be recaptured here. Some of the most rewarding moments of the colloquium consisted of the spontaneous recollection of the growth of spaces for discussion and opposition of various shades (some of them the object of severe repression) during the long twilight of Francoism. Juan Linz recalled his period as a student, as die for a slightly later period Victor Perez Diaz. Their testimony illuminated the interstices of free discussion and the preparation for constructing a successor regime. This gradual historical transformation--as a number of the Spaniards present emphasized in their reflections--helped provide the basis for the ultimate commitment to reach across left-right lines and thus successfully engineer a relatively peaceful transition to democracy. Looking back from 1986 to the 1960s and early 1970s, the participants suggested the internal flux and eventual dissolution of a regime that had come to power by violence.

In "**Concertation and Economic Policy**" (No. 15), social scientist Juan Martinez-Alier and economist Carlos Bustelo, who served as government minister during the prime ministership of Adolfo Suarez, analyze one of the central experiences of contemporary democratic Spain, the peak-level agreements between labor, business, and the state on economic matters. The frequently violent conflict between labor and capital during the 1930s has been replaced by much more institutionalized industrial relations characterized, in several years of the new democratic experience, by nationwide "concertation" between the leading social and/or political actors. Representing two more or less distinct schools of thought on this experience, Martinez Alier and Bustelo reach strikingly different conclusions on the meaning of this undertaking. For Bustelo, the tendency towards national accords served well the political imperatives of the transition years but postponed key aspects of economic adjustment necessary for the consolidation of Spain as a modern participant in the European economy. Sacrifices by labor were postponed but could not be avoided. In this view concertation is seen largely as a politically induced restraint on economic imperatives (at least for the first years of democracy). In the view of Martinez Alier, Spanish democracy has paradoxically allowed for a more pervasive implantation of corporatist arrangements than was possible under Francoism, where purportedly corporatist institutions lacked substance. Thus the arrangements made under democracy have incorporated the organizations of the working class in the setting of restrictive economic policies and have undermined the possibilities for any working class challenge to the status quo.

As the disagreement between these two interpretations suggests, the near unanimity among serious observers of Spain concerning the enormous transformation which has taken place is not mirrored by an equally broad consensus on how these changes--or at least some among them--are to be evaluated. Whether one chooses to see Spain as an instance of impressive if tardy "modernization" or of the increasing loss of vitality and resolve on the part of popular organizations to contest the distribution of power, is a question which will likely separate the contributors to this Working Paper series long into the next decade.

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Robert Fishman
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Spain after Franco:
From Corporatist Ideology to Corporatist Reality

J. Martinez-Alier and Jordi Roca

Recasting bourgeois Spain?

Compared to the democratization of Western Germany, Italy, or Vichy France after 1945, or even of Portugal after 1974, the political transition in Spain after Franco's death in 1975 shows a high degree of continuity. This is symbolized by the figure of the King, appointed as successor by General Franco, an appointment sanctioned in the first instance by a fraudulent referendum in 1966. There is no lack of symbols of continuity, including an impressive architectural feature, Franco's mausoleum near Madrid built during his lifetime with the forced labor of political prisoners. The Spanish case, set in a more appropriate South American comparative context, would show more similarity to Brazil and Uraguay than to Argentina in the sense that prosecution of those responsible for the deaths and torture of oppositionists to the Franco regime has never really been on the political agenda, not even for a few months. Of the whole political spectrum, only Herri Batasuna (ETA's political outgrowth, which gets 20 percent of the vote in the Basque Country) and some minute extra-parliamentary groups elsewhere, would voice the view that Franco's men literally got away with murder.

The transition to democracy in Spain has been admired abroad. One should include among the facets worthy of admiration the capacity for digesting such a political past. Digestion has almost preceded ingestion: there is no agreed upon tally of political deaths after 1936, nor an accurate description of repression under Franco. Outstanding monographs, such as that of Francisco Moreno on Cordova, have had no impact on the mass media. No purposeful effort to salvage the relevant archives has been made even under the Socialist administration after 1982. Research should be done on the image of the Franco regime as reflected in school textbooks: there is probably a much greater variety of perspectives than in Italy with respect to Mussolini or in Portugal with respect to Salazar, depending partly on the relevant regional educational authorities. There is also much silence.

A description of the transition as a recasting of bourgeois Spain would be disliked by most of the political elite. They would prefer to describe it neutrally in class terms as a change from an authoritarian regime (or from a dictatorship) to a parliamentary democracy. The mainstream on the Left did not entertain a view of the Franco regime which would change property relations. The revolutionary Left of the 1930s no longer existed in the 1970s, and those few who disagreed with such a tame transition have been politically defeated with the exception (up to now) of the Basque Country.

One purpose of this paper is to explain how different currents of the Left came to agree with the type of political transitions which have taken place. There was some talk on the Left in the 1960s and the early 1970s about land reform and about nationalization of the banking system (Muñoz 1969), but somehow such socio-economic changes were left aside after 1975. Land reform has surfaced again as political rhetoric after 1982 but not in practice. Changes in the structure of property have been successfully separated from political changes, while there has been a change towards a neocorporatist pattern of labor relations consistent with an increasingly unequal distribution of income since 1977, as manifested by the relation between wages and property income.

Was Franco's rule a form of bourgeois rule? The answer does not only depend on the facts and on the political point of view of the analyst; it also depends on the disciplinary perspective. Some types of political analysis would deny or leave aside the question as lacking interest or relevance. Since the mid-1960s, Juan Linz characterized the Franco regime as an "authoritarian" regime, with "limited pluralism," a third term in the dichotomy totalitarianism/democratic pluralism. On the one hand, the Franco regime (and subsequently many other regimes, as other authors followed Linz' steps) was an authoritarian regime and not a pluralist democracy because it lacked a system of political parties which would compete in elections, the winning party or parties forming a government. It was not, on the other hand, a "totalitarian" regime because, although there was a single "party" or "movement" (the Falange, later Movimiento Nacional), there were also other political groups or tendencies which also had power (the ACNP of the *propagandistas católicos*, the Opus Dei). The single political party never directed all socio-economic life. There were Chambers of Industry, for instance, and other socio-economic groups outside the framework Falange-Sindicatos Verticales. Many politicians and

civil servants did not agree with the Falangist ideology (this was so, for instance, with the staff in the planning office in the 1960s, under López Rodó, an Opus Dei member), and many of them, from the beginning, would call themselves "apolitical experts," which would be unthinkable in a totalitarian regime. There was, finally, a low degree of political mobilization, and the regime made no serious attempt to create a wave of open political support, except perhaps in moments of crisis as in 1947 or December of 1970 (at the time of the first important trial of ETA members).

Linz was concerned with showing that the Franco regime could not be classified as a totalitarian regime. There was a single political party, but there was also a certain degree of pluralism, limited, however, to some political groups (often disguised as nonpolitical) and to some interest organizations. Also, after the first few years, the regime lacked any will to mobilize the population and preferred to let it slumber in a state of political apathy. "Apathy" was one issue on which one could easily disagree with Linz; it was not so much a defining trait of the regime as a consequence of it, and it should be called "fear" rather than apathy (Martinez-Alier, 1975).

The regime had called itself an "organic democracy." But according to Linz, the regime lacked a precise ideology. It was a pragmatic regime and this is why an elite of administrative and economic experts who did not belong to the Falange or Movimiento Nacional, or in any case did not feel any loyalty to it, had become ministers and high government officials. In response to Linz, however, one could say that there was a clear ideology of "national solidarity," the language of which shifted from old fashioned Catholic corporatism (and Falangist *nacionalsindicalismo*) to the "modern" language of economics. Reality was distant from the ideology because, although it was true that the regime allowed a "limited pluralism," the basic question was, pluralism for whom? Economic policy options could be publicly discussed but nobody could genuinely present options at the central level as spokesperson for the working class, and one could argue that even the capitalists, although increasingly pleased with the economic administration under the so-called "technocrats" of the Opus Dei, were also suffering from a lack of voice. Charles Anderson (1970) emphasized the breadth of the economic debate in Spain in the 1960s, but did not dwell on the lack of workers' representation at central level. The question was not unwillingness to participate in "social pacts," or in "concerted planning," as in France, but the exclusion of representation. There was certainly a

measure of pluralism, but it was not broad enough to include the possibility of a corporatist agreement with workers' organizations. An incomes policy signed inside the corporative organization would have been a joke. Thus, whether "class harmony" and "national solidarity" under the guise of macroeconomic guidelines and incomes policy would be accepted by the working class remained an unanswered question until Franco's death, because there were no representatives empowered to give an answer.

There is an analogy with Brazil in the late 1970s and early 1980s, where the lack of state recognition of the authentic workers' leaders (such as Lula) made an agreement on economic policies and on a wage norm impossible. In Brazil, however, even a central corporatist agreement on wages linked to redemocratization, which after 1985 was a distinct possibility, would still leave out the unorganized poor whose means of political expression is the food riot or the public transport riot. One other parallel comes to mind: if the Polish government had succeeded in separating the "radicals" from the Solidarnosc leadership, there might have been a macro-agreement on economic policy between the union and the Party bureaucracy (which performs the double role of employers and government), also in the context of "limited pluralism."

While for a formal political analysis such as that of Juan Linz, the class content of the Franco regime was irrelevant, for the Marxist Left it was important to characterize the regime in class terms. Was it an expression of bourgeois rule (despite the evident reluctance of the Catalan bourgeoisie to join in Franco's praise), or was it rather a manifestation of typically Spanish social backwardness? Was it a hindrance to the accumulation of capital? Víctor Pérez-Díaz has written that "Spanish culture lacked two great historical processes: Protestant reform and empirical science, which had, to a large degree, fashioned the spirit of Great Britain and the continent of Europe in modern times" (Pérez-Díaz, 1987, p. 220). One cannot fail to agree. However, Prussia underwent both historical processes, and it also had Bismark (and Hitler). But neither Prussia nor Spain carried out a land reform against the landed elite. Great Britain also lacked a land reform; did this peculiarity make it "backward"?

For the dominant current of the Left, the depicting of Spanish society as backward, indeed as "semi-feudal" in the countryside, was essential in order to

characterize the Franco regime not as a form of bourgeois rule (or of military rule on behalf of the bourgeois) but as the rule of a *camarilla*, and of a financial and agrarian "oligarchy." This description was consistently put forward by the Communist party in the 1950s and 1960s; it was the brilliant piece of analysis needed in order to sustain the policy of "national reconciliation" from 1956 onward, a policy in which both Carrillo and Claudín concurred, even after their split of 1964. In fact, unemployment (a most unfeudal phenomenon) was the main workers' grievance in the latifundist countryside, both before and after the Civil War. "Land hunger" did exist, because land was seen as a means to secure employment. But, although the countryside was capitalist, the economy was backward. It was not until the 1970s that the number of tractors exceeded the number of mules. In the 1940s and early 1950s, Spanish agriculture gave some sort of employment to over 50 percent of the active population, the share being higher in the hungry forties than in the 1920s and 1930s. It was still based on human and animal work, and on dung fertilizer to an extent that (apart from a much lower pressure on the land, and lower yields) made it technically more similar to Chinese than to North Atlantic agriculture. A part of the Left which was, at the time, to the left of the Communist party and has since then provided intellectual sustenance to the Socialist party (a party practically nonexistent in the Franco period), argued that the Franco regime should be interpreted not so much as a form of bourgeois rule born against the revolutionary threat of the 1930s, but rather as an "exceptional regime" which, perhaps more by luck than by design, had fulfilled the tasks of the bourgeois revolution in the form of capital accumulation and industrialization, carried forward by the European boom of the 1950s and 1960s. This interpretation (Viñas, 1972) was, or became, a call to the new bourgeoisie to discard an outmoded regime and adopt instead a cooperating or even a leading role instituting a liberal, democratic form of government. In a way, the discussion was still whether the Civil War should be seen as fascism against democracy or as fascism against social revolution, whether the Spanish bourgeoisie had been inherently weak or whether it had become fascist because of the threat from a revolutionary working class.

In the 1960s and early 1970s, there was a debate in Spain (similar to debates in Brazil and in India) on whether the latifundist agrarian structure was an obstacle to the growth of production. This is not the place to enter (again) this debate (Martinez-Alier, 1967), which requires empirical studies on agriculture. In any case, in Spain (also in Brazil) the debate receded because in the 1960s, and at least until the

mid-1970s, the growth of the economy and of agricultural productivity (chrematistically measured, though not ecologically) proved that the "feudal" side was in the wrong (Tables 1 and 2). Not that this changed the terms of the general political debate; the feudal image was used for political tactics, to signal the willingness on the part of the Left to reach a pact with the bourgeoisie. In the 1930s, the land reform had been a failure because the Republicans and the Socialists, taken in by their own verbiage, had believed that the confiscation of the landholdings of the nobility would suffice for the settlement of a substantial part of the landless (Malefakis, 1970; Martinez-Alier, 1973). In the late 1970s, this same willingness to come to terms with the bourgeoisie (a potential ally against Franco's *camarilla* and the so-called agrarian and financial "oligarchy") was no longer expressed in the language of a common antifeudal struggle, which had become too ridiculous, but in the language of consensus politics, modernization, social pacts, austerity policies, and national solidarity; Eurocommunism became indistinguishable from social-democratic Eurocorporatism. This conciliatory policy was easier than in the 1930s because of the increase in the standard of living (Tables 3 and 4), and because the threat from the nondomesticated landless proletariat had disappeared; their number (as also that of the peasantry) had decreased dramatically in the 1960s and 1970s.

In the Spanish debate on land reform, the ultraleftists had made the point that the bourgeois revolution had long since taken place, given that bourgeois property in the land, and also a free labor market, obviously existed in mid-nineteenth century (the Carlist Wars being motivated by the defense of a "moral economy" against the market, and against the liberals who won the wars), and therefore, that land distribution was a good thing, not in order to remove obstacles to growth, since the existing agrarian structure seemed quite capable of promoting growth (as conventionally measured), but because agricultural workers, threatened by unemployment, wanted to have either land or assured employment. This argument still stands, reinforced by the end of emigration and increased unemployment (because of continuous "productivity" growth), as well as by the doubts as to whether "production" is adequately measured, not from an economic but from an ecological point of view (Table 2). But this is altogether another question. Macroeconomics, not ecology, provides the common language and the ideological cement for Spanish politics.

State Corporatism, 1939-1975

As we have seen, the Franco regime was catalogued as an authoritarian regime by Linz. It could also be classified as a case of state corporatism, since there was compulsory membership in the occupational corporations (*sindicatos verticales*) grouping both workers and employers, there were no political parties apart from the Falange (later the Movimiento Nacional), and the Cortes was organized as a corporative Chamber although with some territorially based members. However, state-corporatism should be considered a political ideology without historical reality. In the Spanish case, the purely doctrinal character of corporatism under the Franco regime can be shown by focusing on the determination of wages and conditions of work at the level of individual firm or work center. From 1939-1958, wages and working conditions for each branch of the economy were regulated by the government and not by negotiation. Strikes were a criminal offense. Real wages reached prewar levels only in the mid-1950s in industry, and in the early 1960s in agriculture. In general, in the 1940s and early 1950s, state regulations on wages and working conditions were rarely improved upon, partly because of the defeat suffered by the working class (executions going on for three or four years after the end of the war in 1939), and partly because of a true crisis of substance, with "years of hunger" in 1946 and 1949.

All workers and employers formally belonged to the *sindicatos verticales*, but the officials of these corporations were government appointees, and had to belong to the Falange. Some research has been done on the roles they played (Molinero & Ysàs, 1985). In general, they exercised little bargaining power on behalf of their members. This was the case for "worker" officials, perhaps also for employers' officials, and the employers' pressure on the government often went not through the *sindicatos verticales* but through the Chambers of Commerce and Industry which, somewhat incongruously, were allowed a secondary role. Catalan industrialists had little use for the officials in the *sindicatos verticales*, who were primarily of petty bourgeois and rural origin and strongly Spanish nationalist in orientation. The Basque Country was, at the time, the other big industrial region. Andalusia is an interesting case because here the agricultural *sindicatos verticales* got off to a late start, in the second half of the 1940s as far as nominal membership by the workers is concerned, whereas landowners had joined them from the beginning. Those *sindicatos verticales* kept at the provincial level the name of Chambers of

Agriculture, and functioned as a meeting place and coordinating body only for landowners, carrying out studies of interest to them and making representation on their behalf to government agencies. In this case, at least one-half of the state-corporatist system worked rather well.

Despite their basic satisfaction with Franco as the winner of a Civil War fought on their behalf, many industrialists in Spain in the 1940s and 1950s were in disagreement with the way the economy was run, due to the extremely high degree of government intervention, partly out of principle and partly out of necessity, since there had to be a rationing system until the early 1950s. The capitalist class and their different sectors would have needed representatives to argue their own cases against government policies. To some extent they certainly used the channels of the *sindicatos verticales,* and the topic requires further investigation. The bankers, for instance, always had their own association which was not a part of the official corporative structure. A sign that lack of representativeness persisted even in the more liberal 1960s is that after Franco's death, the head of the new CEOE (the Confederation of Employers' Organizations), Ferrer Salat, had had little to do with the official corporative organization, although this is not the case of his successor, José Maria Cuevas. Lack of representativeness applied *a fortiori* to the workers. It is not surprising that, acting in a social vacuum, so many Falangist officials of the *sindicatos verticales* made a career out of economic corruption, which did not help their position as the assumed representatives of organized social interests.

In 1958, the introduction of collective bargaining on all levels (work center, firm, county, provincial, national) made clear the contradictions of state-corporatism; the state appoints the top officials of the bodies which are supposed to represent organized interests, but a union whose top officials are appointed by the state is a dead union. The legislation on collective bargaining agreements of 1958 and 1973 stated that collective bargaining would further "the integration, in a community of interests and objectives, of the elements who take part in the economic process, and it will contribute to strengthening social peace." At the same time, there was a new emphasis in which collective bargaining would contribute to "the increase in productivity." In the late 1950s, with nearly twenty years of the Franco regime still to go, the period of "primacy of the economy" (and of the economists) was just starting. It has not yet ended. Economics was to be pressed into service as a theory of social harmony more convincing than the "old" corporatist ideology.

While the economics of Opus Dei ministers has often been noticed, the evolution of the ideology of the ACNP is more revealing. This was a small society of Catholics (never more than 600) founded in 1909 and recruited by cooptation with the explicit intention of occupying high administrative and political posts (Sáez Alba, 1974). They provided many members of the government during the dictatorship of Primo de Rivera (1923-29), they were the mainspring for the CEDA, the right-wing party during the Republic (1931-36), and they gave several decisive figures (Osorio, Lavilla, Oreja) to the political transition after Franco's death. Under the Franco regime (1939-75), they supplied more ministers than any other group except the Army. In the 1920s and 1930s, the ACNP had a clear-cut Catholic-corporatist line, which can be seen for instance in Herrera Oria's comment to *Quadragessimo Anno* in 1933. He wrote: "Leo XIII saw--in *Rerum Novarum*--employers and workers, against each other, divided into two groups of very unequal fortune and as mutual enemies....The Pope wanted to unify these two classes as members of the same body, through links of justice and by the life-giving spirit of Christian charity." Pius XI, in the new Encyclical, was not satisfied with just making brothers in the workplace out of employers and workers, but also sought a harmonic order of the different occupations: "*Quadragessimo Anno* has value as a political encyclical, in the sense that we see in it the mainlines of a theory of the state." Corporatism was to be the main element for the New State (Herrera Oria, 1933, p. 15). The Catholics, in Spain as elsewhere, believed in the so-called subsidiarity principle, and before the Civil War, had always proposed "free unions inside the corporations," hoping for genuine Catholic workers' unions which would enter into collective contracts with the employers of the same "corporation." By virtue of the "subsidiarity principle" (which gives grounds, for instance, for the defense of subsidized private Catholic education), wages and conditions of work were not to be regulated in detail by the state, and this is why the 1958 collective bargaining law had Catholic support which could be expressed in the corporatist language of common interests and national solidarity. In the Civil War, the Falangists, who disliked the "subsidiarity principle," had won points, but after the Civil War, and especially after 1945, Falangists and Catholics worked together in the "New State," the Catholic politicians paying the price of having to don the flamboyant Falangist uniform. In 1946, Larraz, the Minister of Finance (and member of the ACNP) complained bittterly about the Allies' (short-lived) "mistreatment" of the Franco regime: "In this hour of passion, people think that a corporative regime is an idea belonging to totalitarianism, and

therefore, to be condemned *a priori.* Some would like to make of it a sort of war criminal." This was pure ignorance, because corporatist ideas came back time and again, after the clearance sale made by liberalism. There was corporatism in Sismondi, in the first socialists, in social Catholicism, in the English Guildists, and "the transformation of revolutionary syndicalism into a constructive enterprise, as Duguit proposed," was also corporatism. It was a "natural and spontaneous product of communal life" (Aznar, 1946, p. XI-XII).

Severino Aznar, one of the first Spanish Catholic corporatists, was aware that the doctrine of corporatist political representation developed in the reaction against the French Revolution. Corporatism could be traced back to Adam Heinrich Müller (1779-1829), who was born in Berlin, joined the Catholic Church, entered the Austrian civil service, and was the author of *Elemente der Staatskunst* (1809). He became the first in the line of German and Austrian Catholic corporatists. Adam Müller was influenced by Burke, who had complained that in the National Assembly there was not the slightest sign of the "natural interest" of landed property (1790, p. 132), while Paine agreed with the Abbé Sièyes' motion by which the Tiers Etat called themselves the representatives of the Nation, and the two orders were to be considered merely deputies of corporations, with only a deliberative voice (1791, p. 127).

Aznar quoted not only the Catholic corporatists (Ketteler, Vogelsang, Hitze), but also Durkheim and Duguit. Durkheim was the spokesman for "a scientific, postitivist sociological school" which had reached the same conclusions as the Catholic social reformers, even though he had no religion. Duguit, who felt for Catholicism *una hostilidad siniestra de hugonote*, held, nevertheless, views similar to the Catholic corporatists (Aznar, ed. 1946, p. 214). Duguit's work was introduced in Spain by the Krausist non-Catholic Adolfo Posada, who translated *La transformación del Estado* (1909). Two of Duguit's ideas proved most fruitful for corporatist ideology: a) the change from a Roman-law conception of ownership rights to ownership as a "social function"; b) the notion that class struggle would be calmed down by establishing contractual regulations between classes. This was more helpful than the extremist liberal view impracticably contrary to unions, if one had to cope (in Spain and other countries at the time) with a growing revolutionary syndicalism based on the idea that *la propriété, c'est le vol,* and on the principle that unions should always use direct action. La Charte d'Amiens dates from 1907. The state, by

providing the legal framework for such collective bargaining, might deactivate revolutionary syndicalism. Accordingly, the Spanish Catholics would have liked a "spontaneous and natural" corporatism to develop. But, of course, after killing so many workers from 1936 onwards, after repressing out of existence the workers' unions, after doing away with or putting into twilight even the employers' organizations, they had no right to expect a genuine corporatist system to function. State-corporatism suppressed its necessary social base.

The course of events after the introduction of collective bargaining in 1958 highlighted this deficit in social corporatism, even at the micro-level of the individual firm. Between 1958 and 1975, the governments of the day wanted collective bargaining agreements to be signed at decentralized levels, but to keep powers in reserve to disallow them should they be considered inflationary. Given the legal restrictions on firing workers, decentralized collective agreements were seen as a means to link wage increases to productivity gains. The economy grew consistently in the 1960s and early 1970s, and there was a great shakeout of labor, with massive migration to industrial areas and also to Europe. Collective bargaining was to be carried out by employers' and workers' representatives inside the *sindicatos verticales*. The growth of so-called *comisiones obreras* out of collective bargaining has often been explained. The workers tried to give themselves true representatives at the workplace level, especially in the Jurados de Empresa (a sort of works council) (Amsden, 1971; Ibarra, 1987). The procedure of mass meetings, to which proposals were presented, developed spontaneously, and from the mass meetings at the workplace grew the notion of electing temporary workers' delegates whose job it would be to negotiate the agreements, whether or not they belonged to the more permanent Jurado de Empresa. A paralegal system developed, which some employers came to prefer (and even publicly stated so) because they could get firm agreements with responsible partners. When the political change came after Franco's death, one such employer, legitimized by his former support for the Workers' Commissions, demanded strong measures against the mass meetings at the workplace which, according to him, would make the new unions unrepresentative (Durán Farrell, *La Vanguardia*, Barcelona, 6 Nov. 1977).

Before the transition, the growing *comisiones obreras* were not legal, and therefore coordination between workers' representatives from different firms was difficult, and indeed illegal. To this one should add the political quarrelling that

went on inside the Workers' Commissions in the 1960s. Little by little, the Communist party took over, and provided a leadership to the Workers' Commissions. In 1973 (in December, precisely when ETA gave a big push to the political transition by blowing up the Prime Minister, Admiral Carrero Blanco), the leaders of the Workers' Commissions were sent to jail, reemerging after Franco's death in November 1975. The Communist party, fearing competition on the left, refused to acknowledge ETA's spectacular success (so reminiscent, writ small, of the Russian populism of the 1870s, both in its glory and, sadly, in subsequent degeneration), and the respected Socialist leader Tierno Galván (1981, p. 460) would still dare doubt ETA's achievement some years later. In the 1970s, there were no less than ten general strikes in the Basque Country (including Navarre), but not elsewhere, in defense of ETA's prisoners or against police repression (Ibarra, 1987).

The insistence from the government, in the 1960s, on the need for collective bargaining was clear even in agriculture. Officials in the corporative organization were pestered by the authorities to get landowners and laborers to negotiate wages, hours of work, and piece-work rates. Thus, in the province of Cordova, in the two or three villages with the most militant working class, the laborers refused to take part (in the 1960s) in elections for representatives in the corporatist unions. On the other hand, they dared not hold mass meetings and elect extra-legal delegates who would bargain by direct action, because the degree of repression was greater than in industrial areas. Therefore, quite often genuine agreements could not be negotiated. This is a case of the lack of even micro-corporatist arrangements, caused precisely by the forced introduction of state-corporatism (Martinez-Alier, 1971).

The 1960s and early 1970s were a period when there was, undoubtedly, a "primacy of the economy," at the ideological level inside the regime, and nevertheless a general incomes policy proved impossible. One example of the change in vocabulary from doctrines of "social harmony" to economic reasoning on the issue of distribution of income, will clarify what is meant by the "primacy of the economy." The banker Ignacio Villalonga (who was also treasurer of the ACNP), explained in 1961 that "many innocent people and others who are demagogues assume that by syndical pressure or by social legislation one can improve the situation of the economically weak classes....But if employers are forced to pay wage rates higher than marginal productivity value, unemployment follows sooner or later" (cited by Muñoz, 1969, p. 357). This could be compared to Herrera Oria's

vocabulary: "From the income that his properties produce, the owner has the right to take what he needs for the sustenance, the improvement, and the decorum of himself and his family, but the rest he should give out as alms"; this, of course, after "capital would have reintegrated a portion of the product to compensate for risks, as commutative justice demands" (1933, preface).

One could already find in the 1950s, inside the regime, modern economic views on the need for an incomes policy. Thus, in one of the "Social Weeks" organized by the ACNP, there was a communication by Carlos de Inza (1952), before an audience where bishops were well represented. Inza explained marginal productivity theory, reaching the conclusion that there was no "entirely satisfactory justification in order to establish that the part of the product which, in conscience, corresponds to each factor of production can be found by making its remuneration or price equal to its marginal productivity." However, economics could help, after all, and Inza went on to explain that economic growth depended on investment and that, therefore, there was a right to profits, although it was difficult to say in exactly what proportion of total production.

In Spain in the 1960s and 1970s, the required economic vocabulary was available for the prospective *Sozialpartners*. Nevertheless, there was no way in which a central agreement on incomes could be established, because there were no valid interlocutors, at least on the workers' side. An incomes policy signed inside the state-corporatist organization would have been a joke. The *sindicatos verticales*, though they were sometimes used as a legal platform, were a shell often unable to contain collective bargaining at plant level. They were much emptier at a higher level. This is why the state resorted to compulsory arbitration (the so-called *normas de obligado cumplimiento*, setting wage limits in particular cases) and this is also why decrees were enacted giving a wage-norm, but they were not complied with. The government was successful in slowing down real wages by decree in 1968-69, but in the following years up to 1977 other such attempts failed completely, most notably in 1973-76 (Poveda, 1974; Cuadrado and Villena, 1979).

After 1977: From Corporatism to Corporatism

In Franco's Spain, the political-economic system was assumed to function according to corporatist principles. In fact, it did not do so. On the other hand,

"corporatist structures" have developed in the post-Franco political-economic system, though not a single one of its politicians, employers' leaders, or union leaders would call himself a partisan of corporatism. This is why one could write about "the old corporatist ideology and the new corporatist reality in Spain" (Martinez-Alier, 1977, 1978, 1981, 1985a, 1985b; Lang, 1981; Giner and Sevilla, 1984).

Genuine corporatist arrangements were impossible under a system of "state-corporatism." They are now possible in the sense that there are valid interlocutors and intermediaries. What are, however, the ideological bases for such agreements? Would doctrines of "social harmony" be compatible with the intellectual traditions of left-wing unions, and with the images of society held by the working class? Would the ideology of corporatist arrangements as *scambio politico* take root among the social agents and their membership? Mainly, how did the macroeconomic orientation of the unions take root in 1975-1977? The consolidation of the new corporatism has advanced greatly in Spain since 1977. Thus, Nicolas Redondo, the head of the UGT, would argue that trade unions must opt for one of three alternative courses of action (*El País*, 11 June 1983). Either to help come into being a "liberal solution with a clear antiunion content," or "free and sectorialized bargaining which inevitably will give rise to corporatist practices," or, lastly, "a policy of great agreements, with balanced sacrifices and counterparts," at the level of the whole economy. Redondo opted for the last alternative, keeping the word "corporatism"--in Italian or French fashion--for practices which seem not to have a settled name in the scholarly literature. (*Betrieb-Egoismus* has different connotations from the British "free collective bargaining," although it perhaps corresponds to similar practices. "Syndicalism" should not be used because it was preempted in a different sense by Schmitter in 1974.)

In the last years of the Franco era, the labor movement had been marked by two main characteristics. First, a considerable degree of mobilization, largely due to the practice of "direct" action and bargaining. (The word "direct" is used to indicate the absence of permanent intermediaries.) Secondly, a general identification with a single labor organization, the Comisiones Obreras or Workers' Commissions (established in the early 1960s), which, again with the exception of the Basque country, gradually became ever more controlled by the Communist party, which used this control to work its way into elective posts within the official trade unions. Following Franco's death, the Communist party tried to promote a single labor

organization (similar to the Portuguese Intersindical) based on the Workers' Commissions' prestige and tradition and the position of some of its members in the official unions. This would not be a typical trade union with voluntary membership, but it would act as the organized representative of the entire labor movement. By monopolizing worker representation, it would therefore be entitled to the financial resources accumulated by the "vertical" unions which collected compulsory fees from both the employees and employers. From the outset, the Communists made it clear that in the new political context they would refrain from confrontation and would opt instead for the agreement of pacts with the business interests in exchange for an anti-Franco political pact.

The Communist leaders were sincere in offering their party as the cornerstone of a new corporatist relationship between business and labor in which the sole labor union would be the unquestioned representative of all workers and would negotiate solutions to the economic recession which was then starting. Nevertheless, there were a number of reasons why this idea stood little chance of success. First of all, the Workers' Commissions radical background had little in common with the European social democratic unions which had successfully engaged in the practice of negotiating social pacts. Secondly, in order to acquire full legitimacy, the proposal should have been discussed openly, but such an open discussion might have had unforeseen results. This is because many militant workers understood the union as a "socio-political" movement, and that this was an alternative to the bureaucratized style of the European labor organizations. Lastly, the idea failed to take into consideration the possibility that other "historical" trade unions such as the UGT and the CNT might enjoy a revival despite the fact that they had been only on the fringes of the resurgent labor movement of the 1960s. Ideological differences apart, these unions were obviously not about to agree on a single labor organization which would in practice both spell the end of their independent existence and ensure Communist control of the labor scene.

In the months following Franco's death, in November 1975, there were heated discussions on whether there would and indeed should be a single labor organization or a variety of unions. The government's position was clear; although the UGT was still illegal, the government allowed it to hold a public conference in April 1976 (when Arias Navarro was still Prime Minister). In contrast, the Workers' Commissions decided to turn themselves into an ordinary union with voluntary

affilitates and to admit that its original plan was unfeasible. This decision led to a split whereby the factions which were closest to two Maoist parties, the ORT (Workers' Revolutionary Organization) and the PTE (Spanish Labor party), decided to set up their own short-lived unions.

The resulting union structure was one of stiff competition between the two leading labor organizations, which at the same time adopted a joint policy aimed at the elimination of the other smaller unions. The competition between these two major unions was particularly strong in the first years after they had been legalized. The UGT needed to woo members from the Workers' Commissions in order to grow, and the norms governing representatives in the workplace, a debated question, had not yet been established. Afterwards, if one takes the results of works council elections as an indicator, both are about equal in strength, but they are linked to different political parties, and the strain has increased after 1982 since these unions no longer represent two opposition parties, but one opposition party and the governing party.

In some regions of Spain, union representation is not restricted almost solely to the UGT and the Workers' Commissions. In the Basque Country the leading labor organization is the nationalist ELA/STV which has opposed all agreements settled at the national level. Despite this, the political positions of the ELA/STV are only moderately nationalist in character rather than left-wing and pro-independence; their opposition to nationwide agreements owes more to their geographic boundaries than to other reasons. Other unions exist also in the Canary Islands, Galicia, and rural Andalusia, but not in Catalonia. Research should be done on the reasons why small left-wing unions opposed to neocorporatist agreements have almost disappeared. In the case of the anarcho-syndicalist CNT, this can be attributed, to some extent, to internal squabbling which was inherited from the bitter exile under the Franco regime, and which took the appearance of a disagreement between a syndicalist faction and a more individualist faction that was more concerned with new social movements and unorganized sectors of the population than with union action. But there is another factor. As R. B. Collier and D. Collier (1979) have explained, corporatism offers inducements and imposes constraints. Recognition by the state and by the employers' organization, and the continuation of a whole series of benefits, depends ultimately on union behavior which stays within certain guidelines. In the Spanish case, the strategy of the UGT (and of the Workers' Commissions in 1977 and 1981) has been rewarded with measures which tend to make

these two unions the representatives of the entire labor force, despite declining affiliation after 1978. Thus, the labor laws stipulate that no union may participate in bargaining sessions unless its members amount to 10 percent of the members of the works councils of the firms affected by the agreement. Also, public funds have been given to unions in proportion to results to work council elections or through ad-hoc measures, helping those already strong.[1]

The Moncloa Pact of 1977

The first important practical moment in the consolidation of neocorporatism in Spain was the Moncloa Pact of October 1977. In the first place, it was a Pact (setting wage increases for the following year in line with expected inflation, in contrast to the previous practice in decentralized bargaining where past inflation plus productivity increases were the norm), which was signed by the leaders of political parties, but outside Parliament, and with only ex-post and most brief parliamentary debate. Since neither the Employers' Organization nor the unions signed it, one could perhaps say that it was not an instance of neocorporatist agreement. However, in 1977 the Employers' Organization (CEOE) had not yet established itself. One should also take into account the presence of top businessmen in the first governments after Franco's death (which showed them, at the time, ready to work with Suárez for political democracy and a social pact). One should also remember the close links between the Workers' Commissions and the Communist party (Carrillo was one of the signatories), and between the Socialist party and the UGT. Despite a remarkable lack of enthusiasm at the lower levels of both main unions, their leaderships did not speak against the Pact. In fact, the leaders of the Workers' Commissions carried out a campaign in favor of the Pact.

There is one further point. Parliamentary elections had taken place in June 1977. In the campaign, the left-wing parties had spoken against a social pact, and there was, after the Moncloa Pact, much verbal juggling in order to explain that it was not, properly speaking, a "social pact." The unions could not show excessive fervor in favor of the Pact. So, it was useful to overlap an implicit consensus on a wage-norm between organized interests with an agreement between political parties which comprised almost the whole parliamentary spectrum. The new government

1 The preceeding paragraphs have been taken from Roca (1987).

was the first government democratically legitimized in forty years. The elections had had a very high turnout. That the Pact was signed by the leaders of all political parties (excluding Basque separatists and virtually no one else) gave it a supplementary force over what it would have had if signed only by the major unions and employers' leaders. To make this point clear, we quote from an open letter published in the press by a firm whose workers were on strike in December 1977 and January 1978 with the explicit intention of breaking the wage-norm: "All workers in Spain could today be on strike on this very same issue (whether collective contracts which had foreseen wage increases according to inflation rate of the previous year were or were not enforceable). But Spain, through our representatives for who[m] we all voted on June 15, has also voted for this Pact. It is not something that a particular firm might like or dislike. It is a law for all of us."[2] In the Pacts, in subsequent years, there was no need for this supplementary legitimation of corporatist agreements from the parliamentary system. It is something that might be used, if needed. But in principle, in a market economy, wages and conditions of work should be established by bargaining without government interference, and certainly outside Parliament.

The scope of the Pacts has always been rather wide, but one specific "counterpart" is rarely mentioned. The unions (and the left-wing parties, particularly the Communist party) restrained their members in exchange for assurances on the consolidation of a democratic regime, although at the negotiating table there were no representatives of the one corporation (the Army) which represented the real threat.

Social acceptance (as far as it went) showed that, in the calculus of costs and benefits, the social actors thought they were not overcharged too much, but such a tautological explanation has little value in ascertaining the reasons for the demise of revolutionary syndicalism (and for the demise both of fascism and state-corporatism) in Spain. In other words, what needs explaining is why union leaders and, to some extent, their rank and file, have come to accept a "macroeconomic orientation" for their actions, and to what extent this contradicts the vision of society that in a country such as Spain, most workers still have. It is interesting that in a sample of

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2 The firm was "Bimbo," of Granollers, Barcelona. Most workers were affiliated with CNT, which was against the Pact.

4200 workers, during the Spring of 1978, around 36 percent found the Moncloa Pact to be "harmful or useless," and nearly 40 percent did not know or did not answer, while one-fourth found it "reasonable." Of those who were against, 60 percent saw no alternative to it; they were perplexed, they were simultaneously against and in favor (Pérez-Díaz, 1979; cf. also Fishman, 1984). A "dual view" of society persists, and opinion polls would find--if they asked such questions--that workers agreed, by and large, to the proposition that "those who work in the hardest jobs earn less than those with lighter jobs, or than the capitalists who do not work." At the same time, there is a feeling of resignation, even accommodation, to such a state of things, since it is believed that it will not be easy to change it. This has been called sometimes "dual consciousness."

While workers can accept the argument that there might be a trade-off between wage increases and employment, it does not follow from this that they accept the existing distribution of property and income, or that they do not realize that a large portion of profits goes to luxury consumption. There is also no evidence that workers would rather have proportional wage increases than across-the-board increases. There are signs that wage incomes have decreased in favor of property incomes (Tables 5 and 6), and that unemployment has also increased considerably since 1977. Whether this is despite or because of wage-moderation is a moot point, since wage-moderation depresses effective demand.

In the period up to 1977, gross real wages (pretax, and not subtracting social security contributions) grew by and large as quickly as productivity (Tables 3, 4, and 5). The increased share of wage incomes in GDP (Table 6) is explained by an increasing rate of salaried labor (as opposed to self-employed), and also to some extent by the increase in social security contributions (Toharia, 1981a, 1981b). In the period after 1977, characterized by increasing unemployment and by neocorporatist agreements, gross real wages grew less than productivity, and therefore the share of wage incomes in GDP diminished. The part of the employed population which is in wage employment has been practically stable since 1977 (Table 6).

Neocorporatist Pact, 1980-87

Despite the avowed intentions of the leaders of the UGT and the Workers' Commissions, they were unable to reach agreement with business interests for the

year 1979, which was an electoral year (after the Constitution had been drawn up by the first Parliament elected in June 1977). Instead, the government decreed the range of permitted maximum wage increases based on predicted inflation, and recommended--as did all subsequent pacts--that increases be proportionate. The Moncloa Pact had still foreseen, on the contrary, that at least half the increase be distributed equally in each firm, as an across-the-board increase to all employees.

The 1980-81 pact, the Interconfederate Framework Agreement (AMI), was signed only by the Employers' Association (CEOE) and the UGT. One smaller union, USO, later accepted the agreement. It was also based on the predicted rate of inflation. A statutory *scala mobile*, at times discussed before the political transition, went definitively out of the political-economic agenda with the change to democracy and the simultaneous economic recession. In 1980, the Workers' Commissions and the UGT were locked in serious disagreement over the working of the future labor relations act, and the Workers' Commissions were edged out of the AMI negotiations. In a climate of political uncertainty and with the prospect of new general elections (which would take place in October 1982), CEOE gave UGT a boost by negotiating exclusively with it, and set the two major unions at each other's throat.

The National Employment Agreement (ANE) was signed in June 1981, that is, seven months in advance of the bargaining session for 1982. This was because of the threat to democracy in the aftermath of the attempted coup of 23 February 1981. This time, the signatories were the CEOE, the UGT, the Workers' Commissions, and the government itself. One of its peculiarities is that it was presented as an agreement on employment rather than just on wages, the actual wage restrictions (which made 1982 the first year in which all indices of real wages pointed downwards) being seen as capable of generating employment in themselves. In fact, unemployment continued to increase.

Following the spectacular socialist victory in the general elections of October 1982, "concentration" again became the byword. A new Interconfederate Agreement between the CEOE, the UGT, and the Workers' Commissions, and formally without the government, was reached in 1983. Although 1984 was a year without a central pact on wages, and much was made, in retrospect, of the fact that real wages went down--in order to show that neocorporatist agreements, in a context of increasing unemployment, would favor labor rather than capital--the following two years, 1985

and 1986, saw a biannual pact negotiated in October 1984 and come into force, and the AEC (Economic and Social Agreement) signed by the government, the CEOE, and the UGT. The Communist party was by then splitting into three factions, and the Workers' Commissions (which had not split, and have not--yet?--split at the time of this writing) could really not bring themselves to take part in new agreements. Some of their leaders (such as Julian Ariza) who fervently preached the virtues of the Moncloa Pact, now regret the policy of central agreements, though they do not trace a parallel between the old and the new corporatisms, and so far refuse to use "neocorporatism" as a word in the political struggle. Whether this is because of ignorance or of their past, it is difficult to tell.

The most remarkable feature of neocorporatist agreements in Spain in an international comparative context is the good fit between wage increases foreseen in the pacts, and the actual wage increases agreed to in collective agreements, without wage drift (Table 7). There have been only three years--1979, 1984, and 1987--since the political transition without a central agreement on a wage norm in Spain. In 1984, for the public sector, a norm of 6.5 percent was incorporated into the budget, as compared to a foreseen rate of inflation of 8 percent (which was in fact exceeded). In the private sector, the range of disagreement between CEOE and UGT was small, while the Workers' Commissions held out for an upper level of 10 percent. In the end, there was no agreement, probably because inside CEOE an "anticorporatist" neo-liberal current was gaining strength as the rate of unemployment grew, reaching in February 1984 to nearly 20 percent, and also because UGT leaders were worried that the Workers' Commissions could appear as successfully outbidding them. Inside the socialist government there are some believers in a larger wage spread, to be achieved by having one year of decentralized bargaining every now and then. There are others in the Socialist party who would like a *dirigiste* French pattern to emerge, and who can live, therefore, without pacts. Felipe González, a former labor lawyer, is outspokenly in favor of social pacts, and in 1987 repeatedly stated that he is ready to negotiate even the state budget with the Employers' Organization and with the two main unions, outside Parliament, as part and parcel of a social pact. He has also proposed that the government submit legislation to institute the Economic and Social Council foreseen in the Constitution, and favors workers' investment funds, in the Swedish pattern, in exchange for wage restraint. There is no specific Spanish contribution, then, to the theory and practice of neocorporatism, unless the helpful

role of the sporadic rumblings of the Army (at least as of 1982) are catalogued as such.

There were conjunctural political factors in the absence of a central corporatist agreement in 1979, 1984, and 1987. There seemed to be also long-term factors, mainly the increase in unemployment and the weakness of the unions (possibly induced not only by unemployment but also, to some extent, by the corporatist practice of previous years which emptied negotiations at lower levels of meaning). The unions' weakness tempts the employers to do without a general wage norm. On the other hand, one way for the unions to recover some muscle is to give them some role at local and firm level; one sporadic year of decentralized bargaining certainly would improve their much weakened position, a position which makes them dependent on state financial support because of a low rate of membership.

In 1987, the government was aiming at a wage norm of 5 percent, but even UGT refused to play along. The wave of labor unrest in 1987 showed that a pattern of free collective bargaining could result in "excessive" wage increases (as it would undoubtedly happen with General Motors and Ford, which are now the largest "Spanish" exporters). A new factor against a central neocorporatist agreement might be the renewed growth of some sectors of the economy: the government may fear labor conflicts, but unions seem to be acquiring a more sanguine disposition. The neocorporatist agreements have perhaps been good for the economy of Spain and for the stabilization of its democracy. They have certainly been good for the new General Motors factory in Saragosse. In 1987, when there was no corporatist agreement, there was a long labor conflict in General Motors (publicly underplayed by the mass media and by the unions themselves, in contrast to similar situations in Great Britain under Wilson and Callaghan), with a wage demand of over 9 percent increase in monetary terms, compared to a government norm of 5 percent for the public sector.

<u>The Legitimation of Neocorporatism</u>

This brings us to the last point, which is how neocorporatism, which implies refraining from exercising union power at lower levels, can be legitimized from a social-democratic point of view. One possibility is that of agreeing to permanent wage-moderation in exchange for a greater voice for workers' organizations in the running of the economy. This is where Otto Bauer's comments of 1933 come to mind, when he argued that the distance between Catholic corporatism and "industrial" or "economic democracy" was not that large. It is perhaps a case of, "if you can't beat them, (try) to join them." But his remarks retain their interest. The Spanish socialists have adopted them in the 1970s and 1980s, although with embarrassment and without acknowledgment, since the word "corporatism" implies a system of permanent, structured inequality.

Otto Bauer wrote that the "class struggle" in Austria, at the time, was a struggle on the interpretation of *Quadragessimo Anno*. Despite the Pope's praise for Italian fascism, one should trace a fundamental distinction between the fascist corporative system (with appointed officials, without freedom of association and without the right to strike, without parties and Parliament), and what we would call now "liberal corporatism"--*berufständische Selbstverwaltung* ("corporative auto-regulation" or "self-administration"), a concept which, as he explained, was similar to "organized capitalism" or to "economic" or "industrial democracy." Capitalists and workers would collaborate in a range of new institutions, with wide competencies (which he discussed in detail). Such institutions would be like those which had grown out of collective bargaining (*Tarifgemeinschaften*) but would deal with other questions apart from wages and work conditions. For instance, they could deal with the regulation of production and prices, by sector. That " state-corporatism" (Bauer called it "Italian" *Korporationensystem*) would kill social corporatism was a point explicitly made by Bauer. Since the Catholics held on to the antistatist "subsidiarity principle," he hoped they would agree with him. The specific question of a Corporative Chamber vs. a Parliament of political parties was not discussed by Bauer in this series of articles.

Bauer pointed out the loss of strength by industrialists and bankers, after the First World War in Austria, to the benefit of aristocrats, bureaucrats, and generals,

but he felt (or at least he wrote, although this was in the autumn of 1933) that there was a *Gleichgewicht* between the workers and the capitalists. *Berufständische Selbstverwaltung* was thus in no sense a "road to socialism." It was a "left-wing" interpretation of *Quadragessimo Anno*, rooted in social-democratic theory.

In a Spanish (or Italian) context, "corporative auto-regulation" or "self-administration," which Bauer used as a "good" term, does not seem useful to legitimize social-democratic (or Eurocommunist) neocorporatist practice, but perhaps "economic democracy" would be more useful, giving to it Bauer's definition, and making it synonymous with "neocorporatism."[3]

The terms "corporatist state," "corporatist economy" and "corporatism" have been used in the international debate since the mid-1970s more as terms of abuse than as terms of praise. This was clear in the initial academic contributions, and also in political usage not only from the Left but also from the Right (at least in Britain). Perhaps the word is now losing this pejorative character. Thus, a nasty review of a book written by Tony Benn said, "Of course postwar government depended on a corporatist consensus which has now broken down. That is a Thatcherite truism." And a favorable review of Shonfield's *In Defense of the Mixed Economy* states that he "was a corporatist, and that is nowadays not a very fashionable thing to be." [4] But in the radical atmosphere of the late 1960s and early 1970s, the word "corporatism" was used by academics inclined to the left, despite (or perhaps because of) its connotations. Schmitter's original typology, presented in a brilliant article, "Still, the century of corporatism?" (1974), which included some consideration of "the basic institutions of capitalism and the class structure of property and power engendered by it," the "syndicalist" alternative seemed to imply a working-class victory led by the unions (as in Catalonia in 1936). "Syndicalism" was a "societal corporatism" without capitalists, and possibly with a much weakened State, that is, with a different structure of property, and a much more equal distribution of power and income.

In the second half of the 1970s, the neoliberal reaction was growing, and in some countries the increase in unemployment made it attractive to attempt to do

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3 Articles in *Arbeiter-Zeitung*, 1933, in *Werkausgabe*, Vol. 7, pp. 496-517; "Klassenkampf und Ständeverfassung", *Der Kampf*, Jan. 1934, in *Werkausgabe*, Vol. 9, p. 341 f; See, in English, Gulick (1948).

4 *Times Literary Supplement*, 11 September 1981. *Financial Times* , 25 February 1984.

without social pacts. Neoliberals were certainly entitled to the derogatory use of the "corporatist" tag, perhaps even more so than leftists, because the first time that the word "corporatism" was used as term of abuse after 1945, in the Keynesian-social-democratic era in Europe, was probably by Hayek in 1960. (Mendès-France had felt obliged to include some pages in *La République Moderne* (1962) explaining why his proposals for concerted planning could not be described as corporatism, probably, in the French context, looking over his shoulder to the Communists rather than to the right). Hayek wrote that in countries where, because of the monopolistic behavior of the unions, inflationary tendencies began to appear, there were increasing demands for an "over-all wage policy." Wages were to be determined by some conception of "justice" rather than by the forces of the market. This would, of course, force unions to choose "between becoming the willing instrument of governmental policy, on the one hand, and being totally abolished, on the other. The former alternative is more likely to be chosen, since it would enable the existing union bureaucracy to retain their position and some of their personal power. But to the workers it would mean complete subjection to the control of a corporative state" (Hayek, 1960, pp. 282-283). Free collective bargaining was compared by Hayek to an "over-all wage policy" implemented by a corporative state with the agreement of the union leadership (and not of the rank-and-file, since Hayek thought that in a period of full employment they would not give permanent consent to a wage norm). The distinction between the two varieties of corporatism got lost in Hayek's polemics. "Corporatism" was used as an insult, and Hayek is certainly an exception to Shonfield's rule that "the corporatist form of organization seems to be almost second nature to the Austrians" (Shonfield, 1965, p. 193).

The word "corporatism," whether analytically useful or not, has been embarrassing not only to Spanish politicians, unionists, and employers' leaders, but also to Spanish political analysts inclined to the moderate left. Thus, it has been said to be "unfortunate that both forms of interest organization and control [both forms being the "old" and the "new" corporatism] go by the same name" (Giner & Sevilla, 1984). There is certainly a difference between the "old" corporatism, compatible with fascism, and the "new" corporatism--which is not so new, as Charles Maier explained (1975)--and which is more or less compatible with parliamentary democracy.[5]

[5] When writing in Spanish, Salvador Giner and Victor Pére-Díaz use *corporativismo* for the "old" corporatism, and the neologism *corporatismo* for the "new" corporatism. Such things happen also in Italy. One wonders how they would translate the title of

Whether use of "corporatism" in order to describe the "new" corporatism is considered to be fortunate or unfortunate depends on the outlook of the author and reader. The distinction between descriptive and normative terms is difficult to make in political science. Words are themselves part of the political contest (Connolly, 1983).

We do not believe that Spanish neocorporatism is to be explained by a specific "Iberic-Latin" political culture (Wiarda, 1974). Corporatist structures have grown after 1977 because the Left (with exception of the Basque Country) had long made itself ready for a tame transition out of the Franco regime. The Right came out of that regime politically weakened but socially and ideologically on top. The language of Spanish corporatism is nowadays the language of macroeconomics, in which the Socialists concur, and not that of Christian "social harmony" or even Durkheimian "organic solidarity." Post-Franco corporatist structures have developed without any of the social agents adopting explicitly a corporatist ideology. On the contrary, the word as used in this essay, is seen as an insult, especially by Socialist intellectuals.

Manoïlesco's book, *Le siècle du corporatisme*, or the title of Schmitter's article, "Still, the century of corporatism?".

TABLE 1

Installed horsepower per arable hectare, Spanish agriculture

	1947	**1977**
Humans	0.04	0.02
Draught animals	0.09	0.03
Machines (including combine harvesters, pumps, etc.)	0.03	1.40
Total	0.16	1.45

Source: Naredo and Campos (1980), p. 176.

TABLE 2

Energy value of inputs from outside agriculture and of net agricultural production, Spanish agriculture, 10^{12} kilocalories

	1950-1	Average 1977-8	Index (base 100, 1950-1)
Inputs			
Fertilizers	2.46	17.84	725
Machinery	0.11	2.90	2,630
Fuel	0.90	26.42	2,930
Electricity	0.52	2.44	469
Pesticides	0.43	1.90	441
Imported feedstuffs	-	30.81	-
Total	4.42	82.31	1,862
Production			
of vegetable products	26.97	49.22	183
of animal products	3.44	12.59	366
Total	30.41	61.81	203

Source: Calculated from Naredo and Campos (1980), pp.196, 198, 214.

TABLE 3

Annual percent increases in wages and cost of living, 1964-1986

	Wages			Consumer price index
	(1)	(2)	(3)	
1964	8.6	12.6	0	7.0
1965	13.5	17.0	0	13.2
1966	10.8	16.3	10.0	6.2
1967	12.9	14.3	31.3	6.4
1968	0.2	8.9	17.2	4.9
1969	2.0	11.8	0	2.2
1970	12.9	13.5	13.2	5.7
1971	13.1	13.5	14.3	8.2
1972	14.2	16.0	14.4	8.3
1973	16.4	18.6	18.2	11.4
1974	19.6	25.5	20.6	14.7
1975	21.4	27.3	23.7	17.0
1976	19.3	26.7	26.8	17.6
1977	25.0	27.6	30.4	24.5
1978	20.6	25.4	24.8	19.8
1979	14.1	22.5	17.1	15.7
1980	15.3	16.1	13.7	15.6
1981	13.1	15.4	13.6	14.6
1982	12.0	14.0	14.2	14.4
1983	11.5	13.7	13.1	12.2
1984	7.8	9.9	8.0	11.3
1985	7.4	9.3	7.0	8.8
1986	8.1	10.9	8.0	8.8

Notes and Sources - Column (1), increase in wages negotiated in collective agreements, data from Ministry of Labour, Boletín de Estadísticas Laborales, and Ministry of Economy (Dirección General de Política Económica y Previsión), Un análisis estructural de los covenios colectivos: 1980-81. Column (2), increase in wages effectively paid (includes wage drift) in a sample of manufacturing and building firms with more than ten workers, and banks, data from Instituto Nacional de Estadística, Encuesta de Salarios. Column (3), increase in legal minimum wage (in the 1960s, legal minimum wages were still a novelty, which helps to explain their vagaries). Source for CPI, Instituto Nacional de Estadística.

TABLE 4

Indices of Real Wages
1964-86

	(1)	(2)	(3)
1964	70.4	43.1	51.3
1965	70.5	44.7	45.4
1966	73.5	48.9	46.7
1967	78.0	52.5	58.1
1968	74.6	54.5	64.8
1969	74.3	59.6	63.4
1970	79.3	64.1	67.7
1971	83.1	67.1	71.6
1972	87.6	72.0	75.7
1973	91.5	76.6	80.2
1974	94.5	83.2	83.7
1975	98.1	90.5	88.5
1976	99.5	97.5	95.4
1977	100.0	100.0	100.0
1978	100.7	104.7	104.2
1979	99.3	110.8	105.4
1980	99.1	111.3	103.7
1981	97.8	112.1	102.8
1982	95.7	111.7	102.6
1983	95.1	113.2	103.4
1984	92.1	111.8	100.4
1985	90.9	112.3	98.7
1986	90.3	114.4	98.0

Sources: Calculated from Table 3. Columns 1,2,3 as in Table 3, deflated by Consumer Price Index. Base 1977 = 100.

TABLE 5

Annual average percent increases in real wages and productivity

	(1)	(2)	(3)	Increase in productivity
1964-77	2.74	6.69	5.27	5.08
1977-86	-1.13	1.51	-0.22	3.51 (*)
1977-84(*)				

Notes and Sources - Columns 1,2,3 have been calculated from Table 4. They give increases in real wages according to the sources in Table 3. Increases in productivity have been measured by taking GDP at factor cost in constant 1970 pesetas (Instituto Nacional de Estadistica, Contabilidad Nacional), divided into employed population (Instituto Nacional de Estadística, Encuesta de Población Activa and Ministerio de Economia, Población, Actividad y Ocupación (reconstrucción de las series históricas 1960-1976).

TABLE 6

Percent distribution of GDP (at factor cost)

	Wage incomes (1970 series)	Wage incomes (1980 series)	Self-employed and property incomes (1970 series)	Self-employed and property incomes (1980 series)	Percent of wage earners inworking population
1964	47.45		52.55		59.73
1965	48.21		51.79		60.69
1966	50.00		50.00		60.56
1967	51.58		48.42		61.22
1968	50.58		49.42		61.65
1969	51.20		48.80		62.55
1970	52.04		47.96		64.25
1971	52.89		47.11		67.52
1972	54.75		45.25		67.70
1973	55.57		44.43		67.81
1974	55.60		44.40		68.81
1975	56.87		43.13		69.62
1976	58.05		41.95		70.88
1979	57.60		42.40		70.33
1980	56.45	53.63	43.55	46.37	70.14
1981	56.48	54.20	43.52	45.80	69.70
1982	55.47	53.16	44.53	46.84	69.44
1983	54.31	53.24	45.69	46.76	69.56
1984	51.23	50.43	48.77	49.57	68.56
1985	-	50.10	-	49.90	69.15
1986	-	49.91	-	50.09	70.72

Notes and Sources - Instituto Nacional de Estadistica, Contabilidad Nacional.

The last column has been added in order to show that up to the mid-1970s, at least part of the increase in the share of wages was explained by the change in the composition of the working population.

TABLE 7

Percent wage increases in collective agreements, compared to social pact provisions

	Social Pact Provisions		Agreed wages in collective agreements	Consumer Price Index
1978	Moncloa Pact	20-22	20.6	19.8
1979	Decree-law	11-14	14.1	15.7
1980	AMI	13-16	15.3	15.6
1981	AMI	11-15	13.1	14.6
1982	ANE	9-11	12.0	14.4
1983	AI	9.5-12.5	11.5	12.2
1984	Free bargaining		7.8	11.3
1985	AES	5.5-7.5	7.4	8.8
1986	AES	7.9-9.4	8.1	8.8

Notes and sources: Agreed wages in collective agreements, and CPI, as in Table 3. Social pact previsions give the range of allowed increases. for 1986, the AES signed in October 1984 established increases between 90 percent and 107 percent of the increase in CPI in 1985. Data for 1987 are estimates as of the month of September for increase in CPI for the whole year, and for increases in wages agreed in collective agreements.

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Economic Policy in Spain's Democracy: Dilemmas and Constraints

by Carlos Bustelo

As the data in Table 1 shows, Spain has hardly been able since the death of Franco in 1975 to maintain an economic growth rate similar to that of other European industrial countries, while in the fifteen preceding years, the growth rate of the Spanish economy was well above the norm of those countries. The decade 1960-1970 was especially brilliant: the Spanish GDP recorded an average growth rate of almost three percentage points above the OECD-Europe average, which allowed Spain to reduce her distance from European neighbors. This process, however, slowed down, beginning in the mid-1970s when Spain, like so many other countries, entered into a period of slow economic growth, high inflation, and high unemployment figures, a stage from which the Spanish economy has been unable to recover.

A conclusion on the basis of these figures might be that democracy has acted as a break on the rapid growth achieved by the Spanish economy during the 1960s and the first-half of the 1970s. But this would be an oversimplification of the most complex and remarkable past ten or twelve years of Spanish history.

Indeed, the truth is that contrary to all forecasts in the years following the death of Franco, Spaniards have succeeded in consolidating a parliamentary democracy comparable to the most advanced in the world and in becoming a full member of the European Economic Community. This was an extraordinary accomplishment, especially when compared with the recent historical failures of the Second Republic and the Civil War. And this success is especially noteworthy because from an economic point of view, the Second Republic of 1931 and the post-Franco democracy had something in common: both arrived at a time of serious economic depression after periods of rapid growth and relative prosperity. Fortunately, the European environment in 1976 had nothing in common with the terrible nightmare of the 1930s.

To put in a nutshell the magic formula applied by Spaniards to achieve a peaceful transition to democracy in such adverse economic circumstances, I would say that it was political consensus and economic concert. The great majority of Spaniards understood the hard lesson of history and the necessity to avoid tensions and confrontations if they were to accomplish their goals.

Political consensus and economic "concertation" made it possible to dismantle the entire institutional framework of Francoism and to construct at the same time a new constitutional system, but they also had some negative aspects. For instance, the economic agreement contributed to the reduction of industrial conflicts but at the price of delaying necessary economic adjustments and transfering tensions to the budget, thus provoking a rapid increase of the public deficit during all those years, as shown in Table IV.

In such circumstances, rationality in economic policy did not always prevail. At the same time, various social demands had to be faced, along with the heritage of imprudent and, in some cases, fraudulent business management. For instance, the broadest banking industry crisis recorded in the western world caused the disappearance of almost half (exactly fifty-one) of the private banks existing in Spain in 1977.

Now, ten years after the Moncloa Pacts, it is easy to say that if the obsession for reducing tensions had been milder--and also, obviously, if the Left had been less demogogic, the Right more responsible, and if the governments had made more daring decisions--the situation would be much better. Above all, the unemployment figures would be lower because the economy would have adapted to the new circumstances at a faster pace. The advocates of the "concertation" at that time argue that it was good to lengthen the economic adaptation process in order to advance the final consolidation of democracy in Spain. Conjectural history does not make any sense here, but it is true that in those difficult years, the impression existed that any additional conflict could represent a fatal risk for the fragile and incipient Spanish democracy.

Cumulative economic problems

The government resulting from the first democratic election held in 1977 encountered very serious imbalances in the Spanish economy which they had been accumulating and growing in magnitude during the four or five preceding years. In fact, the brutal price fluctuations of energy products and other raw materials at the beginning of the 1970s caught Spain at a time when Franco's dictatorship was disintegrating and unable to respond effectively to the problem. The situation made Spain even more vulnerable than other European countries because of its high

dependence on energy products from abroad and because of the relative importance of energy intensive industries. In addition, these problems were aggravated by ambitious projects such as the huge aluminium refinery in the northwest and the expanded steel works in the Basque provinces and Levante. There was even a time when the official doctrine was that the first oil crisis of December 1973 would not affect Spain because of the "special relationship and tradition of friendship" that General Franco's régime had with the Arab countries. Spaniards would see very soon that such crazy hopes had no grounds.

Whether as a result of political weakness or technical inability of the governments, the fact is that the Spanish economy accumulated huge internal and external gross imbalances during the 1973-1977 period, which generated high inflation rates--the annual rate during the summer of 1977 was above 25 percent--as well as significant balance of payment difficulties. The best illustration of the happy-go-lucky reaction of the Spaniards facing the first oil crisis is the trend of real hourly earnings in industry, shown in Table III. Note that in 1975 and 1976, growth rates in Spain were four times above those recorded in the OECD countries. In the following years, salaries continued growing at rates well above European rates until 1983 (the first year of a socialist government), when the trend was reversed.

The importance of the oil crisis in 1973 in triggering the process should not, however, lead us to forget the complexity of the situation which we are trying to describe; problems are not always immediately preceded chronologically by their causes, nor is it always possible to reduce the causes to one factor. For example, we referred earlier to the period of rapid growth in the Spanish economy which preceded Franco's death. This was the case between 1959 and 1973 under the influence of the economic boom experienced throughout Europe during those years. But this was a rapid and disordered growth on a base lacking sufficient technology and accumulation of capital, and in a climate of state intervention and strong protectionism. These weaknesses were especially notable when worldwide expansion was curtailed as a result of the energy crisis. These defects could have been corrected if the high growth rate of the 1960s had prevailed, and the extemely complex political problems associated with the democratic transition were not combined with equally complex economic problems.

Starting in 1974, the Spaniards' standard of living should have been rapidly adapted downwards to face the heavy increase in the oil bill. In more technical terms, the deterioration of real terms of trade drastically reduced disposable real incomes. In contrast, as we have already mentioned, hourly earnings were on the rise between 1973 and 1977. The final effect was a high rate of inflation and a large balance of payments deficit. At that time, there were grounds to talk about a "latin-americanization" of the Spanish economy. Secondly, the world-wide slowdown of economic growth began to affect basic industries such as shipbuilding, steel, and capital goods, industries which continued to foster ambitious expansion plans. Thirdly, as mentioned above, the wage explosion that started in the later years of the dictatorship prevailed during the transition and a rapid increase of Social Security contributions aggravated matters. So, in summary, we may say that a great part of the Spanish production system was going to pieces because its growth had been based on two abundant and cheap factors: labor and energy, both of which were no longer abundant or cheap.

Political transition and concerted action

Democracy made relative order out of chaos after the Franco dictatorship, yet it is also true that at the beginning (1976-78) the governments and political forces were more concerned about the construction of a constitutional system and the consolidation of democracy rather than about the faltering economy. However, thanks to the Moncloa Pacts, inflation was slowed down and a substantial reduction was achieved in 1978 (from 27 percent to 14 percent per year) while in 1979 a drastic Energy Plan was approved which allowed for a substantial reduction of the Spanish dependence on imported oil. Such a dependence had been again conspicuous during the second oil crisis in 1979 which placed Spain on the verge of having to apply petrol and oil products rationing measures.

The institutional framework and the labour legislation inherited from the dictatorship decisively worsened the situation by braking the necessary adjustments. The combined effects of all these factors were devastating to many firms caught between cost distortions and demand reduction. As shown in Table III, real gross fixed capital formation, which had been increasing at a fast rate since 1960, registered as negative rates from 1975 to 1985. The final result was a dramatic growth of unemployment in the the nonagricultural private sector (almost one million jobs

were destroyed during this period) to which a significant return of emigrants was added as a consequence of the problems that cropped up in other European countries. As a result, Spain had the highest unemployment rate of any industrial country, a fact that considerably overshadows the political and social success achieved by Spain in recent years.

In such adverse conditions, it is difficult to assess with any accuracy the relative weight of the factors that slowed down the necessary changes in the Spanish economy as compared to other European countries. However, what would seem clear is that the resistance to change shown by economic actors as well as the institutional framework--in conjuction with the lack of sufficient political will on the part of the governments to perform the necessary surgery--played a significant role in the process. Still, I believe that obstacles of all kinds that blocked the economic policy of the first democratic governments should not be underestimated. On the basis of experience, I have drawn up the following remarks on the matter.

Such a deep economic-industrial trauma as that experienced by Spanish society--the consequences of which will be long lasting--would have required a serious and in-depth debate of the issues and their solutions. And if such a thing is always difficult at any time and in any country, it was much more so in the expectant and confused Spain of 1976. The greater the expectations created by democracy, the greater the difficulties for the necessary discussion and understanding of the problems and appropriate policies. This was to be added to the consequences of the historical experience shared throughout Western Europe where false expectations and preconceptions inherited from the decades of the boom years were also being fought, although probably with more decisiveness, and certainly with more success, in the rest of Western Europe. In Spain, in 1977, it was, of course, very difficult to sell the idea that a good and efficient government is not sufficient to ensure permanent gowth with full employment and rapidly improving living standards. From the perspective of 1987, it is necessary to admit that, in spite of many efforts, Spaniards preferred to continue believing that a good and efficient government would bring prosperity. This belief would probably help explain the dramatic Socialist victory in the 1982 election. Their program promised something quite close to paradise which was supposed to be achieved in the near future, i.e., full employment, stable and balanced growth, the reduction of income differences, full liberty through collective and joint effort, the end of corruption, peace and

neutralism, efficiency in the government and government agencies, etc. Indeed, it is almost surprising that they only received ten million votes!

During these years of economic crisis and profound political changes, democratic governments carried out a significant educational effort in the economic field. The first fruits of such efforts were the 1977 Moncloa Pacts and, after 1982, the surprisingly realistic economic policy of the Socialist governments. In a sense, it is only fair to say that despite the political confrontations and the inevitable demagogy of election campaigns, a remarkable convergence among the main political parties and the different democratic governments has prevailed in the last ten years, at least as far as the basic line of economic policy is concerned. In fact, no serious discrepancies have been noted in regard to the following points: EEC membership, the need to curtail inflation and slow down wage increases, the need for reforming the tax and social security systems, greater financial liberalization, the advisability of promoting foreign investment, and the need to avoid protectionist temptations. This tendency towards convergence on economic policy has been noticeable since 1977, but the tendency has grown stronger after 1986 when, with the entry of Spain into the EEC as a full member, the margin for deviations was substantially reduced. In fact, the adaptation process agreed upon between Spain and the EEC, which will last until 1992, and the future inclusion of the peseta in the EMS, are significant factors against irresponsible and unsound economic policies.

The acceptance of basically correct economic policies--although their application may have not always been desirable--and the basic convergence of the different governments are two characteristics of democratic Spain which, in my opinion, have not been properly appreciated. In recent years it has become a habit to explain this surprising convergence by saying that current economic policy--pragmatic and hardly socialist--"is the only one possible in such circumstances." This view of the Socialists' economic policies is not only an excessive simplification but shows a kind of cyclic determinism which has been belied by historical evidence. Just next door we have the recent case of French Socialists whose economic errors at the beginning of this decade turned out to be so expensive for the French people.

The contrast between the serious errors of the French Socialists in 1981--leaving apart the effects of their coalition with the Communist party--and the moderate pragmatism of the Spanish Socialists in 1982 cannot be explained by the

mere fact that the latter learned the sad lesson given by the former. It is quite true that the French example was used by the moderate fraction of the Socialist party, which took over the economic departments in 1982. But the about-face of the Spanish Socialists--the merit of which should be awarded to Prime Minister Gonzalez and his Minister of Economy, Boyer--was facilitated by the convergence of a number of factors. Among those I consider significant, and up to a certain point surprising, was the awareness on the part of the Socialists responsible for economic policy--much more than their French colleagues--of the profound changes undergone by the world economy in the last twenty years, changes which have brought about a general critical revision of government interventionism. It would also seem that the Spanish Socialists were better informed of the historical evidence which shows that a demand-boosting policy alone inevitably leads to inflation and to a balance of payments deficit. Assuming this interpretation is correct, it would be very fruitful for someone to conduct research on the role played by the research offices and the advisors of the economic departments (including the Banco de España) of the Spanish government and to try to assess the influence they have exerted--and still exert--on economic policy making.

Perhaps, then, such a researcher would stress that the elements of continuity and convergence in the basic outline of economic policy rest, to a significant degree, on the continuity and convergence of the teams of experts whose influence dates back to the 1960s and still prevails. This continuity in the teams of experts deserves special mention, especially bearing in mind that it has been maintained during a long period of profound political changes.

Apart from these considerations regarding causal factors, the fact remains that the Socialists, when they came to power in 1982, immediately forgot their electoral programs and promises and continued to apply the adjustment policies of their predecessors, policies to which they had been previously opposed. Due to this shift in 1984, Spain recorded a wage moderation and a recovery of business profits which were very significant but have unfortunately not been maintained in the following years. Also, in 1984 deregulation measures were instituted, including some very important ones such as free commercial time schedules and the decontrol of rents for urban real estate--decisions which had been postponed by previous governments supposedly closer to free market ideas. This turnabout of the Socialist government in regard to their programs and ideology does not seem to have affected,

for the time being, their popular support: in June 1986 the legislative election once more gave the Socialist party an absolute majority in parliament at a great distance from the second party. This fact would seem to indicate that the people who voted for the Socialists in 1982 hoped for them to apply not their program, but rather a more moderate and orthodox economic policy. If that is true, it reflects a political sophistication--on the part of both the voters and of the elected--well above what might have been expected after half a century without free elections.

The European Economic Community

What has been most important, however, from the point of view of economic policy is that the Socialist government continued--and even accelerated by obtaining the support of France--the negotiations on the full membership of Spain in the EEC. Full membership has been a fact since 1 January 1987, a date when the countdown started in the process of adaptation agreed upon between Spain and the EEC, a process which must be completed by 1992. The question now is whether in five years Spaniards will be able to successfully carry out the significant modernization of all the structures and institutions necessary to get in line with their most advanced Common Market partners. The challenge is enormous and full of difficulties. However, Spaniards must be aware that if they do not measure up to the test their country will be condemned to play second fiddle, and its full integration in the EEC will be impossible. It would only be a pseudointegration, full of exceptions and safeguards, with more cons than pros. If Spain wants to avoid self-displacement within the EEC, its economic policy will have to be more and more convergent towards the basic lines of the demanding and disciplinary policies of the countries that represent the core of the EEC precisely those that enjoy a healthier economy, those which have obtained the best results in terms of growth, employment, inflation, and balance of payments. Those countries will set the pace for the European economy in the coming years, a pace that Spain must follow in order finally to overcome the years of slow growth, high unemployment, and high inflation rates. It is quite true that in Europe high degrees of interventionism and low levels of economic flexibility still prevail, but it is also true that in the last two or three years the EEC has gradually become more and more sensitive to these problems. The December 1985 summit held in Luxemburg expressed in the Single European Act its concern about these issues and a political will to advance decisively towards an internal market "that shall imply a space with no interior borders, where free

circulation of goods, individuals, services, and capitals will be ensured." Will Spain be in a condition to form part of this space in 1992?

In fact, in recent years Spanish economic policy--in its basic lines referred to above--has not been divergent from those applied in the EEC: inflation has been curtailed, cost growth has been reduced, an attempt has been made to slow down the growing deficit of the public sector in relation to GDP, a recovery of business surpluses has modestly reactivated investment with a positive effect on the creation of nonagricultural jobs, etc. But our distance is still significant in terms of inflation. Our labor market is the most rigid in Europe, and the state-owned companies as well as public administration, central and regional, are still far from their European counterparts in terms of competitiveness and efficiency. Interventionism and elements of rigidity remain heavy burdens on our economy, which delay adjustments and increases costs.

The public administration, still interventionist and rapidly expanding--official figures record 100,00 new civil servant and public employees in 1986--as well as increasingly deprofessionalized, represents an obvious menace to the step forward that Spain must make in the next five years. The growing deficit of the public sector (see Table IV) is not due to investment in a very deficient infrastructure, but to an unleashed payroll of increasingly unqualified employees. This inevitably leads to an ever growing tax burden combined with poor quality public services--from the university to the courts of justice, from roads to nationalized companies--which is provoking strong tensions between the government and the civil society. In the application of its economic policy (which was initially well drafted) the Socialist government has grown more and more unable to resist the pressure of the party (PSOE) and of the socialist union (UGT) which have become powerful pressure groups, thus perhaps setting aside the general interests of society. This conflict is certainly well known in other European countries, but it may become much more serious in today's Spain as the social unrest of spring 1987 is clearly showing.

TABLE I - Real gross domestic product (GDP)

(Average percentage changes)

	1960-68	1968-73	1973-79	1979-84
Total EEC	4.6	4.9	2.4	1.0
Total OECD-Europe	4.6	4.9	2.4	1.1
Total OECD less USA	5.5	5.6	2.7	1.8
Total OECD	5.1	4.8	2.7	1.9
Spain	7.5	6.8	2.5	1.4

Source: OECD - Historical Statistics 1960-84. Paris 1986

TABLE II - Real gross fixed capital formation (GFCF)

(Average percentage changes)

	1960-68	1968-73	1973-79	1979-84
Total EEC	5.9	4.9	0.3	0.5
Total OECD-Europe	5.8	5.0	0.3	-0.2
Total OECD less USA	7.2	6.8	0.7	0.3
Total OECD	6.5	5.9	1.0	1.0
Spain	12.5	7.8	-1.1	-1.4

Source: OECD - Historical Statistics 1960-1984. Paris 1986.

TABLE III - Real hourly earnings in manufacturing

(Percentage changes)

	1968-73 average	1975	1976	1977	1978	1979-84
Total EEC	--	6.7	2.6	2.2	4.6	1.1
Total OECD - Europe	--	6.4	2.6	1.8	4.1	1.0
Total OECD less USA	--	4.5	2.7	1.5	3.3	1.0
Total OECD	--	3.0	2.6	1.7	2.5	0.5
Spain	7.6	12.0	10.5	4.2	6.5	2.5

Source: OECD - Historical Statistics 1960-1984. Paris 1986.

TABLE 1V - Unbalances in Spain's economy

	1960	1968	1973	1975	1978	1980	1982
Unemployment (1)	2.4	2.9	2.5	4.3	7.5	12.3	16.6
Exports of goods and services (2)	10.4	11.8	14.4	13.3	15.1	15.5	18.2
Imports of goods and services (2)	7.5	13.6	15.5	17.2	14.4	18.0	20.0
Consumer prices index (3)	1.5	4.9	11.4	15.7	19.8	15.5	14.4
Public sector (4)	--	0.3	1.0	0.0	-1.8	-2.0	-5.6

(1) As a percentage of total labor force.

(2) As a percentage of G.D.P.

(3) Percentage changes from previous year.

(4) Surplus (+) or deficit (-) as a percentage of G.D.P.

Source: OECD - Historical Statistics 1960-1984. Paris 1986 and Bank of Spain's

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