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NEUTRALITY BY AGREEMENT: PORTUGAL AND THE BRITISH ALLIANCE IN WORLD WAR II

JOAQUIM DA COSTA LEITE*

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INTRODUCTION

The role of Portugal during World War II was marked by the prevalence of the Anglo-Portuguese Alliance in a context of complex, and shifting, political and military considerations. To understand Portugal's role, it is necessary first to eliminate stereotypes about European dictators. I will then try to convey a sense of the complexity of the situation through a brief reflection on the different meanings of freedom, the fundamental nature of the Anglo-Portuguese Alliance, and the tangled web between the Azores facilities and Portuguese wolfram exports to Germany.

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Distinguishing the essential from the secondary, it becomes possible to understand that, beyond frequent discussions and sometimes acrimonious exchanges, the Western democracies preferred to deal with Salazar rather than promote a democratic transition. The Cold War merely provided a convenient rationale to an earlier strategic partnership.

Finally, I will refer to the fact that, although Portuguese neutrality resulted from Allied political and military considerations, it had the added benefit of establishing a platform for Jewish organizations and a safe haven for European refugees.

I. MISLEADING STEREOTYPES

It is a temptation to reduce complex phenomena to stereotypes. In a world of intricate relationships and overflowing information stereotypes promise to simplify the diversity of human experience into a handful of accessible notions. But if they are convenient, they may also be extremely misleading. For example, the stereotype of dictatorship suggests that in the context of World War II, a dictator is on the side of the Axis pursuing an anti-Semitic policy. In practice, however, such a stereotype ignores national cultures, geopolitical alignments, and the origin and evolution of political regimes.

Salazar, the Portuguese dictator, was aware of the power of ideological stereotypes, and he was careful to stress the difference between the internal characteristics of his regime and his foreign policy. In October 1941, in a meeting with the British Ambassador, he stated clearly:

> It is thought [in the Embassy] that, because England is democratic and liberal and parliamentarian, and the Portuguese regime is anti-democratic, anti-liberal and anti-parliamentarian . . . it is thought or continues to be thought that the true friends of England, the defenders of the alliance, the guarantors of Portuguese fidelity to the traditional friendship, are the enemies of the [Portuguese] Government . . . .[1]

1. IX MINISTÉRIO DOS NEGÓCIOS ESTRANGEIROS, DEZ ANOS DE POLÍTICA EXTERNA: A NAÇÃO PORTUGUESA E A SEGUNDA GUERRA MUNDIAL 331 (1974). Of course, when Salazar told the British Ambassador that he was a defender of the Alliance, he was telling the Ambassador not to be friendly to the members of the opposition; it appears the implied recommendation was generally heeded by Brit-

This sort of problem was more likely to arise in connection with the United States, especially when decisions were made in Washington with little knowledge about conditions in Europe. George Kennan, the former United States Chief of Affairs in Lisbon, knew how difficult it was to deal with preconceived ideas an ocean away from Portugal. He recalled in his memoirs some such difficulties. He noted for instance, "the legation [was] obliged to intervene vigorously in Washington to prevent various eager beavers in General Donovan's OSS from developing plans for a revolt against Portuguese authority on the part of the inhabitants of the Azores, plans based—apparently—on the theory that Salazar was a dangerous Fascist and in league with the enemy."[2] Hence, stereotypes do not assist in understanding Portugal at the time of World War II.

II. DIFFERENT MEANINGS OF FREEDOM

When Jewish refugees arrived in Portugal they enjoyed a different sense of freedom from that of the political opposition. In a study of the refugee movement, Patrick von zur Mühlen wrote, "For many emigrants, Portugal was the first country in which they felt safe."[3] The majority of refugees just wanted to move on to other lands. During their brief stay, they were not afraid of Portuguese authorities and felt welcomed by the people. In those times of hatred and destruction, this was more than enough for some of them to speak of Portugal as a paradise.[4]

The Portuguese who opposed Salazar saw things from a different perspective. The refugees who chose to stay in the country could learn the different meanings of freedom with them. Ilse Losa, a German Jewish refugee who settled permanently in Portugal, mentioned that experience in one of her books.[5]

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ish and American diplomats in Lisbon.

2. GEORGE F. KENNAN, MEMOIRS, 1925-1950, at 150 (1967). The Office of Strategic Services ("OSS") was the precursor of the Central Intelligence Agency ("CIA").

3. PATRICK VON ZUR MÜHLEN, FLUCHTWEG SPANIEN-PORTUGAL: DIE DEUTSCH EMIGRATION UND DER EXODUS AUS EUROPA 1933-1945, at 115 (1992).

4. *See id.* (quoting among others Alma Mahler-Werfel); *see also* WILLIAM L. SHIRER, BERLIN DIARY, 1934-1941, at 250 (1997).

5. *See* ILSE LOSA, SOB CÉUS ESTRANHOS (1962); Urbano Tavares Rodrigues,

The situation was made even more complex because, due to a variety of reasons ranging from geopolitics to ideology and a sense of partnership, Allied sympathies were found among some of Salazar's supporters, opponents, and the politically indifferent. In other words, domestic political preference was not a sure guide to external alignment. Portugal had fought on the side of the Allies during World War I, and for Portuguese soldiers and their families the Germans were still considered the enemy. Even at the core of the repression apparatus of the dictatorial regime, the British could find friends. For example, the British Embassy in Lisbon considered the head of the political police "impartial," and out of eight superior officers only one was considered "pro-German."[6]

III. THE ANGLO-PORTUGUESE ALLIANCE AS A CORNERSTONE OF PORTUGUESE FOREIGN POLICY

The Anglo-Portuguese Alliance dates back to 1373. Obviously, no alliance can endure for such a long time unless it has firm geopolitical roots. Portugal needed the Alliance to counter the influence of Castile, and later, as a small power with a large maritime empire, to guarantee communications with the colonies. Great Britain shared the profits of the Portuguese Empire, and enjoyed the strategic advantages of the Portuguese Mainland and the Islands. Historically, neutrality was a luxury that Portugal could never afford. In spite of conflicts and changes of regime, the Alliance withstood the passage of time and remained fundamentally valid at the time of World War II.

The Alliance was a cornerstone of Portuguese foreign policy. This had military implications that were made clear even before the war started. On December 14, 1938, Salazar, then acting as both Minister of War and Minister of Foreign Affairs, addressed the officers of a British Military Mission. He expressed the appreciation of his government for the work of the Military Mission hoping that it would

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Alguns Exemplos da Projecção da Segunda Guerra Mundial na Ficção Narrativa Portuguesa, *in* PORTUGAL, A GUERRA E OS NOVOS RUMOS DA EUROPA 65 (António Braz de Oliveira & Manuela Rego eds., 2d ed. 1995).

6. MARIA DA CONCEIÇÃO RIBEIRO, A POLÍCIA POLÍTICA DO ESTADO NOVO, 1926-1945, at 119-20 (1995).

lead to closer relations between the armies of Britain and Portugal, and solve the problems "relating to the common defence."[7]

Upon the declaration of war, the Portuguese Government acted in accordance with the British. In a note issued September 1, 1939, Portugal announced that the Alliance remained intact, but since the British did not seek Portuguese assistance, Portugal would remain neutral.[8] In an Aide-mémoire of September 5, 1939, the British Government confirmed the understanding:

His Majesty's Government in the United Kingdom much appreciate the assurances given by the Portuguese Government on the 1st September and agree with them that observance of neutrality by Portugal would best serve the mutual interests of both Portugal and Great Britain in the present emergency. They are also in agreement with the decision of the Portuguese Government to refrain from making any declaration of neutrality.[9]

Thus, the Portuguese remained neutral without issuing a formal declaration of neutrality. From the British perspective, Portuguese non-belligerency was essential to keep Spain from entering the war on the side of the Axis, and the situation in the Atlantic and Gibraltar strengthened that point of view. The course of the war imposed a dynamic evaluation of the situation, but did not change the essential premise of Portuguese neutrality.

In general terms, the United States joined the Allied consensus about Portugal even before it was drawn into the war. In a letter dated July 8, 1941, intending to dismiss "false reports" that impaired relations between the United States and Portugal, President Roosevelt assured Salazar:

May I say first of all that, in the opinion of the Government of the United States, the continued exercise of unimpaired and sovereign jurisdiction by the Government of Portugal over the territory of Portugal itself, over the Azores and over all Portuguese colonies offers complete assurance of security to the Western Hemisphere insofar as the regions mentioned are concerned. It is, consequently, the consis-

7. III OLIVEIRA SALAZAR, DISCURSOS E NOTAS POLÍTICAS 125 (1943).

8. *See id.* at 173-74.

9. VI MINISTÉRIO DOS NEGÓCIOS ESTRANGEIROS, *supra* note 1, at 32.

tent desire of the United States that there be no infringement of Portuguese sovereign control over those territories.[10]

More than a certificate of good relations, the letter represented a statement that the Portuguese islands and colonies were, in terms of defence, part of the American sphere of influence. In that context, it also represented a guarantee of Portuguese colonial sovereignty.

IV. THE AZORES AND WOLFRAM EXPORTS, OR THE COMPLEXITIES OF THE ALLIANCE

In May 1941, the British acknowledged their incapacity to help defend the Portuguese Mainland in case of attack.[11] It is important to consider this vulnerability and initial incapacity of the Allies to supply fuel and raw materials to Portugal when analysing Portuguese trade with Germany. The Allies monitored that trade, and although they were often contentious about its exact terms, they knew and accepted its rationale.[12]

The broad consensus about the Portuguese role did not preclude discussion—sometimes involving tremendous Allied pressure—about concrete measures, both between Portugal and the Allies, and between the United States and Britain. In November 1943, the State Department suggested "a joint approach to the Portuguese Government on the subject of the financial assistance to the enemy which continues to be rendered by Portuguese banks in general and by the Banco Espírito Santo in particular."[13] The suggestion, following up on an earlier one that was deemed inopportune, deserved a detailed answer from Sir Ronald Campbell, the British Ambassador in Lisbon.

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10. IX MINISTÉRIO DOS NEGÓCIOS ESTRANGEIROS, *supra* note 1, at 38. *See also* app., doc. 1.

11. *See* VIII MINISTÉRIO DOS NEGÓCIOS ESTRANGEIROS, *supra* note 1, at 476.

12. *See* XV *id.* at 182-84 (reporting that in a formal agreement of 24 August 1942, Britain recognized Portugal's wolfram exports up to the limit of 2800 tons until February 28, 1943, "for countries other than the United Kingdom and the United States," which was a euphemistic way of saying "Germany and her Allies").

13. Public Record Office: Viscount Halifax & Ministry of Economic Warfare, Nov. 3, 1993, FO 115/3991.

The Ambassador considered the State Department's suggestion "particularly ill-timed and incomprehensible at the present juncture."[14] He recalled that at the outset of the war, Salazar had remained neutral with British approval. In what amounted to a reciprocal acceptance of rules of conduct, he noted that Salazar did not dispute the British right to exercise the blockade, "although he contended that the harshness with which we applied it played havoc with his economic situation."[15] In principle, the British did not contest Salazar's right to do business with any country he pleased inside the blockade. This was the price of neutrality, and Portuguese banks had to finance business conducted with Germany.

Sir Ronald Campbell provided an excellent summary of the permanent, essential value of Portuguese non-belligerency, and the secondary aspects that followed from it, the latter being subject to constant re-examination:

Doctor Salazar has always contended that this situation was the price we paid for strategic benefits accruing from Portugal's neutrality and that if her neutrality instead of being strict had been benevolent in our favour Spain would inevitably have thrown herself body and soul into the arms of Germany. If this had happened the Peninsula would have been occupied and then North Africa, with the result that the whole course of the war would have been altered to the advantage of the Axis. "You cannot have it both ways," he had said to me over and over again. . . .

At the time of the negotiations of the Azores agreement we expressly and publicly told him that we did not wish him to do otherwise than maintain his neutrality on the mainland, although we hoped to induce him by degrees to diminish supplies to Germany. At present, however, he is still carrying on as before in the hope of softening the blow to Germany. If later on we can turn the screw, financial assistance will automatically fall off. I would strongly deprecate any move at the moment.[16]

In one respect, however, the British Ambassador was stretching the argument to cool-off the American ally. Portuguese neutrality

14. *See* app., doc. 2.

15. *See id.*

16. *See id.*

implied a balancing act, but it was not strict. By itself, the Azores agreement, obtained under the invocation of the Anglo-Portuguese Alliance, conferred such an advantage to the Allies that it might be considered a *casus belli*. Wolfram exports were intended to soften the blow to Germany. Later, the British again invoked the Alliance, and on June 5, 1944, Portugal agreed to cease Wolfram exports. Communicating the news, the British Foreign Secretary commented in the House of Commons:

His Majesty's Government warmly welcomes this further proof of Anglo-Portuguese friendship and of the fidelity of Portugal to the ancient alliance. This has long been of great benefit to both parties and it is the desire of His Majesty's Government that this unique relationship which has developed through the centuries shall remain as strong a bond between the Governments and peoples of the British Commonwealth and of Portugal in the future as in the past. The recent decision of the Portuguese Government represents in the view of His Majesty's Government a service to their cause comparable with the grant of facilities in the Azores to His Majesty's Government last October and one which should also prove an important factor in the shortening of the war.[17]

The Alliance also gained expression in financial terms when the Bank of Portugal signed an agreement with the Bank of England in November 1940. Under this agreement, Britain obtained unlimited credit only to be paid after the war in very favorable circumstances.[18]

V. THE ESSENTIAL AND THE SECONDARY: ALLIED SUPPORT TO SALAZAR

Removing stereotypes clarifies the primacy of the Anglo-Portuguese Alliance. Beyond that, if we try to distinguish the essential from the secondary, we verify that Salazar managed to create a working relationship with the Allies, and the Allies learned to work with Salazar. There were problems and conflicts of interest, but Sala-

17. XV MINISTÉRIO DOS NEGÓCIOS ESTRANGEIROS, *supra* note 1, at 532.

18. *See* BANK OF PORTUGAL HISTORICAL ARCHIVE, ACTA DA SESSÃO DO CONSELHO GERAL DE 12 DE ABRIL DE 1946 (noting as of August 8, 1945, the debt amounted to 76 million pounds sterling). Final payment by Britain occurred in the 1960s.

zar knew that Portugal had no alternative to the "oldest alliance," and the Allies, despite an occasional sign to the Portuguese democrats, preferred to deal with the dictator.

Some recent writings have suggested that the acceptance of the dictator by the Allies was a product of the Cold War. In fact, the Cold War provided a convenient ideological rationale for good relations with the dictator, but good relations and even support were the rule for some time. For instance, when a German radio broadcast alleged in October 1939 that there were disagreements between Great Britain and Portugal, the British Ministry of Information issued a circular telegram:

Listeners in South America must have been astonished to hear in a recent German broadcast allegations that Great Britain was not satisfied with Portugal's policy of neutrality and was scheming for the overthrow of Salazar's regime. The truth is, of course, that Dr. Salazar is held in the highest esteem in this country for his political achievements not less than his personal qualities, and that it is well appreciated in British official circles that Portugal's present policy is in the best interests of both countries.[19]

In this as in other instances, the support of the foreign policy of the Portuguese Government was equated with support for "the political achievements" of the Portuguese dictator.

VI.PORTUGAL AND THE REFUGEES

Concerned with winning the war, the Allies evaluated the pros and cons of Portuguese neutrality in strategic terms. It appears that the issue of refugees was not considered. In other words, the Allies approved Portuguese neutrality, strictly in terms of its repercussions on the war effort.

Portuguese neutrality, however, was also important because it opened the way for many people to escape annihilation. Several international relief organisations were active in Portugal; some working in and beyond the Iberian Peninsula. Portugal received about 100,000 refugees, but most of them ultimately left the country,

19. IX MINISTÉRIO DOS NEGÓCIOS ESTRANGEIROS, *supra* note 1, at 169.

mainly for the Americas. Even those refugees who were caught without papers were not sent back by Portugal.[20]

Many refugees, especially Jewish refugees, have mentioned the warm welcome they received from the Portuguese population in general.[21] It appears, the Portuguese government was free from anti-Semitism. The Portuguese Jewish community was very small but it counted very influential members, among them a personal friend of Salazar, Moses Bensabat Amzalak.[22]

Openness towards the Jews in Portugal was already evident before the war. In July 1938, the Portuguese Government instructed the Ambassador in Berlin to remind the Reich Government, "in friendly but firm terms that the Portuguese fundamental law making no distinction between the nationals of Jewish race and the others, obliged the Portuguese Government to dispense to all of them the full protection due to each national [wanting] to return [to Portugal]."[23]

This characteristic of the Portuguese regime has raised some curiosity. Apart from deeper aspects of Portuguese culture, it inevitably led to speculation about Salazar's Jewish ancestry.[24] In any case, anti-Semitism was not an ideological component of the Portuguese authoritarian regime.[25]

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20. *See* 13 ENCYCLOPEDIA JUDAICA *Portugal*, 919-26 (1996); Irene Flunser Pimentel, *Refugiados*, DICIONÁRIO DE HISTÓRIA DO ESTADO NOVO (Fernando Rosas & J. M. Brandão de Brito eds., 1996); Diana Andringa, *Abranches, Aristides de Sousa Mendes do Amarale*, DICIONÁRIO DE HISTÓRIA DO ESTADO NOVO (Fernando Rosas & J. M. Brandão de Brito eds., 1996).

21. *See* FERNANDO DA COSTA, MÁSCARAS DE SALAZAR 58-9 (1997) (quoting Sam Levy); *see also* JOSÉ CARÉ JÚNIOR, ERICEIRA 50 ANOS DEPOIS: OS REFUGIADOS ESTRANGEIROS DA 2A. GUERRA MUNDIAL (1995) (introduction by António José Telo).

22. *See* 2 ENCYCLOPEDIA JUDAICA, *Amzalak, Moses Bensabat*, 915-16 (1996).

23. YVES LÉONARD, SALAZARISME ET FASCISME 201 (1996). *See* ERENSIA SEFARDI, SPRING 8 (1997) (noting that some Jewish families in Europe were able to invoke Portuguese ancestors to obtain Portuguese consular protection). In one instance, nineteen people of the Jewish community of Salonika, deported in August 1943 to Bergen Belsen, were released and allowed to travel to Lisbon in June 1944, after a persistent exchange of notes between Lisbon and Berlin).

24. Apparently, Salazar knew about his Jewish forebears and was proud of it. *See* ERENSIA SEFARDI, WINTER 7 (1997) (quoting from manuscript by Albert Amateu).

25. Considerable research has been done on some of the themes dealt with in

CONCLUSION

Historical research is never finished, and each generation looks at the past from its own perspective. But in order to understand history, we have to make an effort to go beyond isolated facts and abstract notions, for nothing makes sense outside the context of its time.

In the case of Portugal, a small country on the European periphery, it is essential not to confuse ideology with foreign policy. In essence, Portugal remained neutral within the overall objectives of the Anglo-Portuguese Alliance; and this modest but complex role made it possible for Portugal to contribute to the rescue of a large number of refugees.

APPENDIX

DOCUMENT 1: FRANKLIN ROOSEVELT'S LETTER TO ANTÓNIO DE OLIVEIRA SALAZAR[26]

Washington, July 8, 1941

PRIVATE

My dear Doutor Salazar,

I am writing this entirely personal and informal letter to you in the belief that it may be easier for me, in this manner, to put an end effectively to certain misunderstandings which have regrettably arisen during recent weeks between our two Governments.

May I say first of all that, in the opinion of the Government of the United States, the continued exercise of unimpaired and sovereign jurisdiction by the Government of Portugal over the territory of Portugal itself, over the Azores and over all Portuguese colonies offers complete assurance of security to the Western Hemisphere insofar as

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this presentation. *See generally* ANTÓNIO COSTA PINTO, OS CAMISAS AZUIS (1994); ANTÓNIO TELO, PORTUGAL NA SEGUNDA GUERRA (1987); ANTÓNIO TELO, PORTUGAL NA SEGUNDA GUERRA, 1941-1945 (1991); Douglas Wheeler, *The Price of Neutrality: Portugal, the Wolfram Question, and World War II*, *in* 23 LUSO-BRAZILIAN REVIEW at §§ 1-2 (1986); NUNO VALÉRIO, A MOEDA EM PORTUGAL, 1913-1947 (1984); FERNANDO ROSAS, PORTUGAL ENTRE A PAZ E A GUERRA (1990); DICIONÁRIO DE HISTÓRIA DO ESTADO NOVO (Fernando Rosas & J. M. Brandão de Brito eds., 1996).

26. *See* IX MINISTÉRIO DOS NEGÓCIOS ESTRANGEIROS, *supra* note 1, at 37-9.

the regions mentioned are concerned. It is, consequently, the consistent desire of the United States that there be no infringement of Portuguese sovereign control over those territories.

This policy of the Unites States I made emphatically clear in the message which I addressed yesterday to the Congress of the United States concerning the steps which had been taken to assist the people of Iceland in the defense of the integrity and independence of their country.

I feel sure that there has never been any doubt in your own mind with regard to this question and that the questions which have been raised with regard thereto in the press have had their origin in false reports deliberately circulated by propaganda emanating from governments which have desired to impair the traditional relations between our two countries.

For all of the reasons I have mentioned above, this Government views with the greatest gratification the steps which already have been taken and which are being taken by your Government to strengthen the defense of the Azores and other outlying portions of the colonial possessions of Portugal so as to render any surprise attack upon them by Germany, or by powers cooperating with Germany, less likely of success.

I need merely add that in view of the vital importance to the United States that Portuguese sovereignty over the Azores and certain other outlying Portuguese possessions remain intact, this Government will stand prepared to assist the authorities of Portugal in the defense of those possessions against any threat of aggression on the part of Germany, or of the powers responsive to Germany, should your Government express to me its belief that such aggression is imminent or its desire that such steps be taken. Any such measures would, of course, be taken in full recognition of the sovereign rights of Portugal and with categorical assurances that any American forces sent to Portuguese possessions would be withdrawn immediately upon the termination of the present war.

In the event that this contingency were to arise and the Government of Portugal considered it desirable, because of the close relations which happily exist between Portugal and Brazil, to ask that the Brazilian Government participate in these measures of defense, such a step would be most satisfactory to the Government of the United

States. I feel certain that Brazil and the United States would cooperate effectively and whole-heartedly in assisting the Portuguese Government and people in the defense of the Azores.

I have felt it desirable to clarify the situation completely in order to have the assurance that there may not be the slightest misunderstanding of these facts between you and myself.

Frankly, I have felt particularly chagrined that any question should have arisen concerning my own attitude with regard to complete respect for the sovereignty of Portugal. I say that because, as you will remember, during the World War of 1914-1918, the Government of Portugal made available to its allies and subsequently to the United States the port of Horta as a fueling base and the port of Ponta Delgada as a naval base. At that time, as Assistant Secretary of the Navy, I had the privilege of visiting those ports in the interest of the United States Navy and I was thus afforded the opportunity of seeing for myself how particularly close and friendly the relations between the Portuguese people and the members of the naval forces of the United States had become. There existed a complete spirit of cooperation between them and of course as soon as the international emergency had passed, all of the forces of the allied and associated powers were immediately withdrawn without the slightest detriment to the sovereign jurisdiction of the Portuguese Government. Because of this experience which I had, I should have a personal interest in seeing to it that the relations between our two Governments and between our two countries were always conducted with a full reciprocal respect for the sovereign rights of each and that in any form of cooperation which might be undertaken between Portugal and the United States the best interests of the Portuguese people were completely safeguarded.

With the assurances of my highest consideration and of my personal regard, believe me,

Yours very sincerely,

Franklin Roosevelt

DOCUMENT 2: TELEGRAM FROM SIR RONALD CAMPBELL[27]

Nov. 5, 1943

State Dept's suggestion is particularly ill timed and incomprehensible at the present juncture.

1. It is hardly necessary for me to recall that Doctor Salazar having at the outset of the war remained neutral with our approval has consistently claimed his full neutral rights.

2. He did not dispute our belligerent right to exercise the blockade although he contended that the harshness with which we applied it played havoc with his economic situation. As regards goods produced in metropolitan Portugal i.e., inside the blockade, he has always claimed and exercised his right to do business with whom he pleased. Apart from a number of measures (not inconsistent in the aggregate) which we have induced him voluntarily to adopt, with the view of reducing supplies to our enemies, we have been unable and have indeed not sought to contest his claim in principle.

3. Doctor Salazar has always contended that this situation was the price we paid for strategic benefits accruing from Portugal's neutrality and that if her neutrality instead of being strict had been benevolent in our favour Spain would inevitably have thrown herself body and soul into the arms of Germany. If this had happened the Peninsula would have been occupied and then North Africa, with the result that the whole course of the war would have been altered to the advantage of the Axis. "You cannot have it both ways," he had said to me over and over again.

4. If business is to be conducted with Germany it must be financed by Portuguese banks. While it may be inconsistent to blacklist commercial firms and not banks, we have been able to get away with the former but would not get away with the latter since the Portuguese Government would have forced the banks to carry out its policy. The attempt would thus have amounted either to an open challenge to Doctor Salazar or to a summons to modify his neutral status.

5. At the time of the negotiations of the Azores agreement we expressly and publicly told him that we did not wish him to do oth-

27. Public Record Office, FO 115/3991; repeated FO 371/34696.

erwise than maintain his neutrality on the mainland, although we hoped to induce him by degrees to diminish supplies to Germany. At present, however, he is still carrying on as before in the hope of softening the blow to Germany. If later on we can turn the screw, financial assistance will automatically fall off. I would strongly deprecate any move at the moment

6. Nor can I understand the State Department's suggesting it at a time when the U. S. Government is about to seek facilities for itself in the Azores and the best hope of success lies in offering the Portuguese generous treatment in every respect.