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PORTUGAL IN TRANSITION

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REPORT

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BY

Senator MIKE MANSFIELD

TO THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE



SEPTEMBER 1975

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(II)

CONTENTS

	Page
Letter of Transmittal-----	v
Chapter I. The Political Crisis-----	1
Chapter II. The Economy: A Downhill Slide-----	4
Chapter III. U.S. Policy Toward the Revolution in Portugal-----	8
Chapter IV. Portugal's Participation in NATO-----	10
Chapter V. The U.S. Base at Lajes, together with a Note on Portuguese Asian Possessions-----	12
Appendix-----	15

(III)

CONTENTS

Page

Introduction	1
Chapter I	10
Chapter II	25
Chapter III	40
Chapter IV	55
Chapter V	70
Chapter VI	85
Chapter VII	100
Chapter VIII	115
Chapter IX	130
Chapter X	145
Chapter XI	160
Chapter XII	175
Chapter XIII	190
Chapter XIV	205
Chapter XV	220
Chapter XVI	235
Chapter XVII	250
Chapter XVIII	265
Chapter XIX	280
Chapter XX	295
Chapter XXI	310
Chapter XXII	325
Chapter XXIII	340
Chapter XXIV	355
Chapter XXV	370
Chapter XXVI	385
Chapter XXVII	400
Chapter XXVIII	415
Chapter XXIX	430
Chapter XXX	445
Chapter XXXI	460
Chapter XXXII	475
Chapter XXXIII	490
Chapter XXXIV	505
Chapter XXXV	520
Chapter XXXVI	535
Chapter XXXVII	550
Chapter XXXVIII	565
Chapter XXXIX	580
Chapter XL	595
Chapter XLI	610
Chapter XLII	625
Chapter XLIII	640
Chapter XLIV	655
Chapter XLV	670
Chapter XLVI	685
Chapter XLVII	700
Chapter XLVIII	715
Chapter XLIX	730
Chapter L	745
Chapter LI	760
Chapter LII	775
Chapter LIII	790
Chapter LIV	805
Chapter LV	820
Chapter LVI	835
Chapter LVII	850
Chapter LVIII	865
Chapter LIX	880
Chapter LX	895
Chapter LXI	910
Chapter LXII	925
Chapter LXIII	940
Chapter LXIV	955
Chapter LXV	970
Chapter LXVI	985
Chapter LXVII	1000

(iii)

LETTER OF TRANSMITTAL

Hon. JOHN SPARKMAN,
Chairman, Committee on Foreign Relations,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: After discussions with the President, I undertook to visit several countries abroad during the recent recess of the Congress. I was out of the country for several weeks in August during which I visited Portugal (including the Azores), Saudi-Arabia, Burma, Thailand, Hong Kong and the Philippines. In all of those places, I sought to inform myself on current developments by means of briefings at the Embassies and conversations with various leaders. These and other first-hand impressions were supplemented by research and background study.

Pursuant to this undertaking, I have already transmitted confidential reports to the President on the situation in Portugal, and on Saudi-Arabia and on the three Far Eastern countries which were included in the itinerary. Submitted herewith is a report on Portugal. In due course, I will forward for the information of the Committee and the Senate my findings and comments relevant to other areas.

I take this opportunity to thank you for making available Norvill Jones from the Committee staff and Charles R. Gellner, the Chief of the Foreign Affairs Division of the Library of Congress who together with my Administrative Assistant, Mrs. Salpee Sahagian, and the Secretary of the Senate, Frank Valeo, provided me with assistance in this study. I am also grateful to the Departments of State and Defense for their excellent support, notably in making available the services respectively, of Louis Schwartz and Lt. Commander Thomas Lowe, MC, USN.

My wife, Maureen Mansfield, who accompanied me provided indispensable assistance.

Sincerely,

MIKE MANSFIELD.

LETTER OF TRANSMITTAL

THE COMMISSIONER OF THE GENERAL LAND OFFICE

SIR,

I have the honor to acknowledge the receipt of your letter of the 10th inst. in relation to the proposed sale of the lands of the late John A. McLean, deceased, and in reply to inform you that the same have been referred to the proper authorities for their consideration.

I am, Sir, very respectfully,
Your obedient servant,
J. A. McLean

Very respectfully,
J. A. McLean

John A. McLean

PORTUGAL IN TRANSITION

CHAPTER I

THE POLITICAL CRISIS

THE SALAZAR-CAETANO REGIME

For four decades and a half preceding the revolution of April 25, 1974, Portugal had been governed by the centralized and "benevolent" authoritarian regime of Dr. Antonio de Oliveira Salazar and of his successor from September 1968, Dr. Marcello Caetano. Portugal had virtually a one-party government under Salazar and Caetano. Oppositionist political parties were suppressed and the regime was supported by censorship and by a security police.

Portugal's policy at the time was also to repress the liberation movements that sprang up in the extensive Portuguese colonies in Africa. Warfare to that end had been conducted since the early sixties.

The Portuguese economy was characterized by a relatively few big enterprises, held by a small number of families, in which was concentrated much of Portuguese wealth, and by a large number of small businesses. Poverty was widespread.

THE REVOLUTION

The Portuguese officers—many of them young captains and majors—who organized the Armed Forces Movement (MFA) within the military and later carried out the revolution of April 25, 1974, were motivated at first by discontent over pay and promotion. These grievances rapidly expanded into dissatisfaction with the prosecution of the wars in Africa and into conviction of their futility and wastefulness. The political concepts adopted by the revolutionary officers ran a gamut of philosophies—some of them sophisticated and some naive and vaguely formulated. As veterans of the African wars, these professional officers saw that the Portuguese conscripts who were sent to Africa were economically and socially deprived and educationally ignorant. Portugal itself was seen by many as part of the "Third World," undeveloped with an exploited and illiterate peasantry.

The revolution carried out by the MFA on April 25, 1974 which ousted the Salazar-Caetano dictatorship, received virtually the universal backing of the Portuguese armed forces and much of the general population. The immediate motivation for the revolution was a desire by the MFA to end the dictatorial government as well as to terminate the costly and futile colonial wars, and the policies responsible for them. Their longer term goal was the building of a socialist and classless society. While the ultimate form of socialism has still not been defined in agreed terms by the MFA, it is thought of as something distinctly Portuguese. In matter of fact, there are many

vague and differing ideas in the armed forces and in the country regarding the best form of socialism and the methods of attaining it. As an interim system, the military revolutionaries established a traditional Junta of National Salvation, appointed a Provisional President, and promised elections for a Constituent Assembly in a year. Political parties and trade unions were permitted.

During the four decades of one-party dictatorship under Salazar and Caetano the Portuguese had no experience with West European-style or any other kind of representative government. President Francisco da Costa Gomes subsequently said, "... we inherited political ignorance from the previous regime. . . ." ¹ Thus the destruction of the dictatorial government left a political vacuum in which the Portuguese political parties had to organize themselves and find their constituents and the entire nation had to determine where it wanted to go, to create the government machinery to get there and to learn how to operate it. To guide the nation through this transition and learning period the MFA constituted itself the trustee of national security and governmental power. The MFA later indicated that it thought the period of transition should last from 3 to 5 years.

The Army General Antonio Spínola was appointed as Provisional President in May 1974, but he was deposed in September when he sought to perpetuate his presidency. He was succeeded by the Chief of Staff of the Armed Forces, General Francisco da Costa Gomes, who is still in office. The President, with the concurrence of the MFA, has appointed the approximately half-dozen governments that have since governed Portugal. The timetable for creation of a Constituent Assembly was observed when in April 1975 the first genuine election in modern Portuguese history was held.² The Constituent Assembly elected at that time is now working to issue a report which is expected to recommend a transitional Constitution and a program to place it in effect.

THE STRUCTURE OF THE GOVERNMENT

Immediately after the overthrow of the Caetano government, a number of governmental and extra-governmental organs were exercising different and overlapping responsibilities. Today the confusion has been somewhat lessened but not fully dispelled.

The present structure of the government is described in the "platform of constitutional agreement" signed by the MFA and a number of the political parties preceding the April 1975 election for a Constituent Assembly. The platform made a sharp delineation between the military and civil authorities and decreed that the military should be in control during the period of transition (defined as from 3 to 5 years). "The Armed Forces," the platform said, "shall be the guarantor and motive power of the revolutionary process leading to the building of a real political, economic and social democracy. In addition to their specific mission of defending national integrity and independence, the Armed Forces will participate in the economic, social, cultural and political development of the country within the sphere of their movement."

¹ Speech of April 11, 1975.

² For results of the election see the Appendix.

The existing organs of government which are described in the platform, are military and civil. In the military which is the dominant sphere there is the Armed Forces Movement (MFA) composed of a Council of the Revolution and an Assembly. The Council consists of leading military officers of the MFA. It is one of the most influential single organs in the entire assemblage of government bodies. It has the authority to map out the guidelines of domestic and foreign policy and to ensure their implementation. Also within the MFA is an Assembly composed of 240 representatives of the Armed Forces—120 Army, 60 Navy and 60 Air Force.

At the apex of the MFA is the President of the Republic who in his office combines the highest military and civil powers. He is simultaneously the President of the Council of the Revolution and the Supreme Commander of the Armed Forces. One of his principal functions is to appoint the Prime Minister of the civil government in consultation with the Council of the Revolution.

In the civil sphere is the "government," namely, the Prime Minister and his cabinet, whose responsibility is to administer the executive ministries. The platform also provided for a Legislative Assembly elected by secret universal suffrage with a maximum of 250 deputies. Elections for this Legislative Assembly have not been held, and it does not yet exist.

MAIN POLITICAL CURRENTS

The political choices facing the country have become more sharply defined since April 1974. Out of the welter of philosophies and viewpoints represented in the Armed Forces Movement and by the political parties which sprang into activity after the revolution, three major political currents have emerged.

(1) *The Communists*.—They have had a strong foothold in the MFA and in the government where their interests have been mainly represented by Vasco dos Santos Goncalves. The Communist Party, which has had considerable power in certain governmental ministries, especially Education and Labor, in the labor unions and in the communications media, cultivated and clung closely to the MFA. As a result of the recent government crisis and the downfall of Goncalves which occurred after my return to the United States, it is evident that the Communist Party has lost ground. Even in the April elections the Communists won only 12.5 percent of the vote. Another party, the Portuguese Democratic Movement (MDP/CDE), which is close to the Communists, won 4 percent.³

(2) *The Nationalist Left*.—This is a loosely defined group of influential officers in the MFA. Their views are reflected in part in the "political action plan" issued by the MFA in June. This plan advocated establishment of popular organizations of direct democracy outside the parties which could be formed into local assemblies representing the people. To show its disdain of the pluralistic party process this group asked voters to cast blank ballots in the April elections as a sign of support for the MFA. Only about 7 percent of the voters chose to do so.

The group rejects East European forms of Communism with their large state bureaucracies. Some favor, in foreign policy, a nationalistic

³ See Appendix.

role apart from the Great Powers and call for Portugal's alignment with the "third world."

General Carvalho, the Security Chief, who is prominent in this group, issued a document in August 1975 which while condemning the Communists also criticized the parties and the April elections. It advocated the idea of revolutionary neighborhood and worker councils which would eschew national elections, bypass the parties and be the base of unified political power in the country.

(3) *The Pluralist Parties*.—These are the democratic political parties, principally the Socialists and the Popular Democrats, and a group of "moderates" in the MFA who advocate free elections with political parties representing the people in a parliament. They generally agree that a form of socialism should be achieved through democratic procedures. In the April elections the democratic parties received an overwhelming majority—Socialist Party, 38 percent; Popular Democratic Party, 26 percent; Center Social Democratic Party, 8 percent.⁴

POLITICAL OUTLOOK

The principal political and ideological currents in the MFA, which is still very much in charge of the country and will likely remain so, are deeply divided and difficult to reconcile. The political parties also reflect profound conceptual differences.

The Nationalist Left, the democratic parties and the moderate officer group, and the Communist-allied group all have different approaches to the political, economic and social future of Portugal. It is inevitable that any pluralistic government in Portugal will have to be based on compromise of a substantial order if it is to remain viable. Such compromise is possible in regard to pragmatic matters. Other Western European governments, such as France, have shown that parties that are philosophically far apart can cooperate at least in some degree upon practical political programs. This is a political reality to which the leaders in Portugal will have to reconcile themselves if a pluralistic democracy is to survive.

It is not far-fetched to believe that there are would-be dictators or military strong men standing not too far back in the wings, who are eager to take over if the opportunity arises. Despite the present aversion of the Portuguese people to a return to dictatorship, the exigencies of maintaining order and ensuring survival may leave no other recourse if practical pluralism fails. The increasingly desperate conditions of the Portuguese economy do not permit a wide margin for stalemated conflict among the leading political forces in the country.

CHAPTER II

THE ECONOMY: A DOWNHILL SLIDE

THE ECONOMY BEFORE THE COUP

Until the coup of April 25, 1974, as already noted, Portugal's economy was dominated by a few families (Portugal's "twenty families") and the Salazar-Caetano regime. This government-business

⁴ See Appendix.

power center promoted reasonably steady economic growth. Nevertheless, Portugal remained the least developed country in Europe. Moreover, the benefits from Portugal's economic growth which were not eaten up by Lisbon's colonial wars accrued largely to the small cluster of controlling families. Very little filtered down to the rest of the population in wages or social programs.

When the coup came, the Portuguese economy was already in trouble. Inflation had become a major problem, running at a rate of 20 percent in 1973. The quadrupling of oil prices following the Middle East war in 1973 accounted for a part of the inflation. Much of the blame for the price-rise, however, was consigned to the inept policies of the Caetano regime. A financial crisis in 1974 provided one more stimulus for the coup engineered by the Armed Forces Movement.

ECONOMIC DIRECTIONS UNDER THE NEW REGIME

One of the principal goals of the April revolution was to tear down the "monopolies" and to spread economic benefits more evenly throughout the population. This goal was translated initially into more power and economic benefits for workers. Although the rhetoric of the revolution became increasingly inflammatory the structure of the economy remained fundamentally unchanged until March 1975. Following the attempted coup of March 11, 1975 by General Spínola, a more radical program of socialization was inaugurated in Lisbon.

The revolution's net impact on the Portuguese economy has thus far been destabilizing, if not destructive. Old economic structures are being torn down, but effective new ones have not yet been devised to take their place. An overall survey of the economy shows many specific problem areas.

STUNTED ECONOMIC GROWTH

In 1973 the Portuguese GNP grew by 8.1 percent, down from 8.7 percent in 1972. Real growth of the Portuguese GNP in 1974 dropped to around 2 to 3 percent, and by the government's own reckoning Portugal will experience negative growth in 1975. The drop will likely exceed by a good margin the government's estimate of 6 percent.

Some of the factors which enter into this trend include the fact that there is not a skilled bureaucracy capable of running nationalized industries efficiently and many worker takeovers of businesses have resulted in loss of management skills. In addition the rapid inflation has put a brake on the economy even as the worldwide economic recession has reduced external demand on Portuguese products.

EXCESSIVE INFLATION

What economic improvements Portugal has managed in the midst of political turmoil have been severely devalued by the inflation. In 1974 Portugal's inflation rate increase was the highest in Western Europe and it could run at a rate of close to 30 percent in 1975. Inflation has been given a strong push by wage increases and resultant

price increases of domestic production. In addition, international inflation has continued to plague Portugal's import-dependent economy. Rising prices for oil, sugar, wheat, meat and a variety of other imports have fed the inflationary flames.

UNEMPLOYMENT

Portugal's economic problems are compounded further by rising unemployment. The combination of workers out of work due to the slowdown in the Portuguese economy, the flow of refugees from the former colonies, the discharged conscripts from the military forces and Portuguese workers who have lost their foreign jobs as a result of the worldwide recession, is swelling unemployment. Currently the rate is near 10 percent which is equal to about 300,000 workers and it is still rising.

In the past Portuguese nationals have gone in large numbers to other countries to find jobs and this practice has provided an important escape valve for unemployment. In the early 1970's the worker migration was on the increase reaching about 45,000 a year in 1973. According to official figures, however, emigration decreased by 25 percent in 1974 and in 1975 is falling by another 50 percent. Decreasing emigration, the migration back from the colonies and other factors have caused a rise in Portugal's population from a little over 8 million in 1973 to about 9 million at present. The large number of Portuguese now pouring into the country from Angola, as noted, is adding seriously to the unemployment problem. Not only is there considerable outright unemployment but there is also much concealed unemployment, difficult to measure, in the form of surplus workers who have been kept on by business under government or other compulsion.

DETERIORATION IN BALANCE OF PAYMENTS

The traditional model of Portugal's balance of trade and payments began with a deficit in trade balances which was then turned into a surplus in the balance of payments by income from invisibles, mostly remittances from Portuguese nationals abroad and income from the tourist trade.

Because of the doubling of the trade deficit in addition to a 30 percent decline in net tourist receipts and no increase in emigrant remittances, Portugal's balance of payments registered a \$650 million over-all deficit in 1974. In 1975 the balance of trade and balance of payments deficits have been running at considerably higher rates.

Portugal had a strong foreign exchange and gold reserve at the time of the revolution. However, shortfalls in the balance of payments have deeply eroded its foreign exchange position. At the end of 1974 Portugal had approximately \$1.1 billion in liquid reserves but this was almost halved by the middle of 1975. Portugal still has a large gold reserve, which was valued at about \$1.2 billion at the \$35 an ounce rate. It could amount to as much as \$4 billion in current market rates. With the use of this gold reserve and by resort to other resources, such as the International Monetary Fund and certain loan agreements, Portugal can still manage to cover its balance of payments deficits for a time but not indefinitely. At some point, if the present tendencies persist, the nation will confront a drastic curtailment of imports.

For political as well as economic reasons the present government has sought to improve trade relations with Eastern Europe and with the developing countries. Although agreements have been concluded with most of the Eastern European countries, trade with them traditionally has run at less than 1 percent of Portugal's total and may now be only 2 to 3 percent. The agreement with the Soviet Union has included a commitment by that country to supply Portugal with one million tons of petroleum in 1975.

Portugal's commerce is mostly with Western Europe. In calendar 1973 the European Community represented 45 to 50 percent of Portugal's total trade and the European Free Trade Association approximately 12 to 14 percent. The United States has ordinarily accounted for about 10 percent of the total.

NATIONALIZATION AND BUSINESS CONFIDENCE

One of the proclaimed goals of the revolution was to establish a Portuguese brand of socialism. The precise form of socialism has never been delineated and there is no long-range economic and social program presently guiding the Portuguese Government in its socialization policy. In February 1975 a 3 year Economic and Social Program was nullified by the actions of the government after the unsuccessful Spínola Coup.

Before that coup the number of business seizures that had taken place was very few. Afterwards, the government plunged into a series of nationalizations, starting with the banks and insurance companies. Because these were sources of credit for business and industry the government thus obtained control, indirectly at least, of a large portion of the economy. Other nationalizations that followed included railways and the national airline, oil refining and distribution companies, electric power, petrochemical, shipping and cement.

The government has also gained control or partial control over many other enterprises. Whether sought or not, government loans have become a feature of the economy, more and more necessary as businesses have been pressed or have been forced into bankruptcy by the decline in the economy. Government officials have been appointed to the management of some companies. This type of government intervention has been in addition to or sometimes parallel with seizures of businesses by workers and labor unions. One of the major consequences of the nationalizations and other types of takeovers has been decreased production and productivity.

The Portuguese Government has repeatedly stressed that it would like to stimulate foreign investment and has exempted foreign firms from nationalizations and from the other government and labor "interventions." That does not change the fact, however, that foreign businesses have been affected by the depressed economic conditions in Portugal and by labor agitation. In one instance, I was advised, workers have taken over a U.S. plant and expelled the U.S. managers. Generally, however, foreign businesses in Portugal are trying to hold on until the political situation stabilizes and government policy is clarified. For the present, new foreign investment has come to a halt.

CHAPTER III

U.S. POLICY TOWARD THE REVOLUTION IN PORTUGAL

The United States promptly recognized the Portuguese revolutionary government which came to power in April 1974. President Nixon registered positive support for the new regime in June 1974 by visiting the Azores, where he met Portuguese President Spínola. The President said that change that "sweeps away what was obsolete and what may have been wrong in the past . . . is beneficial." Nixon expressed his anticipation of working with Spínola "toward the great goals he has set for his government."

The downfall of General Spínola in September 1974 and the creation of a new cabinet under the leadership of President Costa Gomes and Prime Minister Gonçalves were followed by the adoption by the United States of a "wait and see" attitude toward urgent requests by Portugal for economic assistance. Press reports indicated a fear in the Administration that Portugal might be the first country to "go Communist" in what was called a "southern Europe domino theory", also involving Spain, Italy and Greece.¹

This fear was reminiscent of the "domino theory" that had for many years been alleged to apply all of Southeast Asia unless it was stopped by military intervention in Viet Nam. Echoes of this theory continue to be heard in regard to Mediterranean Europe, although they appear to be dwindling.

U.S. AID PROGRAM

In December 1974, the U.S. Department of State and the Portuguese Government issued a joint statement announcing that the two sides had agreed "that a positive demonstration of United States support and confidence in Portugal's future would be timely and helpful . . . With the resources immediately available to it the United States has offered to begin at once a program of economic assistance and cooperation which will address itself to the Portuguese Government's high-priority needs in the fields of housing, agriculture, transportation, public administration, education and health, and in the areas of finance and economy." The agreement provided for a U.S. guarantee for up to \$20 million in American loans for construction of new housing and for technical experts in a number of fields. The Export-Import Bank was to give "sympathetic consideration" to financing U.S. exports to Portugal. The United States Government, in addition, agreed to support Portugal in international bodies such as the World Bank and to urge the governments of other friendly countries to help Portugal.²

The State Department supported an amendment to the Foreign Aid Bill providing for \$50 million in loans for Portugal and \$5 million for liberated Portuguese colonies in Africa. As finally passed the Foreign Aid Act provided \$15 million for Portugal and \$10 million for the ex-Portuguese colonies, of which \$5 million was reserved for the Cape Verde Islands.³

¹ The Washington Post, October 27, 1974.

² Department of State Press Release 527, December 13, 1974.

³ PL 94-11—Title I, Foreign Assistance and Related Program Appropriations Act, 1975.

It should be recognized that the United States can furnish only a marginal boost to Portugal's strained economy. Inasmuch as Western Europe, far and away, is the most important trading area for Portugal and other significant economic links exist with countries in that region it would seem appropriate for Lisbon to look mainly in that direction for the bulk of the cooperation in trade and aid. At best, the United States can only furnish a supplement to Portugal's arrangements with the European trade and market groupings and with individual West European countries. Indeed, in my judgment, this nation should attempt to provide no more than a modest supplement to those connections, regardless of political developments in Portugal. It might be worthwhile to pursue negotiations to coordinate U.S. economic activities regarding Portugal with those of Western Europe. It should be noted, in particular, that Portuguese foreign exchange reserves are being rapidly depleted and, in this area, joint-U.S.-European efforts might be of special relevance.

U.S. INTELLIGENCE AND PORTUGAL

Suspicious of U.S. intelligence activity has affected the U.S. diplomatic mission in Portugal. Accusations of CIA involvement in Portugal were loud after the aborted Spínola coup in March of this year. There were demonstrations against the U.S. Embassy and the Ambassador was publicly charged with being a "CIA agent" and a "maker of coups." While such accusations have abated, partly because of a vigorous campaign of refutation, charges of this character, even though false, in a climate of worldwide suspicion of U.S.-intelligence activities, can be damaging to the stature of the United States. Moreover, they do harm to those many political forces which seem to represent most closely moderation and democracy in the present political ferment in Portugal. A renewal of accusations of U.S. meddling in Portuguese internal affairs, especially if a basis were to exist for them, could thwart the usefulness of the Ambassador's mission by undermining his credibility and entangling him in time-consuming defense of his actions. Since the aborted coup, the U.S. mission's endeavor to keep a relatively low profile has had some success. This nation cannot shut off false accusations, of course, but it is essential that the United States keep itself free of the taint of surreptitious operations. Its actions, in time, will speak louder than any accusations.

While we should refrain from activities which would raise doubt about the integrity of this Nation's stated policies regarding Portugal, that does not mean that every effort should not be made by Americans in general to keep informed about events in that nation. The criticism has been made that few specialists in the United States understand Portugal. The American press has sought to remedy this defect on a day-to-day basis with a coverage so massive that the main currents of development are sometimes lost in the detail. It would be in the interest of the United States, as part of its exchange of persons program, to stress projects which involve study of Portugal and, conversely, assist Portuguese exchanges in acquiring a better knowledge of the United States and its techniques and practices.

Not only the United States but the Soviet Union, too, has been accused of playing a covert role in internal Portuguese affairs. As for a Soviet and Eastern European activity, there are indications that some funds may have been supplied through indirect channels to affiliated political elements in Portugal. However, competent observers in Lisbon have only circumstantial indications to this effect and they estimate the figure at far lower amounts than some to which allusion has been made in the public press of late which have gone as high as \$10 million a month. The policy of the Soviet Union toward Portugal appears to be to restrain such political initiatives with respect to Portugal as would endanger détente. Any irrefutable evidence, for example, that the Soviet was deliberately trying to subvert the Portuguese Government or through it, NATO, or to establish bases in Portuguese territory would constitute very damaging, perhaps fatal, blows to détente. There are no indications that the Soviet Union wishes to make an issue of that magnitude out of Portugal.

CHAPTER IV

PORTUGAL'S PARTICIPATION IN NATO

In a military sense Portugal's contribution to NATO has been minimal. The prerevolutionary regime spent 40 percent of its budget on defense but almost all of this allocation was eaten up in the wars in the African colonies. Now that decolonization is almost complete—Angola is the main exception and may require additional military expenditures—the Portuguese armed forces are immersed in politics in the homeland. It should be noted that as a military force, much of their equipment is of ancient vintage or worn out, and the state of their training is uneven.

Portugal is committed to furnish one Army division to NATO, but would like to reduce even this contribution. It is expected that Portugal would also supply naval and air forces to NATO although their equipment is outdated. Portugal now contributes one destroyer-type vessel to NATO's Standing Naval Force Atlantic.

The most valuable assets Portugal brings to NATO at this time, are geography and bases. The country serves as a host to NATO's Iberian-Atlantic Command (IBERLANT), headquartered near Lisbon. While it is not actually a NATO installation, the U.S. base at Lajes in the Azores is, perhaps, the most significant Portuguese contribution to Western defense.¹

THE PROBLEM OF COMPATIBILITY

Since the revolution, the Portuguese Government has avowed its continued support of NATO. However, it is not inconceivable that some government might emerge in Lisbon which would question continued Portuguese membership in NATO. Such a Portuguese Government might weigh whether it wished to continue in NATO or perhaps modify the conditions of its participation. In some circumstances, too,

¹ This base is discussed in more detail in the section of the report on the Azores. See chapter 5.

a question could arise as to whether the United States and other Western European Governments would want to retain the Portuguese connections within the alliance.

A series of U.S. Government statements has posed the dilemma of Portugal's compatibility with NATO. In a press conference on March 26, 1975, for example, the Secretary of State said:

We are disquieted by an evolution in which there is a danger that the democratic process may become a sham, and in which parties are getting into a dominant position whose interests we would not have thought necessarily friendly to the United States . . . What seems to be happening now in Portugal is that the Armed Forces Movement, which is substantially dominated by officers of leftist tendencies, has now appointed a new Cabinet in which Communists and parties closely associated with the Communists have many of the chief portfolios. . . . (A leftist trend) will of course raise questions for the United States in relationship to its NATO policy and to its policy toward Portugal.²

On the same day a note conveying essentially the same message was delivered to Portuguese President Gomes. Mr. Kissinger stated that the United States Government was in close contact with its NATO allies about Portuguese developments.

The frequent emphasis by United States officials upon the impossibility of having a Communist-ruled Portugal in NATO, or the difficulties for NATO that would be caused by a neutralist Portugal with Communist participation strike a chord which may not be wholly productive. It is a problem to be sure, but it does not bear repeated public comment by officials of this nation. It smacks of an attempt to exert pressure on internal political affairs in Portugal. It is fruitless to expect that such statements will have much impact on the political evolution of that country. A more beneficial policy might be to underscore this nation's support, friendly and sincere, for the survival and strengthening of pluralist democracy in Portugal or, for that matter, anywhere in the world.

THE PROBLEM OF NATO SECURITY

The fear has been expressed that a Communist-infiltrated government in Lisbon could be a conduit for vital defense secrets from NATO to the Soviet Union. It is hard to envision a nation of Portugal's size and open temperament as some sort of Trojan Horse, nevertheless in November the North Atlantic Council cancelled a meeting of the NATO Nuclear Planning Group scheduled for November 7 apparently because of this fear. Subsequently, the Portuguese Government decided not to take part in future activities of the Nuclear Planning Group. While the Portuguese withdrawal may have provided a safeguard, it also may have aroused deep resentment on the Portuguese side; votes of no confidence generally tend to have that effect. Elsewhere in the NATO organization, it appears that the problem of security information has been handled without visible adjustments embarrassing, to the Portuguese Government yet in a manner presumably satisfactory to both NATO and Portuguese officials.

There is one common-sense guiding principle in dealing with situations of this kind. Before any formal moves are made affecting

² New York Times, March 27, 1975.

Portugal's participation in NATO, there should be prudent and careful consultation among all members of that organization. Action should be taken not on this nation's initiative alone but in concert with other allies and only after there is certainty regarding the necessity for such action. To do otherwise is to cause unnecessary damage to Portugal and to the NATO Alliance itself.

CHAPTER V

THE U.S. BASE AT LAJES

The Azores are a group of nine islands lying 900 to 1,000 miles to the west of Portugal in the mid Atlantic. A United States air base is located at Lajes on the Island of Terceira. The U.S. base dates back to the end of World War II. It is operated under terms of an agreement with the Portuguese Government which expired in February 1974. Negotiations for a renewal of the agreement are now on a back burner because of the political situation in Portugal. Nevertheless, without objection from Portugal, the base continues to be operated by the United States in accordance with the last agreement.

The Lajes base serves two military functions. The first is to support continuing submarine surveillance in the Atlantic; if conditions should warrant, the base can assume responsibility for antisubmarine warfare. The base provides a capability for covering a large portion of the Atlantic Ocean, which would be more difficult to cover from any other available base. A second function was demonstrated in the October 1973 Arab-Israeli war when aircraft carrying military supplies to Israel used the Lajes base for refueling purposes. The usage was particularly significant at that time because other allies of the United States in Western Europe, such as West Germany and Spain, for political reasons would not permit the use of bases in their country in connection with the resupply of Israel.

The Portuguese Government has given no indication that it is opposed to renewal of the agreement for United States use of the Lajes facility. That is not to say, however, that Portugal would not forbid the use of the base for Israeli supply purposes, in the event of a resumption of Arab-Israeli conflict. Portugal is heavily dependent on Arab countries for petroleum and it would be subject to the same kind of Arab embargo as other Western European nations. There is the further possibility that some future Portuguese government might want either to terminate or to restrict U.S. basing privileges in the Azores.

The air surveillance and antisubmarine warfare capabilities of the United States which derive from the base facilities in the Azores, although they are dependent upon bilateral arrangements between the United States and Portugal, are significant to the defense of the North Atlantic Treaty area and therefore to NATO. There is also a NATO fuel base at Ponta Delgada on the Island of Sao Miguel in the Azores. A NATO station for acoustical tracking of submarines has been reported to be located on Santa Maria Island.¹

¹ Washington Star, August 27, 1975.

THE INDEPENDENCE MOVEMENT

The people of the Azores tend to be conservative and religious, a tendency which is reflected in their recent participation in politics. In the April 1974 elections for the Portuguese Constituent Assembly the Popular Democratic Party, which is moderate, won 66 percent of the vote. The Communists received only 2 percent. The Socialist Party received a large portion of the remainder of the vote.

As the manifestations of Communist and radical strength appeared in the Lisbon government, a Front for the Liberation of the Azores (FLA) was organized in the Azores. Its leaders remain anonymous, but claim popular sympathy and, recently, are reported to have formed a clandestine government.

Not only trends on the mainland, but other deeper factors feed separatists feelings in the Azores. There is a conviction in the islands that Azoreans have been economically mistreated and held in second-class status for a long time by Lisbon. They have also felt educationally deprived and restricted in their ability to manage their political affairs.

The Portuguese people on the Azores have had close ties with the United States and Canada. Over many decades, Azoreans have emigrated to both countries. They and their descendants in the United States are believed to total more than the present population of the islands which is about 300,000. Characteristically, their remittances to relatives have comprised a substantial portion of the income of their homeland.

Unlike the African colonies, the Azores are regarded by the present government in Lisbon as they were by its predecessor, as an integral part of Portugal. Azorean independence is opposed, although some long-standing grievances of the islands have been recognized and Lisbon has moved to provide concessions of an economic and political character. Some form of political autonomy within the Portuguese state is not inconceivable as an acceptable answer to the grievances.

In my judgment, it is imperative that the United States stay completely clear of any action which could be construed as support for Azorean separatism. For one thing, an accusation of U.S. responsibility for such a movement could readily be employed to prejudice the case of the democratic Portuguese parties who support concepts of political freedom. Moreover, a link with an unsuccessful separatist movement in the islands could jeopardize a rational consideration of the future of the base at Lajes. Even if a separatist movement were successful and with our blessing, an independent Azores were established, it would in all probability bring to us one more costly aid client. The islands are not self-supporting and do not appear to have the wherewithal to become self-supporting.

Our concern with the Azores, in short, should begin and end with a consideration of the significance of the Lajes base to the defense of the United States and that consideration should be reexamined prior to any negotiations for a renewal of the base agreements. In confronting this issue, it would be well for the Congress to ask and try to obtain objective answers to the following pertinent questions:

(1) Apart from any value of the Lajes facilities for refueling of supply missions to the Middle East, what is the military value of these facilities for United States defense purposes?

(2) Are there base sites other than Lajes that might be available to accomplish the same purposes?

(3) What are the alternative routes of military supply to the Middle East and what are their respective costs?

(4) Based on our needs, what is the price, if any, that the United States should be prepared to pay in order to retain the Lajes facilities?

NOTE ON PORTUGUESE ASIAN POSSESSIONS

With the imminent grant of independence to Angola Portugal's decolonization will have been virtually completed. Two vestiges remain in Asia. I had occasion to visit one of these, Macau, for discussions with Governor Garcia Leandro and Mr. Ho Yin, leader of the Chinese community.

Although a surge of independence has characterized recent developments in other Portuguese colonies nothing similar has taken place in Macau. That may well be because for all practical purposes the colony is Chinese in outlook and orientation and is little affected by events in Portugal. The population of 300,000, living on the edge of the People's Republic of China, is almost entirely Chinese. The Portuguese, however, have managed Macau's affairs for centuries. Lisbon recently took steps to make Macau virtually autonomous and, for the present, that step seems sufficient to meet the needs of the situation. While the People's Republic of China maintains its claim of sovereignty over the territory of Macau, as it does with regard to Hong Kong, Peking is not pressing for an immediate change in status in either place.

In regard to Timor, another possession in Asia, which I also discussed with Governor Leandro in Macau and informed persons in Hong Kong, the situation is quite different. Portuguese Timor which occupies half of an island in the main Indonesian Archipelago has been caught up in the same unrest that has appeared elsewhere in the once extensive Portuguese colonial empire. There has been open warfare between rival groups favoring or opposing independence. Other political cross currents flow towards a union of some sort with the Republic of Indonesia.

Both Indonesia and Australia have manifested concern about the civil war and the bloodshed in Portuguese Timor. Recently it was announced that Portuguese and Indonesian officials had reached tentative agreement on ending the disorder through the intercession mainly of Indonesia but thus far, apparently, the latter has not received a go-ahead in seeking settlement between warring factions. Portugal is remote from the scene, preoccupied and evidently unable to deal with the situation. It would not be surprising, therefore, if this island possession were to undergo a change in status in the near future.

APPENDIX

RESULTS OF CONSTITUENT ASSEMBLY ELECTIONS HELD ON APR. 25, 1975

Party	Seats won	Total votes	Percentage
Socialists (PS)-----	116	2,145,392	37.9
Popular Democrats (PPD)-----	81	1,494,575	26.4
Communists (PCP)-----	30	709,639	12.5
Center Social Democrats (CDS)-----	16	433,153	7.7
Portuguese Democratic Movement (MDP/CDE)-----	5	236,318	4.1
Popular Democratic Union-----	1	44,877	.8

(15)







