

The Last 20 Years of Spain

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AS a supplement to my article on "The Economy of Spain" (in the January-February, 1940 issue of *LAND AND FREEDOM*), which dealt mostly with that country's past history, I should now like to present a brief survey of happenings in Spain in the last two decades.

In 1921, the tribes of the Riff in northern Africa rose in rebellion against Spain. The Spanish army suffered a terrible defeat; thousands of Spaniards were killed, because of the incompetence of the Command. New troops were being sent from Spain, and the affair might have been settled without further trouble, but ambitious schemers in the army saw in the affair an opportunity to advance themselves. General Primo de Rivera blamed the government, and managed to instigate a rebellion, "for the honor of Spain," and to seize control of the government.

Ignoring the Constitution, and retaining the Monarchy, the General ruled by decree. He did all those fine things that dictators usually do, with the result that the national debt was almost doubled. His construction of a number of roads greatly pleased the landowners whose lands were thereby increased in value. The paper peseta—symbol of the State under this Dictatorship—reached, through international speculation, a quotation near the price of gold.

Calvo Sotelo, Minister of Finances under the Dictatorship—a good lawyer, but unwise in international economic affairs—paid no attention to the sound advice that the Spanish free-traders gave him. He saw only the prestige of the State. However, the international speculation gave him food for thought, and he hoped to achieve a gold standard system. Thanks to the State Council, the gold standard was not established. And then, international speculation caused the peseta, which had been bought with a 40 per cent discount, to be sold back to the Government with an 18 per cent discount, as the inexperienced Minister of Finances was giving gold in London for paper pesetas. Gold was taken on terms, in order to sustain what he believed was the prestige of the State.

It soon became evident to every one how false was the "prosperity" under the dictatorship. Even the great landowners, who had applauded the construction of the roads, now abandoned Sotelo, and in 1930 King Alphonso dismissed him from power. As a consequence, the Monarchy fell in the following year.

The people then voted enthusiastically for a Republic, in the belief that it would be an improvement. Alas, it was only an illusion. Monarchist turned Republican, and the same economic system prevailed. People soon realized that they had only changed leaders. Cloaked in

nice phrases, higher taxes and protective tariffs were imposed, as well as the blood tributes, compulsory military service, and so on—the same as before. It became more and more difficult to carry on commerce—even more so than under the Monarchy.

The Spanish Socialists—albeit many of them were men of very good will—adored the State and hated individual liberty. They wanted to seize the reins of the State and have it completely under their control. Under their system, Bureaucracy grew in greater proportions, the control of foreign exchange grew stronger, and the Ministry of Industry controlled the whole industrial system. Each day the individual lost more and more as the State seized it from him. The Socialist Party did for the Republic what Calvo Sotelo did for the Dictatorship. Worshipping the State, both turned their backs on the people.

To the Socialists, commerce was thievery, unless carried on under the domination of the State. Individual initiative was gradually dying out because of the absurd and tyrannical intervention of the State. The wonder is that individual initiative still existed after the long and dismal history of tyranny in Spain.

By the time the Civil War broke out, in 1936, the economic condition of the Spanish people had become unbearable. The Bank that had issued paper money, on the Government's orders, held up all payments from foreign people doing business with Spanish merchants, until they could obtain foreign exchange. Several foreign nations held Spanish goods until they had collected their debts by "clearing."

When Spain was divided into two sides by the sedition of General Franco, he was aided by the Bank and the landowners—who had their own special reasons to fear the Socialists.

The year 1938 was one of terrible disappointment for the partisans of the titular State. The Spanish farmers were not anxious to part with their food products in exchange for a paper money in which little faith could be placed. So they hid their provisions while the people starved.

Thereafter, General Franco was not long in gaining a victory. Now that he is in power, will there be a change in the economy of Spain? Franco loves the State, as did Sotelo, and the Socialists. The only change will be a further extension of the power of the State—it will become totalitarian.

The Republic had issued paper money which Franco refuses to recognize. Now he is faced with the same situation that the Republic had to contend with, as to the farmers. They do not want to exchange their products for paper that will be valueless in the future.

It is futile to combat economic forces. And yet, this is what leader after leader, in seizing power, has attempted. Why do they not allow the free play of economic forces?