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THE OUTLOOK FOR PORTUGAL

Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE

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Concurred in by the
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on 21 July 1959. Concurring were the Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations for Intelligence, Department of the Navy; the Assistant Chief of Staff, Intelligence, USAF; the Director for Intelligence, The Joint Staff; the Assistant to the Secretary of Defense, Special Operations; and the Director of the National Security Agency. The Atomic Energy Commission Representative to the USIB, and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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THE OUTLOOK FOR PORTUGAL

THE PROBLEM

To estimate the likelihood of changes in the Portuguese political scene over the next two years, and to assess their implications for US and Western interests.

CONCLUSIONS

1. Although Prime Minister Salazar's grip on Portugal, which has been maintained for 31 years, is showing signs of weakening, we believe that it is still strong enough to enable him to remain in office for a year or so, providing his health remains good. Among potential contenders for his position, none seems capable at present or in the near future of deposing him. If he dies, or if a breakdown in health should oblige him to resign, the succession would probably pass to adherents of the present regime who would be disposed to maintain Portugal's close ties with the US and NATO.¹ (Paras. 5, 16-17, 25)

2. However, no successor regime, whether headed by an individual or a junta, will enjoy the same public prestige as has Salazar's.² It will be under strong pressures to adopt liberal economic and social policies, and although economic liberalization might in the long run be advantageous, Portugal's economic stability, which has been Salazar's chief concern,

is likely in the shortterm to suffer. The resulting strains will offer opportunities for the tiny, illegal, but well organized Communist party of Portugal. (Paras. 14-15, 21)

3. A change of governmental leadership in either Spain or Portugal would encourage dissident elements in the other, and in some circumstances might precipitate antiregime action. Furthermore, when and if a new government in either country should lift existing restrictions on personal freedom or loosen its economic controls, uneasiness and dissatisfaction would almost certainly increase in the other. (Para. 26)

4. More worrisome to US interests is the likelihood of trouble in Portugal's overseas territories.³ During the period of this estimate this appears more likely in Africa than in Portuguese India or other territories. These overseas possessions, which are considered by the Portuguese as integral parts of Portugal rather than as colonies, represent the country's re-

¹ Appendix A lists US and NATO base sites in Portugal and the Azores.



³ Appendix C describes Portuguese overseas territories and sketches Portugal's policies toward them.

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maining vestiges of a proud past, and the African territories her best hope of future prosperity. If and when Portugal's position in these areas is challenged, virtually all Portuguese opinion will be disillusioned and resentful if Western support is not forthcoming, with possible adverse consequences for US and NATO base rights. (*Paras. 22-23, 25, Appendix C, Para. 8*)

tioned and resentful if Western support is not forthcoming, with possible adverse consequences for US and NATO base rights. (*Paras. 22-23, 25, Appendix C, Para. 8*)

DISCUSSION

I. INTRODUCTION

5. Portugal's political tranquility was disturbed during the past year when Premier Salazar's firm grip on the country weakened for the first time in 31 years. His authority was challenged by a surprisingly heavy adverse vote in the presidential elections of June 1958, and his subsequent severe illness resulted in widespread speculations that the 70-year old leader would resign. He has withstood the rebuffs to his regime, and regained some degree of good health. Nevertheless, the expectation that he may within the next year or so leave the scene either by death, retirement, or incapacity has led to divisive maneuvering for position within the government and the revival of interest in national politics.

6. The Portuguese corporative state is in essence a dictatorship, though it has been sustained in large measure by the wide respect enjoyed by Salazar. All effective authority is exercised by Salazar, who is constitutionally appointed by a figurehead president, and who is the leader of the only legally constituted political movement in Portugal, the mildly fascist National Union. Unlike the Franco government in Spain, which sprang from civil war, the Salazar government was brought to power by nonviolent means. It still goes through the motions of holding popular elections in which rival candidates are permitted to run, but the outcome is carefully controlled by the government.

7. When he came to power in 1928, the original achievement of Salazar, a conservative classical economist, was to bring financial stability to a country that had been floundering for several years in economic and political chaos. Under his rigid guidance economic expansion, industrial modernization, and social progress have to a significant extent been sacrificed to the maintenance of financial stability and public order. As a consequence Portugal, already poor in natural resources, has remained well behind its neighbors in economic development; it has the lowest per capita income in Western Europe. There is little or no inflation, but some unemployment and widespread seasonal underemployment exist. Private investment is hamstrung by government restrictions, and foreign investment is systematically discouraged. In the overseas territories, whose products are the principal Portuguese dollar earners, foreign capital is virtually excluded. The Salazar government is unlikely to make any substantial changes in its economic policies.

8. The military plays a crucial role in Portugal, not only in controlling the overseas territories, but also by sharing the functions of internal security in what is essentially a police state. Military officers and reservists are often assigned positions within the civilian administration, particularly in the country's several police forces. However, the security police known as the PIDE,⁴ although it contains some officers of the armed forces, is responsible to the premier through the Minister of the Interior rather than the Minister of Defense. It is significant that in March 1959 an attempted coup in which retired military figures were prominent was quickly bottled up by the PIDE.

II. SOCIAL AND POLITICAL FORCES

8. The military plays a crucial role in Portugal, not only in controlling the overseas territories, but also by sharing the functions of internal security in what is essentially a police state. Military officers and reservists are often assigned positions within the civilian administration, particularly in the country's several police forces. However, the security police known as the PIDE,⁴ although it contains some officers of the armed forces, is responsible to the premier through the Minister of the Interior rather than the Minister of Defense. It is significant that in March 1959 an attempted coup in which retired military figures were prominent was quickly bottled up by the PIDE.

⁴ *Polícia Internacional e de Defesa do Estado* (Police for the Control of Foreigners and Defense of the State).

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9. The majority of military officers are political conservatives and, despite a strong current of professional grievances, are more or less attached to the regime, if not to all of its policies. However, many are concerned that, should Salazar lose control, the political situation would quickly become unstable. A few are lining up associates and seeking advantageous positions so that they may act in defense of their interests if the regime's stability and the conservative political tradition are threatened.

10. The mood of the Portuguese masses, which have been more or less detached from political activity for many years, is still largely apathetic. The isolation of the predominantly rural population probably precludes the sudden development of a broadly based protest movement against grim economic conditions. However, last year the feasibility of a change in the regime was brought home to the middle class and the industrial workers in the cities and larger towns by the outspoken presidential campaign of opposition candidate General Delgado. Despite careful rigging of the election by the authorities, the General, now in asylum in Brazil, won nearly 25 percent of the votes cast, after having announced that if elected he would dismiss Salazar as premier. Although his challenge to Salazar was short lived, he and his supporters succeeded in ventilating for the first time serious criticisms of Salazar's paternalism, Portugal's essentially static economy, and its archaic social system.

11. Some elements of all classes have now been emboldened to criticize the regime, and many individuals, encouraged by Salazar's declining vitality, are now eagerly contemplating his retirement or replacement, although few would wish to risk a return to governmental instability. The business world is anxious to see an end to what it regards as the strait jacket of government controls. It is also concerned that Portugal may be unable to compete in the European Common Market unless government restrictions are eased. In addition, many feel that ultraconservative government policies have

inhibited the development of what they consider to be the substantial economic resources of Portugal's African territories. The Catholic hierarchy, which for years has been a strong supporter of Salazar, who restored the Church to its present primary role in Portuguese social and cultural life, is growing increasingly alarmed over the growth of social unrest in the country. The Church feels this is a consequence of continued economic privation and the absence of economic opportunity for much of the population.

12. Discontent with the regime is also apparent amongst students and intellectuals who are chafing under the tightening of censorship and the restrictions on political activities reimposed after the presidential campaign. There is, furthermore, a sense of frustration in academic circles over the intellectual barrenness of the state controlled universities.

III. THE ACTIVE OPPOSITION

13. Opposition groups are all either clandestine or so loosely organized as to be ineffective. Some old-guard Republicans, representing the pre-Salazar government, survive and become sporadically active when elections are held. With the Socialists, whose popular appeal is negligible, they supported Delgado's bid for power, and probably would again rally to a new opposition leader of promise. A current of opposition sentiment also prevades lay Catholic groups, especially in university circles, but as yet no unifying political movement has emerged, nor do antiregime Catholics appear agreed on a possible successor to Salazar. In general the democratic opposition groups are weak, unorganized, harassed by the PIDE, and for the moment, at least, leaderless.

14. Under these circumstances, the superior discipline of the Portuguese Communist Party (PCP) has enabled it to achieve an importance disproportionate to its size, and remarkable in light of the fact that there are no Bloc diplomatic missions either in Portugal or Spain to support it. The party probably consists of no more than 2,000 members and perhaps 9,000 sympathizers, and it has no

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broad popularity in Portugal. Nevertheless, in the last year's presidential election the Communists were able to provide an occasionally effective organizational and communications net between opposition elements. Furthermore, they remain a major source of antiregime propaganda throughout the country and are probably infiltrating members into other opposition groups as assets which they hope to use to their advantage in the future.

15. The PCP's main strength is among small groups of industrial workers in a few cities, although some of its leaders probably come from the intellectual and professional classes. However, as the most persistent and tireless critic of the regime, it has gained an audience—if only by the default of other oppositionist groups. Although it certainly cannot hope soon to become a mass party in conservative and Catholic Portugal, it can and does contribute to the erosion of public confidence in the Salazar regime. Furthermore, when Salazar is replaced, the party will probably be able to exert some pressure on his successors.

IV. CURRENT PROSPECTS FOR THE REGIME

16. The prestige of Premier Salazar, although weakened, is probably still high enough to permit him to stay in office for a year or so. The armed forces will probably remain loyal for the same period, and the PIDE can be counted on to root out dissenters and incipient plots. The Church will probably not turn actively against the premier because its favored position in Portugal depends on his benevolence. However, it seems probable that some Church leaders, such as the Bishops of Oporto and of Beja, will continue to press for social reforms. Certain laymen may continue to advocate more or less openly the establishment of a Catholic political movement, possibly along the lines of a Christian Democratic party. In general, however, we do not anticipate the emergence of a cohesive, organized popular opposition unless the economic situation suddenly becomes critical—which is unlikely—or some other unexpected con-

tingency arises, such as the threatened loss of a major colonial possession.

17. None of the major potential contenders for power now awaiting the retirement of Salazar appears capable of hastening his departure by precipitate action. The ambitious Defense Minister, Botelho Moniz, who has carefully screened out of the armed forces, or neutralized, most of the officers not responsive to his wishes, holds important trump cards, but is aware that any overt action on his part would be known to PIDE, and hence to Salazar. Moniz' predecessor, Colonel Fernando dos Santos Costa, is currently out of the government, but he retains strong pockets of influence within the more conservative and wealthy classes of Portugal, amongst hyper-nationalist general staff officers, and with members of the Portuguese Legion, the patriotic organization of the National Union. It is improbable, however, that he could rally enough support from the military to oust Salazar—a move he would be unlikely to make in any event unless the internal situation had become chaotic. Furthermore, if he attempted a coup he would almost certainly be challenged and probably eliminated by Moniz.

18. Salazar's most likely choice as a successor would probably be a strong regime "team man" whose selection would not set off rivalries amongst contenders within the military. In this category Theotónio Pereira, who currently holds the top cabinet coordinating job behind Salazar, that of Minister of the Presidency, would appear to have the inside track. Pereira is a capable official and if he should succeed Salazar, there is a good chance that he would undertake much needed programs of economic development and expansion. However, Pereira could not survive without the support of important elements of the armed forces. Such support would probably be initially forthcoming—especially if Pereira were Salazar's announced choice—but its continuation would depend on his early successes in office. Pereira's predecessor, Marcello Caetano, is another possible candidate, although he is probably not the favorite of the military.

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19. We believe that inability, due to failing health, to continue to bear the load of governmental leadership may induce Salazar to resign voluntarily some time during the next year or so. If he does so, he will certainly prepare the way with great care, and will attempt to minimize the power and influence of the other contenders before designating his successor. If Salazar should die or become incapacitated before his choice is made known, and President Thomaz foresaw a potential struggle for power, he might seek to forestall this by naming a junta of civilian and military leaders. Such a junta would probably contain Marshal Craveiro Lopes, the colorless but respected ex-President of Portugal.

20. It is unlikely that a junta could operate successfully for very long. It seems improbable that both Santos Costa and Botelho Moniz could be fitted into the same group, and the exclusion of either would pose a threat to the junta's existence. Salazar's departure would certainly stimulate the ambitions of oppositionists of every political color and weaken what national unity now exists. If the successor government began to deteriorate, the possibility cannot be excluded that General Delgado would attempt a return.

21. In any case, it is certain that no successor government will enjoy the public prestige of Salazar's. Political and economic pressures that he has been able to control will assert themselves, and the new leaders of Portugal will find it necessary to yield in some measure. More liberal economic policies, giving greater scope for development and providing more social benefits for the mass of the population, may over a period of time bring about a better-balanced and more durable body politic. In the short term, however, Portugal's economic stability, which Salazar has been at such pains to nurture, is likely to suffer. The consequent uncertainties and strains may result in further governmental changes, and the regime which immediately succeeds Salazar's may prove to be only an interim affair. More importantly, this more fluid situation will provide the small but efficient and disciplined Communist Party with opportunities for exploitation.

V. EXTERNAL PROBLEMS OF PORTUGAL

22. Portugal's attachment to the Western Alliance has been firm under Salazar, although

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for making its Atlantic islands available as base sites. Given Portugal's traditional ties with the UK, its geographical position, and its strong anti-Communist orientation, it is unlikely that the country would conduct a foreign policy which ran counter to primary Western interests. However, the country's disposition to cooperate fully with the West could in time diminish in the event of deepening differences between Portugal and its allies over colonial matters.

23. *Portuguese Overseas Territories—Policies and Problems.* Portugal considers its territorial possessions overseas as integral parts of Portugal.⁵ It regards them as a symbol of its proud past and as essential to its international standing. Some are also valuable earners of foreign exchange and are potentially of great economic importance. Consequently, the Portuguese place top priority on the retention of every foreign holding, no matter how small or poor. They regard Britain's relinquishment of its Empire as a dangerous folly, and the Belgian and French concessions to native nationalism in their African territories as policies of weakness. The US is also suspected by the Portuguese because they believe US policy reflects a national tradition of hostility to colonialism. At the same time Portugal is not unaware that native resentment against its rule is growing in the territories, especially in Angola, Mozambique, and Portuguese Guinea. Under these circumstances, Portugal tends to place the blame for the difficulties it encounters in the territories on the policies of its Western allies.

24. Portuguese policy in its overseas possessions is a curious mixture of indifference to the lot of the native, half-hearted efforts to elevate him from savagery, repression of all dissident voices, and cheerful assertion that in fact no problems exist. It is probably true that nationalism has as yet infected very few

⁵ The Azores and Madeira are administered as provinces of metropolitan Portugal.

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of Portugal's native subjects; the vast majority have been deliberately denied even a primary education. However, natives from the Portuguese territories in Africa are more and more seeking employment in neighboring and more advanced countries where they come in contact with nationalist sentiment, particularly in the Belgian Congo, Nyasaland, and Guinea. It is unlikely that Portugal can avoid serious unrest in its African territories over the next two or three years. The effects of such developments could seriously shake the hold of whatever regime exists in Lisbon. On the other hand, if a serious outbreak should occur, the government would use the threatened loss of one of its possessions in an effort to unify the Portuguese public.

25. Whatever the circumstances, Portugal's problems with its overseas territories are almost certainly going to increase over the next few years. As these interests come into conflict with other commitments, such as the maintenance of a division for NATO, Portugal will not hesitate to act in defense of its African possessions at the expense of its NATO obligations. However, we feel that, unless there is a head-on clash between Portugal and its allies over allied failure to support

Portugal's colonial policies and practices, Portugal is unlikely to restrict the use of its Azores bases. All the likely candidates to succeed Salazar are disposed to a continuation of Portuguese NATO obligations, and are generally considered friendly to the US.

26. *Portugal and Spain.* Peninsular solidarity with Spain has been a cardinal principle of Salazar's foreign policy. Portugal will probably continue to seek Spain's admission to NATO, and generally to pave the way for close collaboration between its neighbor and Western Europe. Because of the intimate relationships between Portugal and Spain, and the affinity of their political ideologies, a change of regime in either country would encourage dissident elements in the other and might under some circumstances precipitate antiregime action. Furthermore, when and if a new government in either country were to lift existing restrictions on personal freedom or loosen economic controls, uneasiness and dissatisfaction would almost certainly increase in the other.

27. It is highly unlikely that even a restoration of the monarchy in Spain would materially increase the number or the chances of the few serious supporters of the Bragança dynasty in Portugal.

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APPENDIX A

PRINCIPAL BASE FACILITIES PROVIDED BY PORTUGAL

I. U.S. AIR FORCE INSTALLATIONS

Place	Type	Status
Terceira (Azores)	<i>Lajes Air Base:</i> Major facility suitable for strategic bomber, transport, and/or air refueling operations.	US has bilateral agreement with Portugal for use of this facility in fulfillment of US NATO obligations. Other NATO allies do not have access rights. The agreement expires 31 December 1962.
Santa Maria (Azores)	1. <i>Santa Maria Air Base:</i> Staging base for strategic bomber operations and air refueling. 2. <i>Vila do Porto:</i> Principal port and POL storage facility for Santa Maria and Lajes.	ditto. ditto (this facility still under construction).

II. U.S. NAVAL INSTALLATIONS

Place	Type	Status
Terceira (Azores)	<i>Lajes Naval Air Facility:</i> Includes a port facility for support of the air base.	US has bilateral agreement with Portugal for use of both facilities in fulfillment of US NATO obligations. Other NATO allies do not have access rights. The agreement expires 31 December 1962.
São Miguel (Azores)	<i>Ponta Delgada Naval Facility:</i> <div style="border: 1px solid black; height: 20px; width: 200px; margin-top: 5px;"></div>	

III. NATO INSTALLATIONS

Place	Type	Status
Lisbon	<i>POL and Naval Ammunition Storage Facility.</i>	Under construction for wartime availability to NATO users (presently designated as the US and Portugal).

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APPENDIX C

OVERSEAS PORTUGAL

1. Overseas Portugal includes all the remaining holdings of what was once the formidable Portuguese empire. Most of the overseas territories have been under the Portuguese flag for several centuries, although the two largest and most important, Angola and Mozambique, were not developed or brought under effective colonization until the 19th century. Goa, on the other hand, has enjoyed representation in Lisbon since the early 19th century, and Goans have served in responsible posts throughout the Portuguese empire.

2. Portuguese policy towards its territories has evolved as a mixture of enlightened theory and repressive practice. Individual natives are considered the equals of continental Portuguese when they have achieved a certain level of cultural sophistication. They are then entitled to official status as citizens, or *assimilados*. However, the administration of the territories is generally so rigid, harsh, and penurious that the great mass of natives has no opportunity to escape from what the Portuguese call "an uncivilized state."⁶ As uncivilized subjects of Portugal they have virtually no rights, only such schooling as the Church provides in scattered areas, and are subject to being drafted as forced laborers for use by the European settlers.

3. Official insistence in recent years that the overseas territories be considered integral parts of Portugal springs from the widespread fear that any reduction of its holdings would weaken Portugal's claim to be a world "civil-

⁶ Except in the Cape Verde Islands, Portuguese India, and Macao where the entire native populations are considered civilized.

izing power." To this end Lisbon also directs almost all the affairs of the territories, and the PIDE maintains close control over any native or settler suspected of separatist tendencies. The same attitude accounts for Portuguese reluctance to permit outsiders in the territories—a fact that has inhibited foreign investors from contributing to the economic development of the territories. It has also helped to limit the development of native nationalism.

4. The overseas territories are bound as closely to Lisbon by economic ties as by political control. Metropolitan Portugal seeks to make up its foreign trade deficits with the surplus balances earned by the overseas territories in selling raw materials and foodstuffs. Generally speaking, the Portuguese Government attempts to make the territorial economies complementary and subordinate to that of the mother country—a policy which does not meet with the favor of the settlers.

5. *Angola* is the largest of the territories and the richest in resources. It has important diamond deposits, now being worked, and the Portuguese claim that other mineral deposits exist, as well as oil. Furthermore, Angola has more potentially exploitable agricultural land than any other African country. However, to date efforts to populate the territory with Portuguese settlers have not been wholly successful. The average Portuguese peasant is not sufficiently skilled to set up a successful venture in virgin land. Furthermore, the government has not developed the territory's communications, housing, and power facilities sufficiently to accommodate mass immi-

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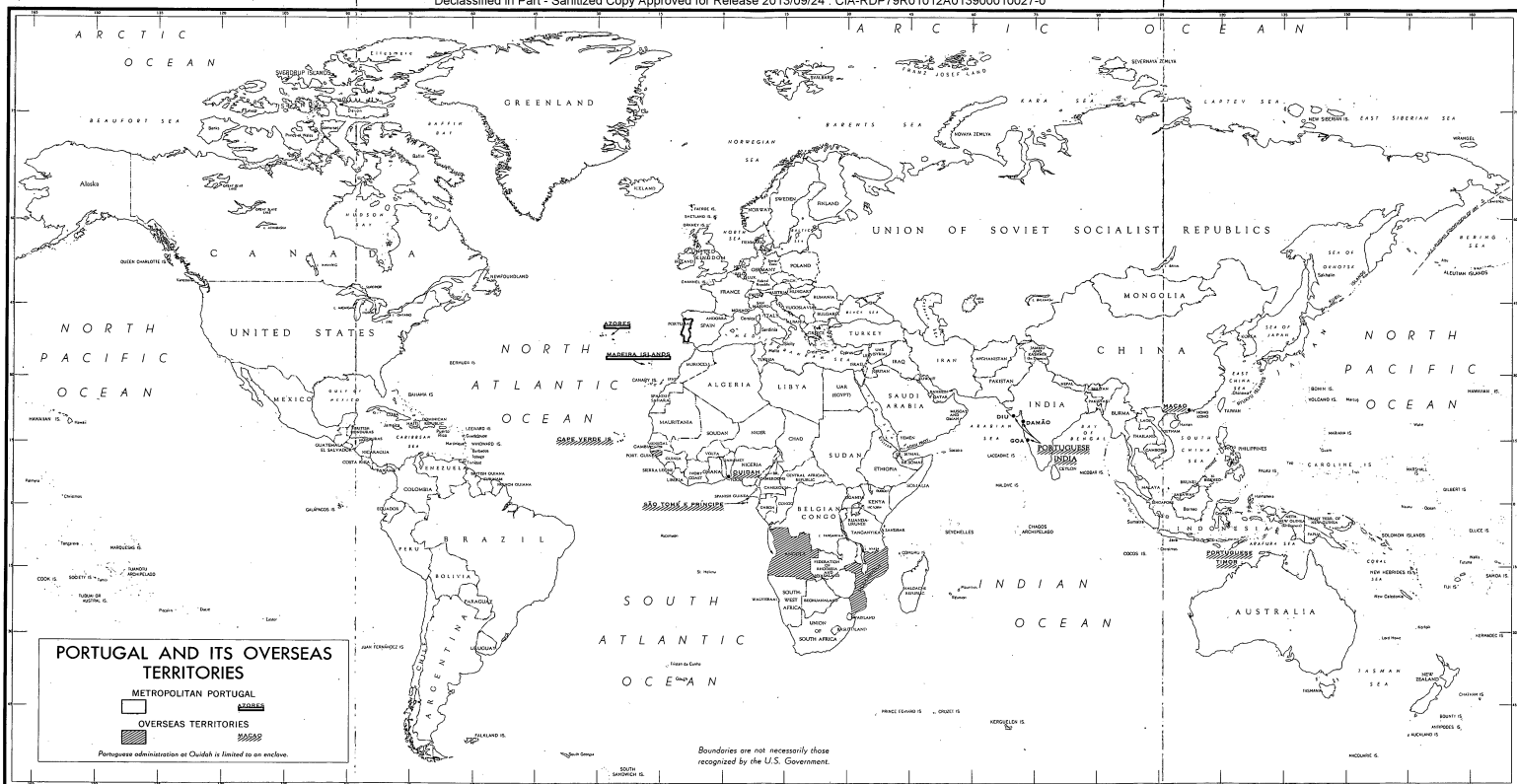
gration. Private investors are still hesitant, in the absence of basic facilities and transportation, to exploit Angola's natural resources.

6. The most prosperous of the territories is currently *Mozambique*, whose ports of Lourenço Marques and Beira are heavily used by the neighboring Federation of Rhodesia and Nyasaland and The Union of South Africa. The Portuguese have slowly bought out various British commercial and transportation interests in Mozambique and have added improvements of their own. Mozambique is accordingly a prime earner of sterling for Portugal. At the same time agricultural production has been increasing and its quality improving, although these advances have largely benefited white settlers rather than the natives. A recent development troubling the Portuguese is the growth of Moslem influence in northern Mozambique—a phenomenon which officials fear will threaten their control of the native population.

7. In the African area, the Portuguese also hold the *Cape Verde Islands* off the West Coast, the largely jungle territory of *Portuguese Guinea*, the small islands of São Tomé é Príncipe, in the Gulf of Guinea, and an enclave in the town of *Ouidah* in Dahomey.

8. Portugal's holdings in India, where the indigenous population appears to be satisfied with Portuguese rule, consist of *Goa* and two smaller possessions, *Diu* and *Damão*. The two latter are landlocked enclaves of India; portions of them were forcibly seized by Indian nationalists in 1954; and access has subsequently been denied to the Portuguese by the Government of India. All these possessions are regarded as offensive to Indian sovereignty by Prime Minister Nehru and have been intermittently subjected to pressure by Indian nationalists. Nehru has, however, announced that Indian control of Portuguese India will be sought only by peaceful means, and for the time being a recurrence of the border violations of 1954 seems unlikely. There appears to be no immediate threat to Portugal's tiny settlement in China, *Macao*, which survives principally on shipping revenues and smuggling. Portugal holds the eastern part of the island of *Timor* in the Indonesian archipelago and an enclave in the western part of the island. Indonesia will eventually almost certainly assert claims to this territory. At present, however, Portuguese relations with Indonesia seem to be good; President Sukarno was recently warmly received in Lisbon.

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