

Spain in Midst of Fight To Attain Economic Stability for Political Peace

Editor's note: This is the second of four dispatches reporting on Spain today—its world role and its domestic situation.

By HENRY F. SCHULTE
UPI Correspondent

Madrid — (UPI) — Spain is in the midst of one of the most crucial periods in its post-Civil War history — a "make-or-break" fight for economic stability.

Success of its new and ambitious plan for overhauling the nation's economy could spell years of political peace. Failure could plunge the country into political and economic chaos.

Sometime within the next 18 months, the success or failure of the battle will become apparent, according to foreign and Spanish economic experts, including the nation's farsighted Commerce Minister Alberto Ullastres.

Wait and See Attitude

Most of them have adopted a "wait-and-see" attitude when it comes to predicting whether the economic overhaul, begun in mid-July, will be a success. But all agree that it started well.

On July 20, the government announced the first step in a program aimed at bolstering

a sadly sagging economy. It devalued the peseta from 42 to the dollar to 60. The same day, Spain was admitted into the Organization for European Economic Cooperation and became eligible for loans from international and private organizations totalling about 400 million dollars.

By the end of July, Spain had come up with a program that foreign experts here said was "much more specific, simpler, more direct and faster than anyone had anticipated."

To all appearances, the country settled down to its economic house cleaning with unexpected seriousness.

Restrictions Relaxed

In quick succession: —It relaxed restrictions on foreign investments, increasing foreign participation rights in Spanish companies from 25 to 50 per cent.

—It wiped out many taxes that previously had tied up its import-export traffic in red tape and approved a long list of commodities that could come into the nation without any duties.

—It made it clear to the average Spaniard that the next months would mean belt-tightening.

The government boosted the price of tobacco by as much as 37.5 per cent. The nation's most popular brand went up from eight to 11 pesetas. (From 13 to 19 cents

at the new rate of exchange.) At the same time, it hiked the cost of gasoline by 40 per cent, presumably to cut demand for cars and the use of gas, an import that had proved a severe drain on the country's small supply of exchange currencies.

The cost of telegrams, telephone services and rail travel also went up. There was talk that municipal transportation fares, subways and buses, would be boosted and there were rumors of impending relaxation of the nation's controlled rents.

The average Spaniard, who had hailed the mid-July announcement of foreign aid as a sign that "we'll all be rich," began to grumble.

To Avoid Inflation

Then Ullastres, who had helped to engineer the aid-overhaul program, spoke out reassuringly. He told a press conference, "We do not believe there will be a large general rise in prices."

"Perhaps small ones in some areas, but the mechanics of the plan have been specifically set up in order to avoid a cost of living increase. In fact, there should be a drop in prices in many areas."

Economic observers here are aware of the awesome distance Spain has to travel. Its foreign currency reserves early this year sank to below 100 million dollars. Its gold reserves were down to a mere 57 millions.

Imports, which in 1958 totalled 849 million dollars were almost twice exports. Last year the government was left with a trade deficit of 363 million dollars.

The nation's agricultural program, which accounts for about 70 per cent of its exports, was stagnant. While the national index of industrial production rose from 138 in 1954 to 191 in 1958, agricultural production rose only from 131 to 134 in the same period.

Trade Balance Seen So the question is whether the government's program, aided by foreign loans, will be able to alter the picture. As one foreign economic expert here put it: "Spain can do it if it doesn't drag its feet." The program is fine. It depends on how it is carried out.

Foreign experts believe that the aid promised from abroad will be enough to allow the nation to cut imports and boost exports until the balance of trade is favorable.

If that can be achieved, they say, then Spain will have taken a major step toward emerging from the economic wilderness in which it had been left by its Civil War and the subsequent period of diplomatic isolation.

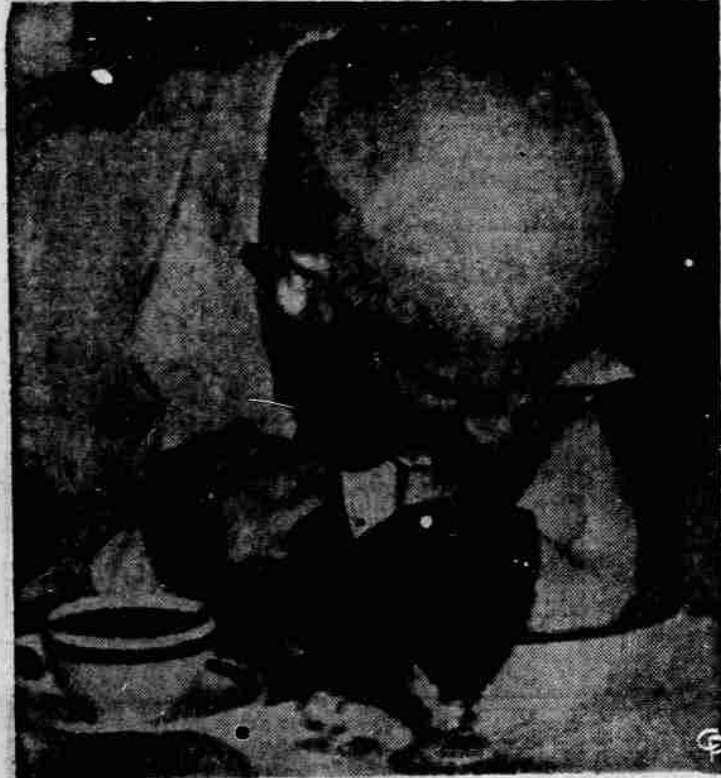
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BENDING OVER MELON, Soviet Premier Nikita Khrushchev gives undivided attention to luncheon at National Press Club, Washington, before addressing gathering.

Probe Ordered Into Chain Store Buying

Washington (UPI) — House investigators are looking into charges that big food buyers operating out of San Francisco have forced West Coast canners to sell fruits and vegetables to 10 large food chains at artificially low prices.

A five-man House subcommittee has announced it had subpoenaed the West Coast food-buying records of the chains and the country's largest food wholesaler.

The subpoenas directed officials in charge of food buying offices operated by 13 different companies in the San Francisco area to appear with their records before the House small business subcommittee at public hearings in San Francisco Oct. 8 and 9.

The subcommittee, headed by Rep. James Roosevelt (D-Calif.), is studying the economic plight of small companies engaged in food distribution.

Those subpoenaed included buyers for Atlantic and Pacific Tea Co., Safeway Stores, Inc., and The Kroger Co., three chains which together operate about 9,000 retail stores throughout the country. Also subpoenaed were buyers for the National Tea, First National, Winn-Dixie, American Stores, Grand Union Co., Colonial Stores and Food Fair Stores.

In addition, the subcommittee

subpoenaed records of the San Francisco offices of Consolidated Foods Inc., described as the largest wholesale grocer in the country, Topco Associates, Inc., and Regent Food Co.

Fraternity Members Expelled at USC

Los Angeles (UPI) — Some Kappa Sigma Fraternity members have been expelled from the University of Southern California as a result of last week's hazing accident which claimed the life of Richard Swanson, 21.

USC President Dr. Norman Topping also announced that other members of the local fraternity chapter who were present at the initiation have been placed on disciplinary probation. He refused to name those involved or their number.

Swanson choked to death when a quarter-pound piece of raw liver he was ordered to swallow lodged in his throat. About 50 fraternity members were present at the rites Thursday, but allegedly refused to tell ambulance attendants what had happened. Police said Swanson's life might have been saved if attendants had known the meat was lodged in his throat.

Idaho Girl Found In Wrecked Auto After Eight Hours

Nampa, Idaho (UPI) — An injured girl lay in the wreckage of her car for more than eight hours Tuesday before search parties found her.

The girl, Karen Toolson, Nampa, was driving home from a friend's house about midnight when her car apparently missed a hillside curve on Sanitarium rd. about a half-mile north of the Nampa State school.

Went Over Fence The automobile went over the top of a fence and smashed into a tree in the field below. Motorists who passed by the scene later apparently were not alarmed about the wreckage — thinking possibly it was an old wreck because the gate to the field was closed and the fence undamaged.

Both Arms Broken The front end of the car was wrapped around a tree and the girl could not get out. She had two broken arms, facial cuts and a possible broken right hip.

Miss Toolson's parents, Mr. and Mrs. Grant Toolson, notified authorities about 4 a.m. that she was missing.

Wreck Mentioned

But neither a ground nor an air search for her had any success until an unidentified Nampa man mentioned over coffee in downtown Nampa about 9 a.m. that he had seen a wrecked car near the Nampa State school. He notified police about it at a friend's suggestion.

Police and sheriff's officers had to pry the girl out of the car. They took her to a hospital here.

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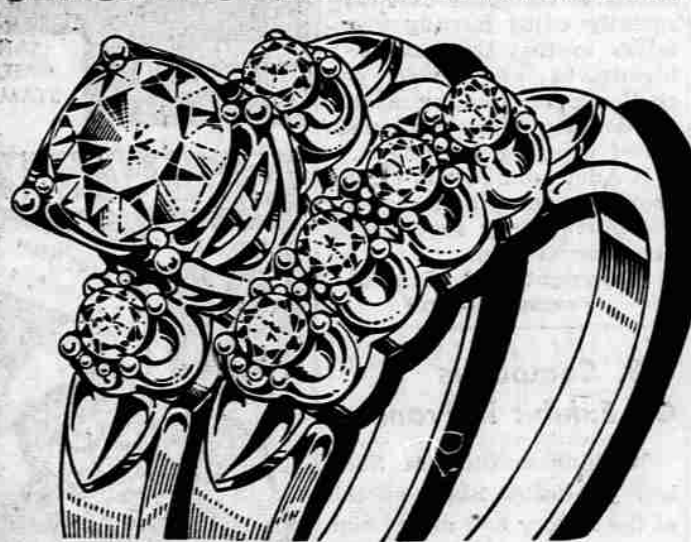
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