

THE UNITED STATES MILITARY
ASSISTANCE TO SPAIN

by

Russell Marvin Brown

United States
Naval Postgraduate School



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September 1970

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The United States
Military Assistance to Spain

by

Russell Marvin Brown
Commander, Supply Corps, United States Navy
B.S., Bryant College, 1950

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ABSTRACT

Spain emerged from the Civil War to find her economy and military organization in an almost totally exhausted condition. Her government was a dictatorship under General Franco, and her borders were closed to trade and travel with the outside world.

This period of isolation continued until 1953 when the base-rights agreement was signed with the United States, granting permission to the U. S. to build Strategic Air Command and naval bases on Spanish soil. These projects provided the Spanish economy with money; American ideas; modern construction methods and equipment; and opened the door for tourists and trade with other countries. The U. S. military assistance modernized and substantially strengthened the military forces of Spain. It helped the economy, by indirectly creating new industries to produce materials for the armed forces, it helped raise the standard of living for the people, and it brought about stability permitting Spain to reenter European and world affairs.

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I. INTRODUCTION

The United States has entered into defense and economic agreements with many countries, particularly since the end of World War II. Several bilateral agreements with Spain fall into this area, the latest has made Spain an ally of the U. S. in which: "... A threat to either country, and to the joint facilities that each provides for the common defense, would be a matter of common concern to both countries, and each country would take such action as it may consider appropriate within the framework of its constitutional processes."¹

Such agreements frequently result in high cost military assistance programs which place an additional burden on the American taxpayers. Generally the question is raised, sooner or later, as to the need for the expenditure of large sums of money overseas, and whether or not it is in the best national interest of the United States. Many times, and especially in the case of Spain, the type of government in power in the country being helped is strongly questioned.

The purpose of this paper is to evaluate the importance of Spain to the Free World, analyze the Military Assistance Program in Spain, determine its economic impact on the economy and life of Spain, and arrive at a proposed future course of action for the United States.

The scope will be confined to the major events from the beginning of the Spanish Civil War in 1936 to 1953 which led to the United States Military Assistance Program; reasons why the U. S. pursued the program; the scope of assistance provided is considered; and the impact of the

¹"United States and Spain Renew Defense Agreement," The Department of State Bulletin, 28 October 1963, p. 686.

program on the economy and per capita consumption of Spain is presented. Finally, the future of Spain with regard to other European countries, and the United States is forecast.

II. THE ROAD TO U. S. MILITARY ASSISTANCE

The road to the realization of United States military assistance to Spain was a long and dark one. It was cluttered with national upheaval, bloodshed, suffering and isolation of a once leading world power. The Spanish people who traveled this road varied in appearance and language, but morally and spiritually they possessed dominant characteristics which made them one people, much the same as their country with its contrasts of climate and topography, but which, nevertheless, was one country. What were some of the problems these people and this country faced? They can perhaps be better understood by examining the events from the beginning of the Spanish Civil War to 1953.

A. SPANISH CIVIL WAR

Spain has the mixed blessing of varied geography, extremes in climate, rich mineral wealth, and a population stemming from several ethnic groups characterized by the long-headed Iberian and a round-headed Celtic.² The modern day Spaniard, from his somewhat isolated position on the Iberian Peninsula, can see his historical influence and language firmly rooted in many parts of the world. However, recent history shows that his lot at home has been difficult: his country has been devastated by civil war; deplorable economic conditions have prevailed; his status in the world has been reduced to a new low; and disaster seems always just around the corner. Despite the many hardships and disappointments he is still proud, is able to find time to laugh, continues to work hard, and enjoys a happiness in his life that

²Ramsey, John F., "Spain," Colliers Encyclopedia, v. 18, p. 97-100, P. F. Collier & Son Corp., 1956.

others seek but fail to find. He has been described as ". . . not a mass man easy to manipulate. He is an individual."³

The Spanish realm is 309,115 square miles in size or about as large as Texas and Louisiana combined. This area consists of continental Spain, the Balearic and Canary Islands, and the African provinces. It has 1,954 miles of coastline contiguous to the Atlantic Ocean and Mediterranean Sea. The Organisation For Economic Co-operation and Development reports a population of 32,622,000 as of the end of 1969.⁴

The historical life of most countries contains pivotal events that significantly alter their course. Spain is no exception and "on July 18, 1936, the Western world crossed a watershed that marked the end of one era and the beginning of another. A few generals in Spanish Morocco raised the standard of revolt, and the Spanish Civil War began."⁵

The Republican government in power at the time was weak and unable to satisfy the desires of the landowners, businessmen, bishops and generals, or the needs of the workers and peasants. These latter groups had been kept in poverty and ignorance; without land to till; without the right to organize labor unions; to strike for higher wages and better conditions; to educate their children in the professions or to conduct their own government. Their desire and attempt to rise out of their plight and better their lot was the key that unlocked the door and caused the generals to revolt in order to crush the upsurge.⁶

³Bradford, Sax, Spain in the World, p. 117, Van Nostrand, 1962.

⁴The Organisation For Economic Co-operation and Development, The OECD Observer, no. 44, February 1970.

⁵Matthews, Herbert L., The Yoke and the Arrows, p. 3, Braziller, 1957.

⁶Ibid., p. 16-20.

The revolt was led by Francisco Franco, Emilio Mola and others and was supported by the clergy, nobility and the Army, as well as various Spanish fascist parties.⁷ The prime leader who emerged was General Francisco Franco Bahamonde who was born on 4 December 1892 in El Ferrol, near La Corunna in Galicia.⁸ The forces he led were known as the Rebels or Nationalists.

This war between the Nationalists and the Republicans was a struggle of the forces of modernism against traditionalism.⁹ It was a short war, lasting only three years (1936-1939), yet a long one in the lives of the people it touched. The fighting was severe with brother against brother. It spread from village to town and through various sections of the country. There was much bloodshed with atrocities committed by both sides as women, children, priests, nuns and others were killed until horror became a daily part of life. The economic position of the nation became desperate and outside forces further aggravated the situation by providing arms as well as other forms of aid. The Republicans received foreign aid from Russia, Greece, Turkey, France and Czechoslovakia, while the Nationalists received aid from Italy and Germany plus volunteers from Portugal, France, Ireland and Russia.¹⁰ Remnants of the aid to both sides are still seen today in the form of Russian and German manufactured trucks, German aircraft and helmets, as well as

⁷Colliers Encyclopedia, v. 18, p. 110.

⁸Matthews, p. 59.

⁹Ibid., p. 15.

¹⁰Smith, Rhea M., Spain: A Modern History, p. 466-467, University of Michigan Press, 1965.

a variety of other small items. The United States was pursuing a policy of isolation and did not support or provide aid to either side but towards the end of the war the polls showed that 76% of the Americans favored the Loyalists.¹¹ This fact is quite important and should be kept in mind as it has had a profound bearing on the American attitude towards Spain for these many years since the Civil War.

General Franco with his Nationalist forces won the war, or rather brought the fighting to an end, and for all practical purposes sealed the country off from the rest of the world.¹²

It is interesting to note that between \$350,000,000 and \$500,000,000, mostly in gold coins, was shipped to Russia by the Loyalists in 1936 for safekeeping.¹³ To date none of this money has been returned despite repeated attempts by the Government of Spain to effect recovery, and it continues to be a sensitive subject affecting the relationship between the two countries.

Wars are discussed and written about for a great many years after the fighting ends. Now, after over 31 years of peace, fresh articles appear in American newspapers recalling the events of the Spanish Civil War. One such article which appeared a few years ago, in late 1966, stated: "Thanks to the military contributions of his fascist allies, Hitler's Germany and Italy, rebel Franco in 1939 finally overcame the democratic Republic, assisted half-heartedly by a Soviet Union more

¹¹Matthews, p. 26.

¹²Ibid., p. 15.

¹³Ibid., p. 98.

interested in communizing Spain and getting hold of its gold reserve than in repressing the military revolt."¹⁴

B. POST-CIVIL WAR ECONOMY

To describe the condition of the Spanish economy at the close of the Civil War as chaotic would be stating the case mildly. The fighting and its troop requirements for both sides had severely reduced the manpower available for industry, farming, fishing, etc., with the result that after the fighting ceased the economic machinery of the country was at a standstill.

The losses to the Spanish economy were truly staggering: two-thirds of the nation's transport; one-third of her merchant fleet; and almost all consumer goods capability was destroyed; raw materials were scarce; gold reserves were depleted; and the country suffered a manpower loss of about one million men plus a half million in self-imposed exile.¹⁵

At the end of the Civil War General Franco froze prices at the 1936 level, and the worst black market in Europe developed.¹⁶ Franco was almost completely ignorant of economics and finance, but did understand economics from the standpoint of the industrial workers and peasants and how to use them in a political and revolutionary sense.¹⁷ His concern was for the security of his regime, and he was willing to leave

¹⁴Mowrer, Edgar A., "Franco to Relax Autocracy," Newport (Rhode Island) Daily News, p. 30:1, 30 November 1966.

¹⁵Whitaker, Arthur P., Spain and Defense of the West, p. 33, Harper, 1961.

¹⁶Matthews, p. 43.

¹⁷Ibid., p. 104.

the economics to others, with the result that the Spanish economic structure quickly became the most backward and isolated in Western Europe.¹⁸

Nature presents Spain with the problem of the driest weather in Europe, and only eight to ten percent of the arable land is irrigated. Her agriculture suffers from lack of machinery, fertilizers, erosion control, seed selection, and land ownership (most of the land is owned by a few). Her annual per capita gross national production was \$255, which was less than half the average of European countries and about one-seventh of the United States. The industrial worker and peasant earned \$.50 to \$1.00 per day, while the employee in social services earned \$.25 to \$.50 per day. In addition to agricultural and labor problems, industrial equipment was antiquated; Spain had the poorest transportation system in Europe; there was a serious imbalance of foreign trade; large budget deficits; inflation; corruption at all levels of government; foreign capital was scarce; and there was much government interference and control of the economy.¹⁹

Instead of a strong recovery program following the close of the war, there was a slow-down, stagnation, and isolation from the rest of the world which resulted in a big step backward for Spain.

World War II was germinating as Hitler with his armies began knocking at the door of many European countries. The knock was to also fall on Spain's door, but General Franco would prove himself a shrewd and clever bargainer.

¹⁸Ibid., p. 105.

¹⁹Ibid., p. 106-109.

C. SPAIN'S POSITION DURING WORLD WAR II

Following the Civil War Spain pursued a policy of political and economic non-involvement with Western Europe as well as the rest of the world.²⁰ She really had no choice, a fact that was quite clear in the minds of the people as well as the central government now controlled by the dictator Franco.

The greatest war of world history was erupting in Europe in September 1939, and before it was to end six years later all of the major powers of the world and most of the lesser states were to become involved.²¹ It became known as World War II and, considering the geographical location of Spain, could easily have involved that country in a struggle from which it could not emerge as a separate nation. General Franco realized this and also that Spain needed peace as well as financial and economic assistance perhaps best obtainable by remaining neutral, which he tried and to a degree succeeded in achieving.²²

At the beginning of World War II General Franco had two pictures on his desk, one of Hitler and the other of Mussolini. At the end of the war there was one picture, that of Pope Pius XII.²³ Hitler tried on several occasions to commit Spain to the Axis side, and on 23 October 1940 Franco and Hitler met at Hendaye, France on the Spanish border. At this time Franco said he would like to help in the war but the weight

²⁰Ibid., p. 41.

²¹Marshall, S. L. A., "World War II," Colliers Encyclopedia, v. 19, p. 571, 1956.

²²Puzzo, Dante A., Spain and the Great Powers, 1936-1941, p. 220, Columbia University Press, 1962.

²³Matthews, p. 39.

of Spain's great needs prevented it.²⁴ Hitler then tried to persuade Franco to allow German troops and arms to cross Spain and attack Gibraltar; however, this request was also diplomatically denied.²⁵ However, General Franco was strongly anti-communist and did agree to give some assistance to the Axis powers. He sent Hitler his famous Blue Division of Spanish troops to fight specifically against the Russians on the Eastern Front.²⁶ He provided this assistance in hopes for a reward after the war for his cooperation; the reward being recovery of Gibraltar from the British and/or expansion into French Morocco.²⁷ During the early part of World War II he expected an Axis victory, but as the war progressed and the Axis started to crumble, Franco began to ingratiate himself with the Allies.²⁸

Franco assisted the Allies by not interning the 1,200 United States airmen who made forced landings in Spain; instead he gave them refuge. He also allowed 30,000 Frenchmen and others to pass through Spain on their way to join the Allied armies. And, in 1944 he allowed the U. S. to use airbases for commercial and military aircraft.²⁹

²⁴Puzzo, p. 227.

²⁵Matthews, p. 52.

²⁶Ibid., p. 41.

²⁷Smith, p. 491.

²⁸Ibid., p. 491.

²⁹Matthews, p. 53.

Franco truly walked a tightrope of neutrality for six long years. Some observers consider this his greatest contribution to the Spanish people.³⁰

Had he not pursued the bumpy road of neutrality, by helping both sides, it would perhaps have taken the Allies considerably longer to bring the war in Europe to a successful end.

D. DANGER SIGNALS OF THE EARLY 1950'S

United States' policy towards the Franco regime underwent many changes. For approximately six years subsequent to World War II the Franco government was ostracized by most Western countries because of the authoritarian nature of its regime and its former Axis associations. The United States helped ostracize General Franco. Time, complex conditions and difficult circumstances can sometimes drastically alter the attitude of a nation and change firm policy. By 1950 Communist activity was on an increase and caused the United States to look for more allies in the Free World. U. S. policy towards Spain was reviewed and revised, and diplomatic relations were reestablished on 27 December 1950 when President Truman sent Stanton Griffis to Madrid as the new American ambassador to Spain.³¹ In 1951 the United States added to its strength by entering into bilateral security agreements with the Phillipines and Spain, as well as signing the ANZUS Treaty which linked the U. S. to Australia and New Zealand.³²

³⁰ Ibid., p. 56.

³¹ Ramsey, p. 114.

³² Stoessinger, John G., The Might of Nations, p. 143, Random House, 1965.

The Korean War was in full swing on the other side of the world, and international tensions were mounting which forced the United States to reconsider her attitude toward Spain. By this point in time, 1951, the U. S. was the acknowledged leader of the Free World, and was almost single-handedly responsible for the defense of Western civilization. She could no longer ignore Spain, a country which was rapidly becoming of great value to the defense of Western Europe.

The above situation was not all one-sided, however. Spain was suffering from economic isolation, insufficiency of production had resulted in famine, there was rampant inflation and speculation, and the lower classes were angry with the black market situation, as well as the corrupt government administration. Rationing cards were still obligatory and had been in use for 12 years. A new generation was thirsting for freedom and was completely unaware of the horrors of the Civil War. There were processions, fights, boycotts and unrest.³³

The United States recognized the deteriorating situation in Spain and took advantage of it by sending Admiral Forrest Sherman, the United States Chief of Naval Operations, to Madrid in July 1951 to visit General Franco. This American visit gave rise to hopes among the middle class and industrialists of Spain that U. S. dollars would follow.³⁴

³³Elena de La Souchere, An Explanation of Spain, p. 222, Random House, 1964.

³⁴Ibid., p. 225.

III. WHY THE U. S. PURSUED A POLICY OF MILITARY ASSISTANCE TO SPAIN

The national interests of the United States, as the national interests of any nation, must be reviewed continuously. During the early 1950's the United States national interests were concerned with the security and welfare of the country, and all U. S. actions abroad were intended to advance this security and welfare.³⁵ Timely action is necessary to insure that our position as a nation is properly maintained, and that friendly nations are provided the necessary assistance in time of need. In this light, the importance of the Iberian Peninsula and the United States' need for bases there is evaluated.

A. STRATEGIC IMPORTANCE OF THE IBERIAN PENINSULA

Expertise in warfare or naval strategy is not required to recognize the overwhelming strategic importance of Spain to the defense of Western Europe. A map of that portion of the world is sufficient to dramatically present the argument.

Spain borders on the Atlantic Ocean to the West, the Bay of Biscay and France to the North, and the Mediterranean Sea to the East and South. In addition, she has the small country of Portugal along part of her border to the West, plus Gibraltar (British) to the South.³⁶ Considering her geographic position, it is realized that the waters which border the country are those across which military effort in Europe might very well

³⁵Brower, Michael J., The US National Interest — Assertions and Definitions, p. 80, Massachusetts Institute of Technology, 1959.

³⁶Fontaine, Everett O., "Europe and Western Asia," Collier's World Atlas and Gazetteer, p. 8-9, Crowell-Collier, 1955.

be supplied in event of war. Spain dominates the southwestern approach to Europe and could help neutralize Soviet or other penetration into Africa and other parts of the southern Mediterranean. Spain might also assist by supplying troops to bolster the ground forces of Europe.

To the naval strategist, no country of Europe holds a more influential position than Spain. From her Atlantic ports and islands she controls the sea lanes southwest of the continent; she has a long Mediterranean coastline; her Balearic Islands lie athwart the north-south routes, and she could neutralize Gibraltar and close the Straits.³⁷

The Pyrenees Mountains, which separate Spain and France, pose a formidable barrier to large scale land military adventures from continental Europe. This factor, in itself, makes Spain strategically important from the standpoint of perhaps being a safe haven for United States military dependents in time of war, and secondly as a dependable staging area for military operations.

In 1951, Mr. Dean Acheson, then Secretary of State, said, "Spain is of strategic importance to the general defense of Western Europe."³⁸

Spain could well be the bridgehead for defending Europe. She has major seaports at Cadiz on the Atlantic side of the Straits and at Barcelona on the Mediterranean side. Over 400 million tons of world shipping transits the Straits of Gibraltar each year.³⁹

³⁷De Belot, Raymond, The Struggle for the Mediterranean, 1939-1945, p. 17-18, Princeton University Press, 1951.

³⁸Matthews, p. 123.

³⁹Welles, Benjamin, Spain: The Gentle Anarchy, p. 53, Praeger, 1965.

Hanson Baldwin, in an article in The New York Times, summed up the Spanish strategic position as follows:

Spain's bases help to seal the Western gateway to the Mediterranean; her Atlantic islands aid in controlling and protecting trans-Atlantic shipping lanes, and the Iberian Peninsula provides additional dispersed sites for light, medium and heavy bomber strips. And Spain, behind the rampart of the Pyrenees, provides a last line of defense if the rest of Western Europe should fall, and offers a⁴⁰ springboard for offensive land, sea and air operations.

B. COMMUNIST THREAT

Since World War II the threat of Communism has become increasingly obvious and has successfully divided the world into basically two parts — the Free World and the Communist World.

Many acts of hate and violence by the Communist countries have created tension of staggering proportions which adversely affect the lives of millions of people.

In 1948 the Soviets suddenly blocked the bridge over the Elbe River in Germany, allegedly for purposes of repair, and banned the introduction of West-mark currency into the area of Greater Berlin. Tensions mounted and on June 23, 1948 the Soviets blocked the autobahn traffic from Berlin to Helmstedt.⁴¹ Thus began the Berlin Airlift which will be long remembered in history as a provocative act by the Communist Soviet Union.

The Free World responded to the blockade by airlifting many tons of needed supplies into Berlin for the two million West Berliners, who

⁴⁰Baldwin, Hanson, "What Price New Pact?" The New York Times, p. 9:1, 29 September 1953.

⁴¹Scholz, Arno, Outpost Berlin, p. 14, Arani, 1955.

stood ready for every sacrifice except the sale of their freedom. The blockade ended on May 12, 1949 when the Soviets realized through this impressive demonstration the inseparability of the Free World.⁴²

The Communist world was flexing its muscles in Korea militarily in 1950, and was growing stronger economically and industrially, particularly in the Soviet Union. The United States was becoming alerted to the threat of international communism, and its international strategy was being developed because of the recent events in Berlin, Korea and other areas of the Free World. As one element of this new strategy, recognition was given to the strategic importance of the Iberian Peninsula for sites for air and naval bases which would be behind the protective barrier of the Pyrenees Mountains.⁴³

Many steps were required to counter the Communist threat and strengthen the United States' position. The early reappraisal of the U. S. relationship with Spain was one of the most pressing.

C. SAC BASES

The geographical position of the United States in the world places it between the two ends of the Communist world. The North Atlantic Ocean and the buffer land mass of Western Europe separates the United States from the Western flank of the Soviet Union on one side, and on the other, the broad expanse of the North Pacific Ocean provides a formidable barrier against the Eastern shores of the Soviet Union and Communist China.⁴⁴

⁴²Ibid., p. 15.

⁴³Smith, p. 494-496.

⁴⁴Fontaine, p. 2-3.

It was accepted that the intercontinental ballistic missiles of the United States could, in the early 1950's, reach targets inside the Communist countries. However, there appeared to be a reluctance to rely solely on the U. S. based missile force, thus making it necessary to establish advanced bases closer to the vital targets behind the Iron Curtain. Such bases could be used for medium-range bombers capable of delivering nuclear or conventional weapons. The fact that these aircraft could carry nuclear bombs made it very difficult for the United States to obtain permission from other countries to establish the necessary bases.

Spain was ideally situated for the location of bases for the Strategic Air Command (SAC) of the U. S. Air Force, and, as seen in the previous chapter, Spain needed economic and military assistance if she were to survive. The time was ripe to negotiate and the United States began to determine its requirements for the urgently needed bases to counter the Soviet threat.

SAC air bases, to be used primarily for launching B-47 medium-range bombers, were the first requirement. Three bases were needed as follows:

1. One on the outskirts of Zaragoza in the northeast section of Spain, consisting of two runways 12,200 feet and 9,923 feet in length;
 2. a second base at Torrejon near Madrid in the center of the country with a requirement for one 13,400 feet runway, to be the longest in Europe, plus two additional runways of over 1,000 feet each;
- and
3. the third would be at Moron near Seville in the southern part of Spain with an 11,800 feet runway.⁴⁵

⁴⁵Whitaker, p. 57-61.

In addition to the above bases, it would be necessary to establish two minor bases, one at San Pablo on the outskirts of Seville, to be used as a supply service and communications center; and the second at Reus, 90 miles southwest of Barcelona, for a fighter base. Radar sites would be required in support of the various bases: one on top of Puig Mayor on the island of Mallorca in the Mediterranean Sea, for use as a gap filler between the North Atlantic Treaty Organization (NATO) radar sites in northern Italy and Gibraltar; plus six other sites on the mainland of Spain, all tied together at the Torrejon base.⁴⁶

D. NEED FOR A NAVAL BASE

In addition to the air bases requirement, a growing need was rapidly generating for an advanced naval base to serve the U. S. Sixth Fleet in the Mediterranean Sea.⁴⁷

The Soviet merchant fleet and navy were adding new units at a rapid rate, post-war growing pains were being experienced by countries around the Mediterranean, and additional requirements were being placed on Sixth Fleet units to meet these threats.

In order to adequately support the Sixth Fleet the following additional Spanish facilities were required:

1. A combined naval air base and harbor at Rota near the southern port of Cadiz,
2. an oil pipeline (POL) to start at Rota and run 485 miles northward through Moron and Torrejon to its terminus at Zaragoza.

⁴⁶Ibid., p. 58.

⁴⁷Ibid., p. 57.

3. an oil storage and supply center at El Ferrol in the north-western corner, and
4. an oil/ammunition storage, and supply center at Cartagena on the southeastern coast.⁴⁸

The prime purpose of the naval air base at Rota was to support the nuclear striking power of the Sixth Fleet. It would have a 12,000 feet runway and support fleet reconnaissance aircraft, fleet communications, and serve as an aircraft replacement pool for the carriers. Also, occasionally carrier aircraft units would be based there.⁴⁹

These requirements for air and naval bases, and other facilities required lengthy negotiations and a considerable expenditure of United States funds before they became a reality, as will be seen in the following chapter.

⁴⁸Ibid., p. 58.

⁴⁹Ibid., p. 63.

IV. SCOPE OF MAP IN SPAIN

When considering the scope of a military assistance program it is necessary to first understand what the bilateral agreement specified. It is then possible to better evaluate the construction programs implemented, the dollar value of the assistance provided, and the new military capability of the recipient.

A. BASE-RIGHTS AGREEMENT

As seen in the previous chapter, the Communist threat throughout the world was expanding rapidly, and the defense burden of the United States, as well as other free world countries, was necessarily increasing.

The United States began to realize the potential of Spain in future wars. In 1951 negotiations were initiated between the United States and Spain which led to the utilization of military bases in Spain. The U. S. Chief of Naval Operations, Admiral Sherman, visited Spain to discuss the question of bases with General Franco. In particular they discussed the naval base near Cadiz which the U. S. Navy desired for its Sixth Fleet. Following these discussions military and economic missions visited Spain to lay the groundwork for formal negotiations.⁵⁰

Thus began the wearing away and eventual breaking down of the barrier of isolation which had surrounded Spain since the end of the Civil War in 1939.

On 26 September 1953, the United States and Spain signed three bilateral agreements known as the Pact of Madrid. Ambassador James C. Dunn

⁵⁰Acheson, Dean, "U. S. Begins Conversations on Spain's Role in European Defense," The Department of State Bulletin, p. 170, 30 July 1951.

represented the United States and Foreign Minister Alberto Martin Artajo signed for Spain. The three agreements in the Pact were: a Defense Agreement, an Economic Aid Agreement, and a Mutual Defense Assistance Agreement.⁵¹

The Defense Agreement authorized the development, maintenance and utilization of certain specified bases by the United States, jointly with the Spanish government. It further agreed that the bases would remain under "sovereignty" and the "flag of command" of Spain and that "the time and manner of [their] war-time utilization . . . will be as mutually agreed upon."⁵² The agreement also authorized the United States to station in Spain the necessary supplies and equipment, operate the necessary facilities, and exercise the necessary supervision over personnel, facilities and equipment. It additionally provided that the agreement should remain in force "for a period of ten years, automatically extended for two successive periods of five years each," unless terminated according to a specified procedure.⁵³

The general impression at that time was that the pact was intended as an alternative to NATO membership for Spain, rather than as a prelude to entry.⁵⁴

A British evaluation of the importance of the pact stated:

It is hardly necessary to emphasize the military and naval importance of Spain. To an enemy it gives access to ports and air bases that command the sea routes of the Atlantic and Mediterranean.

A friendly Spain could give to American forces an alternate way of entry into Europe through ports less

⁵³Ibid., p. 45.

⁵⁴Ibid., p. 79.

vulnerable to air attack than those of northwest Europe, important air bases for anti-submarine operations in the Atlantic and Mediterranean, and the support of an Army and Navy by no means negligible.⁵⁵

In 1960 Lincoln P. Bloomfield in his book The United States and Foreign Policy felt that the official United States position could best be explained as follows:

. . . for reasons of military strategy and political stability we have occasionally given aid and comfort to regimes repugnant to our democratic principles; for example, Tito's Yugoslavia, Franco's Spain, Gomulka's Poland, Trujillo's Dominican Republic, and Batista's Cuba. It is less easy to weigh the values in a complex situation involving at best a choice of varying evils.⁵⁶

Dictatorships have historically been criticized by individuals and governments and particularly so when assistance of any type has been provided with the funds of the people of democratic governments. Spain was no exception, even though many benefits have accrued to the United States through the agreements signed. The memories of dictators, such as Hitler, linger long in the minds of people and strongly influence national attitude.

Despite the comments and criticisms during the ten-year life of the original Pact of Madrid, the Defense Agreement was renewed on 26 September 1963.

The new agreement provided for the establishment of a joint consultative committee on defense, with its headquarters in Madrid. It was to meet each month to consider military matters of mutual concern. The

⁵⁵Royal Institute of International Affairs, Defense in the Cold War, p. 51, (London: 1950).

⁵⁶Bloomfield, Lincoln P., The United States and Foreign Policy, p. 85, Little, Brown, 1960.

co-chairmen of the committee were the Chief of the Joint United States Military Group in Spain and a Spanish representative. In addition, several other high ranking United States and Spanish military officers were members. The United States Ambassador or his representative could attend. Also, the United States pledged to support Spain's defense efforts through continued military assistance to her armed forces. In the economic area, 100 million dollars was made available through the Export-Import Bank.⁵⁷ The agreement also permitted the U. S. to operate a Polaris submarine base at the Atlantic port of Rota, and three Air Force bases at Torrejon, Moron and Zaragoza.⁵⁸

In 1968 negotiations got underway again for renewal of the base-rights agreement. Spain had offered the U. S. an extension until March 1970, in place of the five-year extension desired by Washington. Finally on June 20, 1969 a two-year renewal was signed. The agreement provided that Spain would receive \$50 million in military aid and up to \$35 million in Export-Import Bank loans. The new lease was to run until September 26, 1970 with a one-year grace period for evacuation of the bases. The U. S. had offered \$175 million in military aid for the five-year period 1968-1973.⁵⁹

Thus a strengthening of the relationship between two countries through mutually beneficial and successful bilateral agreements was developed. In addition, the framework of free world defense was

⁵⁷ Brewer, Sam P., "Spain and U. S. Extending Bases Pact for 5 Years," The New York Times, p. 1:2, 27 September 1963.

⁵⁸ Facts On File, 1969, p. 426, v. 29, no. 1497, July 3 - July 9, 1969, Facts on File, Inc., 1969.

⁵⁹ Ibid., p. 426.

reinforced by the inclusion of Spain, and the determination of the defenders of freedom was once again demonstrated to the leaders of Communism.

The United States has given or is giving military and/or economic support and assistance to many autocratically governed countries, among which are Portugal, Yugoslavia, Pakistan, the United Arab Republic, Jordan, Morocco, Algeria, Iran, Iraq, Ethiopia, Ghana, Thailand, Taiwan, South Korea and Spain.⁶⁰

The assistance supplied the above countries was in reality a payment for use of military facilities and was determined through bargaining.⁶¹

B. CONSTRUCTION PROGRAM

Negotiating for and the building of overseas military bases was not new for the United States. However, each time there are unusual and frustrating problems, and Spain was no exception.

The military and economic agreements in the Pact of Madrid provided \$50 million to Spain in 1956. This was not, however, a gift. An equivalent amount had to be provided by the Spanish government. Sixty percent of the amount was to be spent on the construction of American bases; ten percent was to pay for American administrative expenses in Spain, and the remaining thirty percent was for the Spanish government to spend, but subject to approval by the United States Aid Mission in Spain, and to be

⁶⁰Feis, Herbert, Foreign Aid and Foreign Policy, p. 150, St. Martin's, 1964.

⁶¹Ibid., p. 178.

used for work bearing a close relation to defense plans, such as roads, bridges, tunnels and railways.⁶²

The construction program began, at least the planning stage portion, in 1953 under the direction of Major General August W. Kissner, United States Air Force, headquartered in Madrid. Six months were devoted to planning before the American program began. The original construction plans were too optimistic and had to be drastically revised. All in all it took over five years to complete the original construction program which was nearly half the term of the original ten-year agreement.⁶³

This vast construction program provided for four major bases. Three for Strategic Air Command (SAC) bombers; located at Moron, near Seville; at Torrejon, near Madrid; and at Sanjurjo-Valenzuela, near Zaragoza. The fourth was to be a naval and air base at Rota, near Cadiz, and later referred to as "America's answer to Gibraltar." It is now the mightiest United States naval base in Europe.⁶⁴

In addition to the major bases, a 485-mile pipeline was to be built from the base at Rota through Moron and Torrejon and to the base at Zaragoza, through which the fuel would flow to supply the bombers and other aircraft. Also, two minor bases were to be built at San Pablo, near Seville, and a fighter center at Reus, ninety miles southwest of Barcelona.⁶⁵

⁶²Madariaga, Salvador de, Spain: A Modern History, p. 619, Praeger, 1958.

⁶³Matthews, p. 126-128.

⁶⁴Crow, John A., Spain: The Root and the Flower, p. 359, Harper and Row, 1963.

⁶⁵Ibid., p. 359.

Other items in the construction program were ammunition and supply dumps for the Navy at Cartagena on the east coast, and at El Ferrol and La Corunna in the northwest; early warning radar and aircraft control facilities on the Island of Majorca as well as at points on the peninsula; a microwave communications system; and improvements to existing Spanish Air Force airfields.⁶⁶

These command bases and naval bases cost over \$400 million, and all, except Rota, were constructed where there were already existing fields. The bases would put United States bombers within 3,000 miles of the industrial heart of the Soviet Union.⁶⁷

During the construction of the bases seventy percent of all materials required was imported from the United States, and the remaining thirty percent was purchased in Spain. The United States contractors (a consortium known as Brown-Raymond-Walsh) employed 5,000 Spanish personnel directly plus 15,000 more through Spanish subcontractors. After the bases were completed approximately \$30 million worth of United States construction equipment was given free of charge to Spain.⁶⁸

This vast complex of facilities required 12,000 U. S. servicemen (accompanied by 25,000 wives and children) to man.⁶⁹

A giant undertaking had been successfully completed and the defensive might of the United States, as well as the other countries of the free

⁶⁶Matthews, p. 126.

⁶⁷Crow, p. 359 and 363.

⁶⁸Welles, p. 291.

⁶⁹Ibid., p. 290.

world, greatly reinforced. In addition, the Spanish people were getting to know Americans a little better, and were finding out more about the world outside of Spain after their many years of isolation.

C. EQUIPMENT FURNISHED

One way to evaluate the scope of military assistance provided Spain is to consider the hardware and training provided. It can be very impressive when viewed in total, not only by the recipient but also by the giver. Hardware and training are the meaningful things. The people can see the tanks, trucks, other vehicles, airplanes, and artillery pieces when they are paraded on special holidays, particularly in Madrid with its access to a large population concentration. Husbands, boy-friends and sons attend a variety of officer and enlisted courses in the United States, and afterwards return to Spain with many stories, gifts and impressions of life in a free and democratic country. These all are measurements of assistance, and are frequently described in Spanish newspapers, viewed on television and talked about over coffee and cognac at sidewalk cafes and in the home.

The Defense Agreement section of the Pact of Madrid has provided the Spanish Army, Navy and Air Force with a large amount and variety of modern equipment since 1953 when the Pact was signed. The Spanish military services now consist of:

Army:

Total strength: 225,000

1 armoured division with M-47 and M-48 tanks.

2 mechanized infantry divisions.

2 mountain divisions.

12 independent infantry brigades.

1 cavalry brigade.

1 high mountain brigade.

1 parachute brigade.

1 battalion with HAWK surface-to-air missiles

Navy:

Total strength: 42,000, including marines

1 light helicopter carrier (a former U. S. aircraft carrier, converted and transferred to Spain in 1966-67.).

1 cruiser.

4 submarines.

8 destroyers.

10 fast frigates.

14 other escorts.

4 minelayers.

25 minesweepers.

2 attack transport ships.

11 landing ships.

70 other ships.

3 squadrons of ASW helicopters.

1 squadron of light helicopters.

Air Force:

Total strength: 38,000

225 combat aircraft:

75 F-86F interceptors.

20 F-104G interceptors.

30 He-111 light bombers.

75 F-86F fighter bombers.

25 armed T-6 trainers.

About 150 transport and communications aircraft, including C-47's, C-54's, 6 Caribous, and Spanish-built Alcotans, Halcons, and Azors.

250 training aircraft, including T-6, T-33, and TF-104G.⁷⁰

Although the major items of equipment provided and the quantities is classified information, reference to the above list of Spanish military

⁷⁰The Military Balance 1968-1969, p. 39, The Institute for Strategic Studies, 1969.

services equipments and strength gives a good overview of the magnitude of United States equipment provided, i.e., M-47 and M-48 tanks, HAWK missiles, a helicopter carrier, F-86F and F-104G interceptors, F-86F fighter bombers, and C-47, C-54 and Caribou aircraft. If the limited shipbuilding, vehicle, heavy equipment, and highly technical manufacturing capability of Spain is considered it can be further realized that most of the ships, aircraft, heavy equipment and highly technical equipment of the Spanish military services has been provided by the United States.

The variety of equipment and training provided Spain has not only fulfilled a part of the base-rights agreement, but has also significantly modernized their military establishment. Additionally, quite noticeable professional relationships between United States and Spanish forces have resulted.

The Spanish military services have experienced difficulties in the operation and maintenance of many of the more complex equipments furnished, particularly in the area of electronics. The problem has been one of a shortage of trained personnel for these equipments. Many officers and enlisted personnel have been trained in technical schools, both in Spain and the United States, however, there is a high demand by Spanish industry for these technicians. The result is obvious — the enlisted men leave the services at the end of their obligated time and go to the higher paying civilian jobs. This same problem has been and is still being experienced in the United States. This situation in Spain is, however, improving as the income, living conditions, and prestige of military life move upward slowly but surely.

D. VALUE OF ASSISTANCE PROVIDED

The United States assistance to Spain began with a \$62,500,000.00 Export-Import Bank credit authorized by Mutual Security legislation for 1951.⁷¹

In 1954 the assistance authorized under the Mutual Security Act amounted to \$226,000,000.00 (\$141 million for military end items and \$85 million for defense support). The Defense Agreement section of the Pact of Madrid fixed the assistance at \$350 million for the period 1953-1957. This did not include the cost of bases to be constructed for joint use. These costs were originally estimated at \$300 million and later revised to \$400-\$420 million.⁷²

By 1963, at about the time the original ten-year agreement came up for renewal, \$2 billion in different types of assistance (military, economic, etc.) had been provided to Spain.⁷³

The actual deliveries of military equipment, materials and services under the Military Assistance Program for the period 1953 through 30 June 1968 amounted to over \$552 million.⁷⁴ Appendix A shows the amount of grant aid deliveries by fiscal year under the Military Assistance Program.

As was seen in the Construction Program section of this chapter, the cost of construction of the bases and related facilities amounted to approximately \$400 million.

⁷¹Matthews, p. 111.

⁷²Whitaker, p. 47.

⁷³Welles, p. 290.

⁷⁴Statistical Abstract of United States, 90th ed., p. 252, U. S. Bureau of the Census, 1969.

A quick review reveals that over \$900 million has been spent on the military portion of the agreement by the United States in return for the strategic assets of Spain. Certainly a lot of money for permission to build and use, for a short period of time, air and naval bases in that country, plus modernizing Spain's armed forces.

When the agreements were renewed in 1963 the U. S. strategic requirement for SAC bases had changed considerably from what it was in 1953. Bombers of longer range, notably the B-52's, had been acquired making many of our overseas bases ringing Russia unnecessary. With the KC-135 tanker planes, these B-52's could strike most targets from inside the United States. Intercontinental missiles had also reduced the requirement for overseas SAC bases. The United States on November 8, 1963, in line with these new facts of life, announced that the base at Zaragoza would be closed, that fewer B-47's using bases in England and Spain would be required, and two squadrons of F-102 fighters in Spain would be dissolved.⁷⁵ Subsequently, on June 21, 1969, it was announced that the base at Moron would be placed in a reduced operating status.⁷⁶

The great technological strides achieved in the United States have permitted a reduction in requirements for bases and facilities in Spain; reduced the cost of the Military Assistance Program in Spain; and placed the United States in a position of greater strength for future base-rights negotiations, as she can now rely more on mobility, long range aircraft and more accurate intercontinental missiles and rely less on bases in other countries.

⁷⁵"U. S. to Close a Base in Spain and Bring 8,000 Home by July," The New York Times, p. 9:3, 9 January 1964.

⁷⁶Facts on File, 1969, p. 426, v. 29, no. 1497, July 3 - July 9, 1969, Facts on File, Inc., 1969.

E. NEW MILITARY CAPABILITY

The Spanish military capability at the end of the Civil War and during World War II was extremely limited and badly in need of equipment, men and modernization. The base-rights agreement between the United States and Spain was the beginning of a new look militarily. Antiquated methods had to be changed, personnel had to be obtained and trained to operate and maintain the new equipment, and reorganization was a necessity.

Since the influx of United States military assistance and advice, the Spanish "paper" army of 18 divisions has been reorganized and streamlined to include armoured, mechanized and mountain divisions, as well as a HAWK surface-to-air missile battalion. The Army's peacetime strength is now at about 225,000 men, including about 100,000 recruits called up every March for 18 months training.⁷⁷

The Spanish recruit now receives training similar to that of his American counterpart. After his basic training, he goes to specialists' school to learn mechanics, electronics, or related skills, and then to his permanent unit. His rifle is a Cetme, of German design, which is manufactured in Spain. Armoured units have U. S. M-47 and M-48 tanks, and artillery units have the U. S. 155-mm. and 105-mm. howitzer.⁷⁸

The United States HAWK surface-to-air guided missile with a range of 12-15 miles and a ceiling of 12 miles was provided the Spanish army

⁷⁷The Military Balance 1968-1969, p. 39.

⁷⁸Welles, p. 47.

under the 1963 base-rights renewal agreement. Spanish officers have received training at the Redstone Arsenal near Huntsville, Alabama.⁷⁹

U. S. officers who have visited Spanish armoured and artillery units report "They want to learn. They work. They're damn good."⁸⁰

The United States has provided in excess of \$100 million since 1953 for modernization of the Spanish Navy. In addition to five destroyers, the U. S. has transferred a training submarine, 12 new nonmagnetic minesweepers, 18 auxiliary craft, one APA and one AKA.⁸¹ In addition, a light helicopter carrier was converted and transferred to Spain in 1966-1967 giving them a new dimension in seapower.⁸²

The Spanish Navy also has a 10,000 ton veteran cruiser "Canarias".⁸³

There are approximately 42,000 men in the navy (including marines) of which over 3,000 have received training in the United States.⁸⁴

Most Spanish destroyers now have American sonar, radar and electronic gunfiring equipment installed.⁸⁵

⁷⁹Ibid., p. 48-49.

⁸⁰Ibid., p. 49.

⁸¹Ibid., p. 52.

⁸²The Military Balance 1968-1969, p. 39.

⁸³Welles, p. 52.

⁸⁴Ibid., p. 53.

⁸⁵Ibid., p. 54.

New construction plans call for 5 frigates of U. S. design and 2 submarines of French design. The shipbuilding programs are at the dockyards at El Ferrol and Cartagena.⁸⁶

Prior to 1953 the Spanish Air Force flew obsolete German Heinkel bombers and Messerschmitt propeller fighters. U. S. military assistance has furnished modern first-line jet fighters, and American Air Force officers say the Spanish squadrons are "as good as any in the United States." The Air Force is organized into five air regions in the peninsula plus three air zones in the Balearics, Canaries, and Spanish Africa.⁸⁷

The defense budget of Spain is not large when compared to that of the United States, but is sufficient to be responsive to most of her military requirements. The defense expenditures in 1967 and 1968 were as follows:

Defense Expenditures:

1967	\$521 million
1968	\$544 million

Defense Expenditure as a Per Cent of Gross National Product:

1965	2.4%
1966	2.2%
1967	2.0%
1968	2.2%

In 1967 the defense expenditure per capita amounted to \$17.⁸⁸

⁸⁶The Statesman's Year-Book, Statistical and Historical Annual of The States of the World for the Year 1969-1970, p. 1316.

⁸⁷Welles, p. 50-51.

⁸⁸The Military Balance 1968-1969, p. 55.

The Spanish military organization has come a long way since the early 1950's. The Military Assistance Program of the United States along with Spanish willingness and cooperation has transformed a poorly equipped and antiquated military organization into an effective fighting force equipped with modern tools and techniques of warfare. Spain can now face its neighbors and the rest of the world with confidence and backed by military strength. Many of her military requirements can now be provided from internal industry, others can be purchased through military sales programs with the United States and other countries.

V. IMPACT OF MILITARY ASSISTANCE ON
ECONOMY AND PER CAPITA CONSUMPTION IN SPAIN

Over the years the United States has provided military assistance to a great many countries throughout the world. It is generally considered that assistance has been helpful to the recipients, as well as to the national interests of the U. S. However, from time to time questions are raised and doubts expressed by the American people as to the value of Grant Aid programs to other countries. The impact is difficult to measure many times, and the future long-range benefits are hazy.

How is the success of an assistance program measured? Is it by the dollar value of materials and services provided, the new military capability, the new attitude of the government of the host country, the migration of workers from rural areas to the industrial developing cities, the new standard of living for the people, the changing indices of production, or the strengthened friendship between the two countries concerned?

The Military Assistance Program (MAP) to Spain can probably be measured by using all of the above plus many other indicators. For purposes of this thesis, two areas will be examined to describe the impact of United States military assistance on the economy and per capita consumption in Spain: the change in economy and per capita consumption, and the Spanish relationship with the rest of Europe.

A. CHANGE IN ECONOMY AND PER CAPITA CONSUMPTION

If the economy and daily life of Spain, for the period 1939 to the present, could be viewed in a single sweep of the mind's eye it would be obvious that many startling changes have occurred. The changes have

been for the good of the country, and the new generation growing up is enjoying prosperity and a pleasant life. Memories of the hard times of the past linger in only the minds of the older people.

There are many new impulses of Europe which are pushing Spain forward, and after the many years of isolation the country finds itself in a world of competitive realities. Many thousands of Spanish have gone to work in the other countries of Europe and they bring back ideas and stories of success and money.⁸⁹

In recent years the economy of Spain has been expanding and moving in the direction of greater economic independence from the other countries of the world. Integration with the European economy appears closer all the time.⁹⁰ However, the country does not have the resources nor the market with which to develop its economy in isolation. It must facilitate imports of goods and services for development, and do so under arrangements to obtain materials at the lowest cost yet protect domestic producers. Also, it must promote tourism, as well as exports, to obtain foreign capital to finance the increased imports.⁹¹

In 1962 over eight million tourists flowed into Spain and spent over \$400 million.⁹² By 1967, some 17.86 million tourists brought in 67.6 million pesetas (70 peseta equal one U. S. dollar).⁹³ In 1969 tourism,

⁸⁹Thomas, Hugh, Spain: LIFE World Library, p. 147, Time, 1962.

⁹⁰Summary of the World Bank's Report on Spain, p. 15, 1963.

⁹¹Ibid., p. 30.

⁹²Henricks, John D., "The Spanish Economy: An American Businessman's Appraisal," New Business Opportunities, p. 31, American Management Association Bulletin no. 38, American Management Assoc., Inc., 1964.

⁹³The Statesman's Year-Book, p. 1318.

by now the country's biggest industry, brought in more than 21 million visitors who left pounds, Deutsche marks, francs, krona, pesos, lire, dollars and ideas.⁹⁴ Hotels and motels have been built at an astounding rate, and the Spanish government has built paradors (hotels) in many out of the way places to accommodate these tourists and make them want to come back. Many of the tourist dollars have been used by the government to restore historical sites. Tourism is not only helping Spain financially, but it is spreading the Spanish way to the four corners of the earth.

In the mid-1950's Spain was on the verge of national bankruptcy, but in the 1960's she was a nation with one of the soundest currencies in the world and with one of the fastest rates of economic growth.⁹⁵

Although the sources of information available to this writer do not provide complete and consistent data relating to employment, gross national product, government expenditures and revenue, exports, imports, currency, and other factors of economic measurement for the period 1950 to 1970, there is sufficient data to demonstrate specific trends and changes in the economy of Spain, particularly during the 1960's. The following tables are included to show the recent economic progress in Spain.

As indicated in Table I, there has been a steady increase in the total civilian employment, and a significant movement out of agriculture (a decrease of 11.9%) into industry and other activities with a fairly

⁹⁴Wheeler, Fenton, "Spain: A Paradox", The Providence (Rhode Island) Sunday Journal, p. 28:3, 3 May 1970.

⁹⁵Anderson, Charles W., The Political Economy of Modern Spain, p. 237, The University of Wisconsin Press, 1970.

TABLE I^{96,97}CHANGE IN TOTAL EMPLOYMENT
1960-1970

YEAR	TOTAL EMPLOYMENT (civilian occupied manpower) (thousands)	OF WHICH:		
		Agriculture (%)	Industry (%)	Other Activities (%)
1960	11,354	41.9	31.6	26.5
1965	11,731	35.1	34.4	30.5
1966	11,837	32.6	37.1	30.3
1967	12,170	29.4	36.6	34.0
1970 [*]	13,000	30.0	38.0	32.0

* Figures for 1970 are an estimate

even split between the two, (an increase of 6.4% in industry and an increase of 5.5% in other activities).

In 1961 Spain requested the International Bank of Reconstruction and Development (IBRD, or World Bank) to study its economy and make recommendations that would permit a stable, rapid rise in development and growth. A five-year program was outlined by the IBRD covering areas such as housing, employment, railways, power and agriculture.⁹⁸ Perhaps some of this shift in employment out of agriculture can be attributed to recommendations of the IBRD.

⁹⁶Compiled from various issues of The OECD Observer, The Organisation For Economic Co-operation and Development, 1964-1970.

⁹⁷Aranguren, Felix, "Resources Available to Aid New Industry," New Business Opportunities In Spain, American Management Association Bulletin no. 38, p. 25, American Management Association, Inc., 1964.

⁹⁸Henricks, p. 30.

The income per head of family has enjoyed an increase during the 1960's as follows:

INCOME PER HEAD (PESETAS PER YEAR)⁹⁹
(Value in 1964 pesetas)

<u>YEAR</u>	<u>AMOUNT</u>
1964	30,768
1965	32,650
1966	34,937
1967	36,840

Although the increase in income has been steady it has not been significant in amount. The minimum daily wage has increased from about 96 pesetas in 1967 to about 120 pesetas in 1970, however, a recent survey indicates it takes 139 pesetas daily for a family of four in Madrid to buy just food.¹⁰⁰

Table II below reflects the growth of the gross national product (GNP) from 1960 to 1968, and the change in the structure of gross domestic product from agriculture to other activities.

It is noted that there is a slight downward shift in GNP from 1967 to 1968 but is not considered of particular significance for such a short period of time. A continued downward shift for two years or more might indicate a reversal of the economic progress made in earlier years. More recent figures are not available at this time.

As indicated in Table III which follows, Spanish exports in 1962 totaled some \$736 million versus imports of \$1.955 billion, leaving a

⁹⁹The OECD Observer, no. 43, December 1969, p. 33, The Organisation For Economic Co-operation and Development, 1969.

¹⁰⁰Wheeler, p. 28.

TABLE II¹⁰¹
CHANGE IN GROSS NATIONAL PRODUCT
1960-1968

	1960	1964	1966	1967	1968
<u>Gross National Product:</u>					
At Current Prices and Exchange Rates (million US \$)	6,834	17,720	24,570	26,620	25,200
Per Capita (US \$)	220	570	770	830	770
<u>Structure of Gross Domestic Product(%):</u>					
Agriculture	-	20.8	17.6	16.4	16.3
Mining & Quarrying, Manufacturing, con- struction, electricity, gas & water	-	36.2	34.5	34.7	33.7
Other Activities	-	43.0	47.9	48.9	50.0

whopping big trade deficit of \$1.219 billion. By 1968 the situation had deteriorated to a trade deficit of \$1.913 billion. This is quite a deficit for a country the size of Spain. Although the situation appears bleak, there are three factors which contribute to offsetting the imbalance between exports and imports. First, tourism brings in money at the rate of from \$400 million in 1962 to about \$950 million in 1967. Secondly, Spanish laborers working abroad contribute about \$200 million a year. This will probably decrease as the Spanish economy increases its demands for this labor supply. The third factor, and perhaps the one which could be considered the key to Spain's future, is foreign investment. In 1962 this amounted to about \$200 million. The combination

¹⁰¹ Compiled from various issues of The OECD Observer.

of these three factors, along with U. S. military assistance, has permitted Spain to move from an isolationist country to one of promise in economic areas. It is most important that Spain maintain its financial ability to import the materials and machinery essential to the development of its economy, as well as receiving a constant flow of foreign capital and know-how. Spain has managed to build up a foreign exchange reserve of about \$1 billion.¹⁰² With continued determination and attention to the export/import situation Spain will improve its efficiency at home and position in the world.

TABLE III¹⁰³
EXPORTS AND IMPORTS
1962-1968

	1962	1965	1966	1967	1968
<u>Exports:</u>					
Total (million US \$)	736	966	1,254	1,384	1,589
As % of GNP (annual average)	-	(1964) 5.4	5.1	5.2	6.3
Increase in volume (% per year)	(1953-63) 4.5	(1960-65) 3.0	(1961-66) 7.1	(1962-67) 10.8	(1963-68) 17.5
<u>Imports:</u>					
Total (million US \$)	1,955	3,019	3,591	3,470	3,502
As % of GNP (annual average)	-	(1964) 12.7	14.6	13.0	13.9
Increase in volume (% per year)	(1953-63) 13.8	(1960-65) 32.5	(1961-66) 32.9	(1962-67) 16.5	(1963-68) 13.1

¹⁰²Henricks, p. 31-32.

¹⁰³Compiled from various issues of The OECD Observer.

Other indicators of economic trend are displayed in Table IV below. In the six areas shown, i.e., cars, telephones, radio sets, television sets, housing units completed, and consumption of electricity, the progress is on an upward slope. These areas indicate a positive impact on the economic and daily life of the inhabitants of Spain, however, this impact has probably been felt most by the upper and small middle class, and almost not at all by the lower class.

The figures listed in Table IV for 1968 compare somewhat favorably with other countries, for example:

	<u>Spain</u>	<u>Japan</u>	<u>Portugal</u>	<u>Ireland</u>	<u>Italy</u>
Telephones	113	107	65	87	132
Cars	50	48	30	110	136
Consumption of Electricity	1,109	2,345	590	1,432	1,764
Housing units completed	7.6	11.8	5.7	4.0	6.3

Continued progress at the past rate will very shortly put Spain on an equal basis with a great number of countries and ahead of many.

Both the revenues and expenditures of the Spanish Government have increased consistently and significantly during the period 1960-1968 as shown in Table V.

In 1968 Indirect Taxes accounted for over 140,450 million pesetas of total revenue. The significant expenditures for 1968 were:

	(In 1 million pesetas) ¹⁰⁴
Public Debt	18,922
Ministry of War	21,141

¹⁰⁴The Statesman's Year-Book, p. 1315.

TABLE IV¹⁰⁵OTHER ECONOMIC INDICATORS
1962-1968

	1962	1965	1966	1967	1968
<u>Cars:</u>					
Number per 1,000 inhabitants	14	25	33	41	50
<u>Telephones:</u>					
Number per 1,000 inhabitants	68	87	95	99	113
<u>Radio Sets:</u>					
Number per 1,000 inhabitants	12	45	70	-	-
<u>Television Sets:</u>					
Number per 1,000 inhabitants	-	-	-	86	90
<u>Housing Units Completed:</u>					
Number per 1,000 inhabitants	5.3	8.9	8.5	6.5	7.6
<u>Net Consumption of Electricity:</u>					
kWh per head and per year	588	799	900	976	1,109

TABLE V¹⁰⁶REVENUES AND EXPENDITURES
1960-1968
(Budgetary Periods of 2 Calendar Years)
(In 1 million pesetas)

	1960/61	1962/63	1964/65	1966	1967	1968
Revenue	65,691	86,855	120,844	185,282	213,420	237,800
Expenditure	59,150	86,788	120,966	185,071	213,161	237,800

¹⁰⁵Compiled from various issues of The OECD Observer.¹⁰⁶The Statesman's Year-Book, p. 1315.

Ministry of Interior	22,834
Ministry of Public Works	35,428
Ministry of Education	24,706
Ministry of Agriculture	11,103
Ministry of Air	9,104
Ministry of Housing	9,418

The coming of Americans to Spain in the early 1950's with their money, ideas and methods has certainly left a mark on the country which may well be remembered as one of the major turning points in the history of Spain. The Spanish policy of isolation from the rest of the world changed as a result of the new partnership with the U. S. American funds helped build bases and provided many jobs for Spanish workers, and at the same time acquainted them with modern construction methods, materials and equipment.

The American funds, in the form of military assistance, did provide a U. S. dollar flow into the economy of Spain and did contribute to the change in the Gross National Product as follows:

	(In million U. S. \$)				
	1960	1964	1966	1967	1968
GNP	6,834.	17,720.	24,570.	26,620.	25,300.
Spanish Defense Expenditures	-	-	-	521.	544.
% of GNP (Spain)	-	-	-	2.0%	2.2%
U. S. Military Assistance	49.1	20.1	35.5	8.2	11.8
% of GNP (U.S.)	0.7%	0.11%	0.14%	0.03%	0.05%

Note: Above data compiled from previous chapters and Appendix A of this thesis.

This United States involvement did provide a capital inflow which can be assumed would not have otherwise occurred.

While the United States investment was directed towards military posture building, the Spanish government was able to allocate scarce resources to help the economy — without this help the economy would have continued to suffer. Tourists from many countries swarmed in with their money and influence. Foreign capital could see investment opportunities, particularly with American forces around to provide stability. Through exports the outside world became more familiar with the many fine Spanish products, such as leather goods, wines, olives, fruits, furniture, etc.

There has been a positive change in the policies of Spain and a positive effect on the economy and life of the Spanish people. It can be assumed that if the United States had not required military bases and facilities in Spain in the 1950's and 1960's that Spain would not have changed her policy of isolation, that capital flow through investment from the outside would not have occurred at the rate it has, that the economy and GNP would not have progressed as rapidly, that the overall structure of the military forces would have continued to deteriorate, and that the hard times of the 1940's and early 1950's would have continued into the 1960's, perhaps accompanied by internal strife and poverty of critical magnitude. It is doubtful from this writer's viewpoint that even a normal economic growth would have occurred had not American involvement opened the door of opportunity to Spain through the Military Assistance Program. It is now up to the Spaniards to carry on the forward progress and continue the growth — it is believed they are capable and willing to do so.

B. EUROPEAN RELATIONSHIP

Like most nations, Spain has experienced times of almost complete isolation from other countries of the world. These periods of isolation

were generally damaging economically, culturally and politically.

Spain is separated from the rest of Europe by the Pyrenees Mountains to the north, and the long Moorish domination of most of the peninsula has affected its relationship with the countries to the south. Arthur P. Whitaker in his book, Spain and Defense of the West, described the Spaniards as "Europeans with a difference."¹⁰⁷

Despite their differences and the effects of periods of isolation, the Spanish influence has been considerable throughout much of the world. The Spanish empire once circled the globe, and where the flag of Spain rested in the 16th century, Spanish is spoken today and the Roman Catholic religion is professed. "From the standpoint of influencing others, Spain stands among the most advanced nations of the world. No European nation has surpassed Spain in the depth and permanence of its influence."¹⁰⁸

For a decade after World War II Spain's relations with the rest of Europe were out of joint economically, culturally and politically. And, Europe has kept Spain at a distance as evidenced by the reluctance to admit her to NATO. Significant thawing did take place with the base agreements with the United States, and efforts to improve relations with France and Germany have been evident. Time changes many things. Today many Spaniards believe strongly in better relations with other European countries in the political, cultural, economic, military, and diplomatic areas.¹⁰⁹

¹⁰⁷Whitaker, p. 288.

¹⁰⁸Bradford, p. 105.

¹⁰⁹Whitaker, p. 290-292.

On 14 December 1955, at the 555th plenary meeting of the United Nations, Spain was admitted to the UN by a vote of 55 to none, with two abstentions. It was a "package deal" with 15 other nations designed to accommodate both the United States and Russian designs.¹¹⁰

The base agreements with the United States opened the door to the world for Spain, and membership in the United Nations provided the opportunity and organization through which to better its relations with other countries, and in particular the countries of Europe.

On 10 January 1958, Spain became an associate member of the Organization for European Economic Cooperation (OEEC) with the right to participate in discussion but not to vote.¹¹¹ On 20 July 1959, Spain was promoted from associate to full membership in the OEEC.¹¹² In 1961, the OEEC was replaced by the Organization for Economic Cooperation and Development (OECD) with the goals of close cooperation on economic and business cycle policy, expanded aid to underdeveloped countries, and further progress in trade liberalization.¹¹³ It is obvious from the goals of the OECD that Spain would find a new European relationship developing through her association with the organization. As a result of joining the OECD Spain received substantial funds, import quotas and licenses were cancelled, and the Spanish economic circles saw advantages of doing business with the outside world.¹¹⁴

¹¹⁰United Nations, Yearbook 1955, p. 27, Columbia University Press, 1956.

¹¹¹Moore, Ben T., NATO and the Future of Europe, p. 173, Harper, 1958.

¹¹²Ibid., p. 309.

¹¹³Stoessinger, p. 376.

¹¹⁴Souchere, p. 310.

Spain is continually discovering that she is dependent upon other countries of Europe. As trading partners Great Britain ranks first, West Germany second and France third. The United States ranks fourth.¹¹⁵ Spain works very closely with Great Britain in the areas of trade and economic development; however, the problem of Gibraltar, once a Spanish territory, does affect their relationship.¹¹⁶ France provides Spain with more tourists than any other country, and many Spanish workers earn their wages as seasonal workers in France.¹¹⁷ West Germany is not only important as a trading partner, but she is also an excellent source of investments.¹¹⁸

Spain may once again become an influential European power. She has linguistic and sentimental ties with half of the New World.¹¹⁹

An old saying "Africa begins at the Pyrenees" is rapidly fading away. The Spaniards of today want to join the rest of Europe.¹²⁰

Spain is joining Europe and doing so because she wants to. She has tasted life in the rapidly expanding free world, likes it and is anxious to participate to a greater degree. Franco and his dictatorship has mellowed with age making it somewhat easier for Spain to enter the new activities and life of Europe.

¹¹⁵Whitaker, p. 299.

¹¹⁶Bradford, p. 116.

¹¹⁷Whitaker, p. 300.

¹¹⁸Ibid., p. 307.

¹¹⁹Smith, p. 500.

¹²⁰Thomas and the Editors of Life, p. 9.

VI. CONCLUSIONS

Spain has demonstrated a capability for economic, military, cultural and political growth since her departure from isolation following the signing of the base agreements with the United States. She is now in a position for more favorable consideration by the other countries of Europe in future economic markets and plans. She is of strategic value from a military point of view, and does contribute to the world balance of power situation. Her geographic location, size and topography and potential manpower make her a good candidate for inclusion in the defense plans of Western Europe.

Past and continued modernization of the military forces strengthens Spain's importance in the free world. She unquestionably becomes a more valuable friend as time goes by.

The United States military assistance to Spain provided urgently needed bases for the U. S., countered Communist aggression, strengthened the free world, and provided Spain the opportunity to rebuild and regain its position in European and world affairs.

Spanish influence is recognized in many parts of the world. She continues to have an anti-communist attitude and her close friendly relationship with the United States could very well affect the outcome of our efforts in many of the Spanish speaking countries.

When faced with choices in the field of economic policy, she demonstrated flexibility and openness to change which resulted in expansion, progress and acceptance from both within the country and outside. Although her political system may still be questioned and perhaps not accepted, her economic policies enjoy considerably more success.

It is concluded that Spain is a valuable asset in the free world, will continue to influence many of the Spanish speaking peoples, would strengthen economic and military organizations of Western Europe if admitted, and will further expand militarily and economically.

A friendly and cooperative relationship will continue to exist between the United States and Spain as she will continue to have requirements for American technical know-how, military assistance in the form of either grant aid or military sales, and access to economic markets. With the growing Communist naval threat in the Mediterranean Sea, the Straits of Gibraltar take on a more urgent significance to the United States and the other countries of the free world, and will most likely strongly influence economic and military ties between Spain and these countries.

Spain has tasted the success of life in a free, progressive and modern society, and it is believed she will want to continue the cultural, military and economic growth necessary to preserve and advance her position along with her free world friends.

APPENDIX A^{121,122,123}
MILITARY ASSISTANCE PROGRAM DELIVERIES TO SPAIN
BY FISCAL YEAR

(In millions of dollars, as of 30 June 1968)

<u>YEAR</u>	<u>AMOUNT</u>
1954	\$ 23.2
1955	39.0
1956	65.4
1957	76.5
1958	48.2
1959	51.6
1960	49.1
1961	35.9
1962	20.7
1963	26.5
1964	20.1
1965	40.6
1966	35.5
1967	8.2
1968	<u>11.8</u>
TOTAL	\$552.3

¹²¹U. S. Dept. of Defense, Military Assistance Facts, p. 13,
15 February 1965.

¹²²U. S. Dept. of Defense, Military Assistance and Foreign Military
Sales Facts, p. 10, May 1967.

¹²³Statistical Abstract of United States, p. 252.

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