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~~23~~ May 1951

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INTELLIGENCE MEMORANDUM

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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Intelligence Memorandum

Subject: A Preliminary Evaluation of the Current Strikes in Spain.

1. The current series of strikes in Spain has produced the most severe internal crisis that Franco has yet faced. These strikes are primarily an unprecedented manifestation of a long-standing, deep-seated and general popular dissatisfaction with economic privation. The cost of living mounted rapidly during 1950, especially in urban areas, as a result of the Korean War and other factors. Real wages of industrial labor, which are only about 50 percent of the 1936 level, are so low that the average Spanish worker (in agriculture as well as in industry) lives at a bare subsistence level. The government has rationed most essential commodities, but, because of limited availabilities, and especially because of diversion of rationed goods to the black market by the Falangist-controlled and corruption-ridden agencies that handle distribution, rations are totally inadequate for the needs of consumers.

2. Although these conditions have existed for years, a growing temper of popular desperation had been noted in the past year. The people, exhausted by the Civil War, politically repressed, and lacking any margin of economic freedom, had appeared for so long to lack the will to protest that the strikes came as a surprise to all elements in Spain. So far the strikes have been confined to the principal industrial areas of Spain, i.e., Catalonia and the Basque region. These areas are traditionally the most volatile in Spain, not only because of their industrial character, but also because of strong separatist tendencies. So long as the strikes remain localized, they will not represent nearly as serious a threat to Franco as would their spread to other areas of Spain, e.g., to Madrid, where there is considerable clandestine agitation for a strike on 22 May. At present it is not possible to determine its future extent, but if the strike movement should assume nationwide proportions and, especially if it should shift from a limited economic protest to a general political movement against the regime, the internal repercussions would be far-reaching.

3. Meanwhile, the Army, the Church, and the industrial-financial-business element (referred to below as industry), the three most important bases of support for Franco, are alarmed at the potentially explosive temper of the people and seem to be re-examining their positions vis-a-vis the regime. Industry has long been at odds with the government over the extensive economic controls and over the special advantages accorded the state-controlled economic enterprises, and in the recent strikes many employers were openly sympathetic with labor. There is

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substantial evidence that the Spanish Church is seeking to ^{dissociate} ~~establish~~ itself from the repressive social and economic aspects of the regime. In addition, the Church has long sought to abolish Falange domination of the fields of social and labor welfare.

4. There are also indications that the Army is re-assessing Franco's ability to prevent popular dissatisfaction from getting out of hand. Two factors in Franco's retention of Army support have been his appeal to nationalism in the face of the UN ban and his promise to secure US military and economic aid. Spain's international isolation is now ended and some US aid has been received, with prospects of more, both economic and military. Moreover, no one general has sufficient support to attempt a personal coup d'etat. Nevertheless, should Franco's ability to control the internal situation appear doubtful, the Army, which is the only force presently capable of effecting a change of regime, will probably act. Action would not, however, be taken without the collaboration of other conservative elements in order to insure an orderly transition.

5. Perhaps the principal factor in Franco's ability to retain the support of these conservative elements, despite their grievances, is their fear of a change which might weaken or destroy the power and prestige which they now enjoy. The current strikes, however, by raising the threat that Franco's control of the situation may be progressively weakened, have led Franco's supporters to cast about for means of protecting their own interests. Franco is evidently under pressure from all sides to alter the personnel and policies of his regime and to find some way of placating popular discontent. Although the majority of Franco's conservative supporters are nominally Monarchists, the Pretender, Don Juan, is not regarded by them as an acceptable alternative to Franco because of his liberal tendencies. Nevertheless, conservative Monarchists have renewed their efforts to induce the Pretender to assume the throne, but under conditions which they could control; that is, at the head of an authoritarian government from which Don Juan's Socialist and Anarchist supporters would be excluded. Thus the vested interests supporting Franco might be able to satisfy possible popular demand for a change in regime by window-dressing alone. Franco himself appears to be encouraging the negotiations with Don Juan as one means of retaining power, but the Pretender still appears determined to wait for a truly national mandate.

6. The fourth element of support for Franco, the Falange, is weak and disorganized and under attack because of its deep involvement in the mismanagement and corruption in the rationing and food distribution system. Originally a Fascist revolutionary party, the Falange is today a vast

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bureaucracy useful to the Caudillo as an instrument of political and economic control and with a vested interest to protect in the form of lucrative and/or influential jobs. However, the prestige and influence of the Falange have weakened steadily since the defeat of Nazi Germany, with which it sympathized in World War II. This decline has caused considerable resentment within the movement, especially among the doctrinaire, extremist wing. The local Falange instigation of the Barcelona street car strike, which set off the spontaneous general strike later, was in part at least a manifestation of this resentment and an effort to demonstrate Falange power. The Falangists, however, are too closely identified with Franco to turn actively against him except as a last resort and to save their own skins.

7. Leaders of the non-Communist, non-Monarchist opposition groups, much heartened by the strikes, are nevertheless advocating caution. They are endeavoring to confine the strike movement, for the time being, to non-violent demonstrations with limited economic objectives so that the government will have no justification for drastic repression and so that the Communists can be prevented from assuming leadership of the movement. They are, moreover, well aware that violence and disorder would strengthen the hand of those conservative Monarchist elements who are seeking to effect a restoration of the Monarchy without including the left and center non-Communist opposition in the government.

8. In dealing with the current crisis, Franco is first of all making a serious effort to improve the rationing system. He has announced his intention to deal harshly with graft in the food and commodity distribution and control agencies, and a purge of lower level Falangists in these agencies will probably be undertaken, as in the past. Franco is also endeavoring to bring new blood into the Cabinet, but in this he is stymied by the refusal of able men to enter the Government except under conditions which would drastically alter the basic nature of his regime. Franco may hope that a gesture of reform and some improvement in ration supplies will enable him to ride out this crisis in the expectation that future US aid will relieve more pressing economic wants and thus materially improve his own position. However, it is uncertain whether such aid will be large enough or early enough to check unfavorable economic trends.

9. In any event, should the strike movement continue and assume more threatening proportions, Franco will have to take more drastic measures. Either of two alternative courses of action would be open to him: (1) further repression and tighter controls or (2) an effort to broaden his ever-narrowing base of support through concessions to demands for policy

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changes. If conditions then fail to improve materially, Franco's position will become critical indeed. Franco, however, is a resourceful politician who has ridden out difficulties in the past by playing off the various elements of his support, one against the other. Unless the Army should desert him in the crisis, he can be expected to remain in power, although so weakened in the circumstances as to make Spanish participation in any scheme of western European defense of doubtful value.

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Correction to

INTELLIGENCE MEMORANDUM

"A Preliminary Evaluation of the Current Strikes in Spain"

Please change date of issue to 22 May 1951.

On line 1, page 3, please change "establish" to "dissociate."

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