



The Abrogation

Following the Spanish Civil War, the Economic Agreement was repealed for Bizkaia and Gipuzkoa as the winning side considered them to be “traitor provinces”. However, the Agreement continued to be in place in Álava and Navarra throughout Franco’s dictatorship.

During the following ten years after the last renovation, from 1926 to 1936, problems occurred continuously between the Deputations and the Ministry of Finance; problems which became more serious during the Second Republic and the process of discussion of the Statute of Autonomy. When the political obstacles were apparently removed, the fiscal ones turned up. In fact, during the summer of 1936 the discussion about the autonomous Treasury and its relation with the Economic Agreement was suspended without a solution. In July, General Franco raised his troops against the Second Republic and a bloody civil war started. The Deputation of Bizkaia continued its work of tax collection while the new Basque Government, organized in the autumn of 1936, was fully concentrated on the field of economic policy.

Franco’s troops took over Bilbao on the 19th of July 1937. In a few days (the 23rd of the same month), the Decree, which abolished the Economic Agreement with Bizkaia and Gipuzkoa, nor with Alava nor with Navarre, was published in the Official Gazette. This derogation was not only provoked by a wish of revenge but also because of the fact the Agreement was supposed to be too advantageous for Basque taxpayers. Moreover, it should be noted that the ones who finally won the war had an enormous necessity of income for the battle, so they chose the most immediate way: the abolishment of the Economic Agreement and the mere and forced establishment of the Central Treasury in Bizkaia. This Decree brought several consequences in addition to the loss of the own Treasury. It caused the lack of maintenance of most of the provincial roads, because the competence was conferred to the corresponding Ministry which clearly meant roads were abandoned, the closing down of schools, and the dissolution of the provincial police forces, Miñones and Miqueletes. Although immediately after the war, there were some attempts to restore the Agreement, being much stronger in the seventies, none of them succeeded.

The institutional prejudice or fear of potentially autonomous Treasuries with solid economic resources, in a context of a fully centralised and hierarchical State, as Franco’s dictatorship was, explains to some extent the failure of the different attempts. A few days before Franco died, the setting up of a special Commission for the study of a particular regime for Bizkaia and Gipuzkoa was approved. However, this was not the channel used for the restoration of the



Concierto Económico

Economic Agreement. The political reform process, within the framework of the 1978 Constitution, meant not only the mere derogation of the 1937 Decree but the constitution of the Basque Country into an Autonomous Community.