

papered with Socialist posters attacking nuclear energy, co-signed by a slew of eco-terrorist groups.

Finally, under cover of libertarian democratic rhetoric, the Socialists are always to be found, whether directly or through intermediaries like the Basque Nationalist Party, invariably in the most extreme corner on the regional autonomy issue. This is a crucial question for Spain, where regional autonomy demands threaten to enormously weaken central government power. The most likely scenario is for the Socialists to win the fall elections, then begin to tear the country to bits economically and socially—as their cothinkers have done in France. This will provide the prerequisites for British intelligence, acting through the most extremist reactionary circles, to set up an IMF dictatorship or its equivalent under the guise of a coup d'état to preserve “order.”

This scenario is more or less openly acknowledged by prominent Anglo-American agents like Antonio Garrigues Walker of the Trilateral Commission, who would consider a Socialist victory this fall a divine gift. It is no accident that Socialist-enthusiast Garrigues is considered by the extreme right in Madrid as the ideal man to lead a right-wing coalition into the elections on a program of the technetronic zero growth society. Such a convergence of right-wing extremism and the Spanish Socialists should pose no surprise for those who have followed past *EIR* exposés on the activities and background of the Socialist International.

The fact that so many of those we met in Spain were already familiar with the work of this magazine's founder, Lyndon H. LaRouche, and were very interested in studying more closely his political and economic thought, is a hopeful sign that the pre-programmed scenarios for the destruction of Spain may not proceed so smoothly after all.

The pro-growth faction in Spain already has a glorious historical model to guide them, and one of which they are acutely conscious. From discussions and from their publications it became clear that this model was the reign of Charles III (1759-88), the great humanist monarch who put into practice the politico-philosophical ideas of Spain's greatest poet, Miguel de Cervantes, both in Spain and the New World.

The politics of Charles III is precisely what Spain now requires if it is to survive to fulfill its important role in the world. Contrary to what the press would normally have one believe, Spain is not a country of perennially weak institutions in its democratic infancy. The country has among the richest cultural and political heritages in all Europe. This in itself represents the most important base on which can be built a cogent policy that will extirpate the Hapsburg-British conspiracy which for the past 200 years has kept the nation in a state of near perpetual chaos and powerless disarray.

---

## Economic Profile

---

# How Spain can reach recovery and growth

by Richard Schulman

During the period from the end of the 1950s until the middle 1970s, Spain had the fastest rate of growth in Europe and was able to pride itself on having become the tenth biggest national economy in the world.

Now Spain is vying with Turkey as the country in Europe with the highest unemployment rate. Over 2 million of its workers are unemployed, out of an economically active population of over 13 million, with the result that the *official* rate of unemployment is at 16 percent.

Small and medium-sized businesses are failing at record rates. Industry is choked with high-interest debt. Spain's new shipbuilding sector is variously estimated to be operating at 10 to 60 percent of total capacity. Even Spain's powerful and ubiquitous banking sector is shaky. The Bank of Spain has already had to bail out the Banco de Madrid, which had been heavily involved in the textile industry; then the Banco Occidental. The latest worry is the well-known Banca Catalana, the sixth biggest deposit bank in the country, whose president is a leading Catalan politician, Jordi Pujol.

Although Spain's ruling “center” party, the Democratic Center Union (UCD), has been receiving the blame for the economic crisis, and the Socialists the electoral benefits (witness their winning a 51 percent majority for the first time in the May 1982 Andalusian regional elections), Spain's current problems are mostly a result of the economic plunge beyond Spain's borders. This is underlined vividly by the fact that two-thirds of its unemployed are accounted for by Spanish *Gastarbeiter* (guest workers) forced to return to their homeland after being laid off by recession conditions in northern Europe.

This is not to say there aren't problems within Spain that couldn't immediately be addressed. Spain's powerful private banking sector, consisting of the “Big Seven” (Banesto, Central, Hispanico, Bilbao, Santander, Vizcaya, and Popular) commercial banks, and the Banco Urquijo, an investment bank, all used to be heavily invested in heavy industry. Since 1975, however, the year of Spanish dictator Francisco Franco's death, the banks have been increasingly dumping their industrial holdings in favor of non-productive financial assets, notably the insurance industry, real-estate holdings, and “information society” enterprises. The Banco Urquijo,

for example, whose head Jaime Carvajal was educated at Cambridge University, has been liquidating its holdings in shipyards, and chemical and fabricating plants, in favor of "sunrise" industry investments. The Banco Central, which is active in Latin America, energy investments, and runs Dragados, Spain's largest construction/civil engineering firm, is now moving into insurance through its affiliate, the Banco Vitalicio.

These short-sighted moves by Spain's private-sector bankers are aggravating the desperate liquidity shortage faced by most Spanish businesses, and the unemployment afflicting its wage-earning population.

A resolute Spanish government could put an end to both banking and real estate speculation, which parasitizes living standards and industrial profits, by tax and national credit policies to favor productive investment and punish unproductive, speculative activities.

Now, as a result of the world economic crisis and the above-cited local Spanish aggravations, the Spanish Socialist Party is everyone's bet to take over Spain at the polls within the next six months, running on a program of Keynesian deficit spending, decentralization of the economy, and (a secret plank) the shutting down of Spain's nuclear program in collaboration with their regionalist ETA (the terrorist Basque separatist movement) allies. Such is the program of the Spanish co-thinkers of Socialist French President François Mitterrand, who are determined thereby to destroy the influence of the Spanish "Gaullists." These are Spain's dirigist-oriented politicians and economists who, beginning in the early 1950s, built up Spain's steel, shipbuilding, and hydroelectric industry, brought irrigation to arid lands under the Badajoz and Jaen Plans, forced latifundistas to improve their properties, and passed measures to keep interest rates low, foster exports, and consolidate uneconomic business holdings.

### The Spanish Gaullist tradition

After the assassination of Spain's Prime Minister, Admiral Carrero Blanco, in 1973, and the dismantling of the Franco administrative apparatus after the dictator's death in 1975, that Spanish Gaullist tradition has yet to reassert itself under the new parliamentary conditions.

Yet if the best of the Spanish "Gaullists" were to mobilize around an economic program to make Spain a great nation again, completing the work begun by Charles III in the 18th century and by the Spanish Gaullists themselves in the 1950s through the 1970s, they would have a fighting chance to defeat the Socialists or at least succeed them before too much damage has been done. That program would emphasize:

- **Market development**, based on Spain's role as a key mediator in the industrialization of Latin America and Africa. That is Spain's "European" destiny, not

liquidating its national sovereignty and economy into NATO, the European Community (EC), the World Bank, and IMF. Only by exporting the capital goods that Latin America and Africa need for their industrialization will Spain find the mission and markets to make it a great nation again, of a weight equal to France, Germany, and Japan. Only with such an economic and foreign-policy orientation would Spain have a basis for entering the EC "Common Market" on a sovereign basis;

- **Energy development**, through a massive expansion of Spanish nuclear power-plant construction and the development of Spain's uranium resources in conjunction with this. (The ETA terrorists, who have halted the Lemoniz I reactor by murdering its chief engineer and another key executive, must be ruthlessly squashed by supplementing the present police measures with an open international press campaign exposing ETA's oligarchical controllers and mouthpieces—the Society of Jesus, Venetian-Genoese and British aristocratic circles, the Bourbon-Parmas—and their role in murdering and looting the Spanish population for centuries);

- **Water development**, through a joint Portuguese-Spanish plan, based on transportation of water from Iberia's wet north toward the arid south; more dams to regulate seasonal water flows; and nuclear desalination plants; expanded irrigation of farmland and reclamation of wasteland through reforestation; also climatological research, in conjunction with Saharan, Ibero-American, and other international researchers, to investigate the possibility of long-term climate modification, through continental-scale shifts in albedo (the percent of illumination reflected by the Earth), and evapotranspiration brought about through expanded cultivation and reforestation;

- **Fostering of national scientific and technological advances**, through massive encouragement of expanded science education in Spain, as well as of government and private-sector research and development. Spain's current R&D expenditures are a disastrous 0.3 percent of GNP (much of that pitiful figure being confined to the metallurgical and chemical sector). Virtually all new technology Spain uses is licensed from abroad. Spain spends more on foreign licenses than on R&D;

- **Transportation development**, through a modern, high-speed rail system to overcome the regionalization caused by Spain's mountainous interior. Standardized piggyback containers should be mandated for rail, truck, and maritime use;

- **A general policy of fostering industrial capitalist development**, rather than Hapsburgian looting, through a streamlined tax and credit system, based on financial rewards for productive, labor-upgrading investments and financial penalties on speculative, labor-intensive ones.