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have contributed to the American resort to revolution, the tory flight to Canada, and Canadian loyalty to Britain. Moreover, although it is reasonable to believe that the different organizing principles of these nations have shaped their differential development within broad limits, the attribution of specific contemporary policy and program differences to these formative differences is difficult to accept in the absence of more systematic analyses of rival interpretations.

Lipset is careful to emphasize in the introduction to the volume and periodically throughout that his purpose is broadly interpretive and not hypothesis testing. He sets out self-consciously, "to sustain my interpretation by showing there is a considerable body of confirmatory evidence. This emphasis inevitably leads me to highlight certain factors and pay less attention to other relevant ones" (xiv).

Judged by this standard *Continental Divide* succeeds very well. Lipset writes persuasively and well, organizing and presenting an impressive array of supporting evidence in a style that is highly accessible. These qualities make this a superb introduction to Canadian society and an excellent starting point for understanding basic Canadian-American similarities and differences. The limitations of the analysis will detract only a little from the appreciation of the volume by the small but heroic minority of scholars who study Canada notwithstanding the apathy of publishers and political scientists.

William Mishler, *University of South Carolina*

Policy Stability and Democratic Change: Energy in Spain's Transition. By Thomas D. Lancaster. (University Park and London: The Pennsylvania State University Press, 1989. Pp. 238. \$27.50.)

Students of Spain's democratization have used a number of terms (reform, negotiation, transaction) to describe the peaceful, elite-controlled transition that bridged the authoritarian and democratic regimes. Many scholars have argued that such an unusual transition severely proscribed the types of reforms that would be possible in the new democracy. Thomas Lancaster's excellent book on Spanish energy policy is the first work to support this view with a detailed and sophisticated policy case study, and in so doing he has added an important perspective on a much analyzed case of regime change.

The fact that Spanish energy policy-making changed very little during and after the transition to democracy, even after the Socialist party took power in 1982, forms the puzzle for Lancaster's research. His explanation for this paradox is that "a transition to democracy that leaves political accountability for macro-economic policy unaltered does not provide the necessary conditions for significant policy changes" (x). On the one hand, Lancaster contends that vested economic interests—the powerful and concentrated financial

oligarchy—emerged from the democratic transition unscathed and to some extent strengthened. On the other hand, advocates of policy change—parties, unions, and grass-roots movements—were unable to influence policy-making.

Lancaster demonstrates his fluency in Spanish politics and economics, and he supports his argument with a meticulously compiled array of historical and quantitative data. His second chapter provides a sophisticated and novel political economic overview of the franquist regime. The shifting nature of the franquist coalition, and the rise of a new “political business” class beginning in the 1960s, is clearly and concisely described. During Spain’s economic “miracle” this new elite pushed for economic liberalization while reaping the benefits from privileged access to policy-making in the authoritarian regime. The highly concentrated Spanish banking sector was thus able to compile enormous profits and political power under Franco, and was consequently able to determine energy policy.

Chapter three provides a useful overview of Spain’s energy resources and its economic policies during both the franquist regime and the transition to democracy. The most puzzling aspect of Spanish energy policy is that, unlike their European counterparts, Spanish leaders did not respond to the oil crisis of the mid-1970s by attempting to reduce consumption. Artificially low prices for energy in Spain exacerbated the impact of the crisis on Spain’s economy and worsened its balance of payments problems. Decentralized and poorly coordinated government energy policy-making obstructed a coherent approach to the energy crisis.

More significantly, chapter four demonstrates how attempts by Spanish governments to respond to the crisis, both before and during the transition to democracy, were undermined by pressure from the financial oligarchy, and by the political exigencies of a delicate political transition. In chapter five, Lancaster argues that interest groups, political parties, and public opinion did not constrain policymakers as they addressed questions of energy policy. Interest groups were too atomized after 40 years of authoritarian rule, and political parties were willing and eager to compromise with dominant economic powers. Despite evidence of significant public support for conservation, rationing, and limits on nuclear power plants, energy policy was dominated by the politically insulated financial oligarchy whose profits would have been threatened by such policies.

Chapter six focuses on this financial oligarchy and illustrates its central role in the policy-making process. The direct role of the big banks in the energy industry, and the interlocking of industry and government executives are carefully described by the author. Chapter seven provides a brief look at how international forces helped prevent change in Spain’s energy policies, even though the author later concludes that future change is likely to be motivated by Spain’s integration into the European Community.

In chapter eight, Lancaster shows that even the Socialist victory in the October 1982 elections did not lead to substantial reform in energy policy. The Socialists appointed a moderate with links to the financial oligarchy to the Industry and Energy Ministry, passing over a more reform-minded party expert. The author persuasively elucidates the policy continuity with previous conservative (and authoritarian) governments in four areas: the 1983 National Energy Program, the reorganization of Spain's oil distribution monopoly, the nationalization of the High Tension electrical system, and nuclear energy policy. In each of these areas, Lancaster demonstrates that the Socialists were more interested in enhanced efficiency and profitability than in conservation, alternative energy sources, or other such reforms. Echoing the conclusions of a number of recent works on the Spanish Socialists, Lancaster notes that they were "in many ways . . . oriented more toward liberal economics than the Right in terms of economic and management efficiency, increased reliance on pricing as a policy instrument, and concern for profitability in the energy field" (182).

While recognizing, in the final chapter, that his conclusions about energy policy may not hold for other areas of policy-making, there are strong reasons to believe that Lancaster's argument can be more broadly applied. The author notes (192–93) that while radical change was not possible after the democratic transition, significant reform was still feasible. However, his study serves to confirm the notion that the political compromise that makes such negotiated transitions possible rules out profound change in economic policy. Guillermo O'Donnell and Philippe Schmitter, in their *Tentative Conclusions about Uncertain Democracies* (1986, 12), argue that "the attainment of a relatively stable mix of liberalization and democratization . . . may have the effect of freezing existing social and economic arrangements."

This is a persuasively argued, well-written, and carefully crafted study that makes an important contribution to the literature on Spanish politics, transitions to democracy, and policy-making. Lancaster's choice of energy policy is especially relevant since energy issues play a pivotal role in many Third-World countries still awaiting democratic transitions and economic development.

Donald Share, *University of Puget Sound*

Industry and Politics in West Germany: Toward the Third Republic. Edited by Peter J. Katzenstein. (Ithaca, NY: Cornell University Press, 1989. Pp. xi, 363. \$49.50 cloth, \$16.95 paper.)

This collection of essays presents an illuminating view of the political economy of West Germany in the 1980s. The contributors make a convincing case for the distinctiveness of this transitional period in the Federal Republic's