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WESTERN EUROPE

1. Spain indicates desire to continue negotiations on bases:
American negotiators were told by a Spanish official on 27 August that if the United States will provide "the necessary elements" for the defense of Spain, the Franco government will conclude an agreement for bases. Otherwise, Spain proposes that mutual defense and economic aid agreements be signed now, without prejudice to later negotiations for base rights, as a necessary condition to receipt of the \$125,000,000 already appropriated. (S S/S Madrid 185, 27 Aug 52)

Comment: In early July Spain insisted that it receive the \$125,000,000 before signing any agreement. While still demanding a high price for the bases, Spain now clearly shows that it wants to continue negotiations.

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