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MEMORANDUM OF CONVERSATION

Participants: The Secretary
Manuel del Prado, Chairman of the Board of IBERIA
David Passage, Notetaker

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Prado: Thank you very much again, Mr. Secretary, for agreeing to receive me.

The Secretary: Did you come to Mexico officially?

Prado: No, I could not come officially. I came "under the table" as it were. I was sent by the King and the Prime Minister to talk to the new President. I was invited by the new President, but as an unofficial guest.

The Secretary: In the inimitable fashion of the American Foreign Service, I was introduced promptly to the representatives of the Spanish Republic by one of the political officers from our embassy here at one of the Mexican receptions.

Prado: Yes, it is a madness. The last thing that Echeverria did was to invite all of the Spanish opposition. He invited Carillo and a number of others. The new President (Lopez Portillo) invited us privately.

The Secretary: Echeverria is a strange man. I'm not sure I know what he got out of it. Why would he do something deliberate like that, which could only complicate his relations with Spain. It certainly isn't a question of playing to the Third World. You have perfectly good relations with the Third World.

Prado: I wonder whether it might be a question of the man's sense of inferiority.

The Secretary: He was so eager to become Secretary General. If he had only behaved intelligently, he might have had a chance, but his essential lack of responsibility over these last few months has probably damaged his candidacy irreparably.

Prado: Do you think he has any chance?

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The Secretary: No, I don't think you can have someone as Secretary General of the United Nations who wants the job, especially someone who wants the job as badly as this one and who is willing to break all sorts of eggs in order to get it.

Prado: Who do you think will get it?

The Secretary: Oh, I think it will probably be Waldheim or possibly Amerasingh.

So tell me. How are things in Spain these days?

Prado: Well, first, the King sends his personal regards and his best wishes to you. He wants you to know that everything is under control, and the programs and reforms that he and you discussed when you met are on-going.

The Secretary: The King has shown a remarkable ability to control events to ensure a positive outcome.

Prado: You will recall that he told you in Washington that he wanted to change the Prime Minister, but he didn't feel that he could at the time.

The Secretary: Arias actually was a rather decent man. He was probably very good for a transition period, but it was just as well that he got rid of the Foreign Minister, don't you think?

Prado: Yes, absolutely.

The Secretary: I can tell you now something that I could not have told you before, but frankly, when the King was in Washington, we were all surprised and President Ford was absolutely shocked at the behavior of the Foreign Minister and the way he treated the King. President Ford would ask a question and the Foreign Minister would answer it for the King.

Prado: Yes.

Well, now we have the referendum on the 15th of December. After we get the approval from the Cortes on the new reform law, the government will be stronger. We will still have some opposition, but they are not very well organized. We have given permission to the socialists to have their congress on the 15th of December. I understand that Suarez, Mitterand, Kreisky, and Brandt will be there.

The Secretary: I suppose they want the socialists to go with the communists.

Prado: Brandt might encourage Suarez to make some moves towards the communists, but I doubt whether he will encourage Gonzalez to do the same. The King said to tell you that we will never give permission to the communists to join openly in the political process.

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The Secretary: Well, you know my position. The American government cannot give the King of Spain advice on how he should run the internal affairs of his country. As far as I 'm concerned, the decision you take should be whichever decision gives you the stablest government. You will simply have to weigh the pros and cons to see where the balance lies. Personally, I cannot shed tears over a party which declares all other parties illegal.

Prado: Our problem is the army. It would probably revolt if we legalized the communist party. Kreisky, who was with me in Las Palmas, said he thought it would probably be better to legalize the communist party, but I told him that our position was different from that of Austria. We simply do not have the tradition of compatibility which would allow us to take the same attitude. Carillo was in Madrid last week, illegally, as always. He wanted to get a passport to come to Mexico City. Frankly, we think he's pushing too fast. We don't want to declare the communist party official yet. On the other hand, we don't want to cause problems. The main thing right now is for us to win the referendum. We think we will probably get a good vote, and then there will be elections in April or May. Another problem for us of course is the right -- the Alianza Popular, Fraga and Rodo.

The Secretary: Is he now rightist? The last time I talked to him he sounded like Echeverria -- all for himself. I suspect he wants to reduce the King to nothing.

Prado: Yes, I agree. He is very much an opportunist. I think he would probably do whatever suited his needs the best. But we want to organize from here a central opposition. In order to have stability we have got to build some sort of core which is not seen to be completely government-sponsored. The King has in mind something like 30 percent to Fraga, 30 percent to the other parties, plus 40 percent split among the parties from which the government can draw a majority. The King you know is in Valencia and he is doing quite well. He's been accepted by the army which now gives him its complete support. The "warm autumn" (presumably referring to the anticipated strikes and opposition of last fall) produced nothing. We will see. After the referendum and the elections, there may be some changes.

The Secretary: Including changing the Prime Minister?

Prado: No. We don't want to lose his contribution to government. A year to a year and a half after the elections, we will then have to make some changes. The Prime Minister has been faithful and clever. He is not really very well informed about the economy, but then he has the benefit of relatively good economic and financial advisors.

The Secretary: What will the position of the King be after all these changes. Will he be a constitutional monarch?

(At this point, Nancy came in heavy laden with packages. Prado and the Secretary rise to greet her, Prado offering the greetings of the King. Following the small talk, Prado made a special point of inviting both Kissingers back to Spain for holidays or any other vacation. She left as quickly as she came.)

Prado: I think after two or three years the King would probably like to withdraw from active conduct of political affairs if we do well in setting up a stable government. Once the machinery has been made to run by itself, it is probably better for him not to be seen to be running things on a day-to-day basis.

The Secretary: I hope that the King will bear in mind the lesson of history. Spain without a very highly-developed central authority will become anarchic. Spain has always been strong only when the King was strong. Spain has always been weak whenever the central authority has been weak.

Prado: I think that you are right. I do not believe that we will have trouble. The King has a strong personal popularity and that will lend itself to a strong government. His job then will be to not become too involved.

The Secretary: It would be very wise for him not to become involved in party politics. He must maintain a position of sufficient neutrality so that the left can't attack him. I strongly believed at the time and I so told him, that Spain must have a strong central authority. You know, I don't wish to sound condescending, but I am really very impressed with him, and I was not so at the beginning. He has managed very, very well. I think he was probably fortunate not to become deeply involved in things in the beginning.

De Gaulle makes an interesting model. De Gaulle never allowed himself to be drawn into the internal party politics of France. De Gaulle in fact was never a member of the Gaullist party.

Prado: Yes, the King was lucky that Franco did not insist on turning power over to him before he died. Franco gave him a year in which to adjust to his new status.

The Secretary: I have just been reading some books on Franco. I really have to hand it to the old guy. He proved his stuff during his meetings with Hitler on World War II. He was really tough. He was no patsy.

Well, look. Let me speak to you now as a friend -- not as Secretary of State. As the Secretary of State, I have to tell you that from our point of view the legal position of the communist party has to be a Spanish decision. It is not ours to take, and it is not one on which we can properly comment. But speaking as a political scientist, my judgment is that to the greater degree that you can have your system evolve internally before the changes take the better off you will be. Let matters begin to sort themselves out. Let the system stabilize itself. But I don't think you need the communist party to do it. If I were the King, I wouldn't do it. You show your strength by

not doing it. You will have a completely normal spectrum of political opposition and opinion without it. The left may yell, but they will yell anyway.

Prado: One other thing. The King asked me to tell you that he wants to maintain a special channel such as the one that I have to you. You can appreciate of course the importance of this to us and specifically to the King. He asks if you would mind mentioning this to President-elect Carter and to the new Secretary of State, whoever he is, to help us with this.

The Secretary: Yes, of course I will. Tell His Majesty that I will be glad to help. If I may make a suggestion, it would be let's wait to see who gets in. Obviously the person who is chosen (as Secretary of State) will be very important.

Say, I understand you have been named the Chairman of IATA. Now, if I have to travel commercially from time to time, perhaps you can help.

Prado: Of course. I would be delighted to give assistance wherever I can. The King appointed me Chairman of IBERIA so that I would have a pretext for the travels he calls upon me to undertake. This way there is no particular attention drawn to the fact that I do pop up in various capitals from time to time.

The Secretary: I will set up a channel and contact for you. (Turning to Passage -- will you put this on the list of things for me to take up with my successor?)

Prado: I'm ready to travel to Washington when you're ready for me.

The Secretary: It would probably be best not to do it right away. Let's make it soon after he takes office.

Have you met Lopez Portillo yet?

Prado: No, I haven't met him yet, but an opportunity has been arranged. I look forward to it very much. He is apparently a very intelligent man and a very serious one. I would expect that we may be able to make some progress with him on recognition.

The Secretary: Yes, it would be my guess that shortly after he is sworn in, he will probably make some move toward you. It is simply senseless to have permitted this to drag on as long as it has. Echeverria had to be crazy.

When did you say the referendum was going to take place?

Prado: The referendum will be on December 15th. We will then form a new government before the elections take place in April. Our elections will then be in either April or May.

The Secretary: Will Suarez still be Prime Minister afterwards?

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Prado: Yes, I think he probably will for a while. You know we went to Hartman a few weeks ago with the other problem. (Not clear what this was all about. Matrico -- does that ring any bell?)

The Secretary: (indicating knowledge) Yes, I understand you did.

Prado: Well, Mr. Secretary. You have been very generous to give me your time. The King says to tell you that Spain is your country. We will never forget the help that you gave us when we were in need.

The Secretary: Well you can tell the King that I remember him with the greatest of respect. The thing I keep preaching to him is that he simply must remember Spanish history. The Spanish monarchy has never survived when it was weak. Spain has only been strong when the Spanish monarchy was strong. I mean this as no insult, and I do not mean to be condescending, but I want you to tell him that I have really been surprised by his performance. He has done an excellent job. He has manipulated the sources of power within Spain very well. He has performed very very credibly in a very difficult circumstance. Spain today is stronger for this. I want you to give him my warmest regards. Tell him that I will call on him when I am next in Spain.

Conversation ended at 10:50 am.

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