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U.S.-PORTUGUESE RELATIONS
AND
FOREIGN BASE RIGHTS IN PORTUGAL

by

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This thesis examines the United States' relationship with Portugal and its significance for past, present, and future U.S. use of basing facilities in the Azores. The U.S.-Portuguese relationship is grounded largely in U.S. geostrategic imperatives and Portuguese military needs. Several factors, including changes in the USSR and Eastern Europe and Portugal's economic revitalization and increasing ties with Europe, justify a reappraisal of certain aspects of Portugal's military relationship with the United States. It would be advantageous on many grounds to cultivate improved social, political, and economic ties between the United States and Portugal and thereby complement the security relationship, including U.S. access to Azorean bases. This thesis also analyzes Portuguese relations with France and the Federal Republic of Germany - the two other nations granted base rights in Portugal. This allows an extensive comparative analysis of French, West German, and American basing relations with Portugal. Finally, the thesis examines the Portuguese military's status in society and politics.

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U.S.-Portuguese Relations
and
Foreign Base Rights in Portugal

by

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ABSTRACT

This thesis examines the United States' relationship with Portugal and its significance for past, present, and future U.S. use of basing facilities in the Azores. The U.S.-Portuguese relationship is grounded largely in U.S. geostrategic imperatives and Portuguese military needs. Several factors, including changes in the USSR and Eastern Europe and Portugal's economic revitalization and increasing ties with Europe, justify a reappraisal of certain aspects of Portugal's military relationship with the United States. It would be advantageous on many grounds to cultivate improved social, political, and economic ties between the United States and Portugal and thereby complement the security relationship, including U.S. access to Azorean bases. This thesis also analyzes Portuguese relations with France and the Federal Republic of Germany - the two other nations granted base rights in Portugal. This allows an extensive comparative analysis of French, West German, and American basing relations with Portugal. Finally, the thesis examines the Portuguese military's status in society and politics.

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I. INTRODUCTION

The end of the 1980s witnessed unparalleled changes in the international environment. From the collapse of communism in Eastern Europe to the crushing of democracy in China, the impending reunification of Germany, and the apparent unraveling of the Soviet society, the United States' international security agenda for the end of the 20th century was re-ordered by profound events that no one could have predicted. Most importantly, the waning of the Soviet threat forced both the United States and NATO leaders to reevaluate their operating principles for the defense of Western Europe. This thesis offers an analysis of an important dimension of this much larger Western security issue, namely the past, present, and future options for U.S. overseas basing. The thesis devotes special attention to the U.S. military presence in Portugal and the options available for enhanced and mutually beneficial relations between the two countries.

U.S.-Portuguese relations are not rooted in a longstanding friendship along the lines of the British-Portuguese alliance dating from 1373. Instead, the United States interest in Portugal grew out of threats to U.S. national interests, beginning in World War II and then followed by the Cold War. The United States maintained harmony and a commonality of interests first by encouraging Portuguese membership in NATO, and more recently by aiding the Portuguese consolidation of democracy through large security assistance packages. Unfortunately, the forging of friendships by security concerns is probably not the most stable form of international cooperation. Today, with the diminishment of

the threat from the East, there is growing aversion on the part of some U.S. policymakers in Congress to meet the "best efforts" security assistance commitments mandated in the 1983 U.S.-Portuguese basing agreement and reaffirmed by the 1988 consultations. The Portuguese reaction has become one of dismay and disenchantment with the credibility of U.S. foreign policy commitments. This is an inherent vulnerability of relationships that have been politically justified largely in geopolitical and military terms.

Coincidental with the apparent demise of the Warsaw Pact is the emergence of a new Portugal, a Portugal which has cast off its cloak of reclusion and appears confident of its potential to eventually catch up economically with its European neighbors and reassert itself on the international stage (be it in Europe or in Africa). Economically, the most recent indicators support this national feeling of confidence. Economic data from 1989 showed a growth rate of 5.4 percent, $1.5 billion in new foreign investment, $1.17 billion in the form of EC grants, and an unemployment rate of just 4.9 percent, which is below European Community average levels.[1] Politically, Portugal is enjoying the first majority government in its young democratic history under Prime Minister Cavaco Silva. Internationally, the country has gained acceptance to the European Community (EC) and the Western European Union (WEU), has chosen to participate in the European Research Coordination Agency (Eureka), and has expanded ties with its former colonies in Africa. Portugal is proud to see itself as a more deeply involved and

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[1]Alan Riding, "Portugal is Leaving its Poor Past Behind," *The New York Times*, 7 May 1990, p C7.

committed player in European politics as well as in events on the international scene after the relative isolation of the pre-1974 period.

Yet, problems in present day Portugal are far from over. The country still holds one of the lowest GNPs per capita in the Atlantic Alliance, despite its economic advancements in the last four years. Its bureaucracy remains perhaps the most archaic and inefficient in all of Europe. Many feel that the constitution, despite revisions in 1982 and 1989, needs further changes to allow the successful consolidation of democracy, for instance in the electoral system. Most importantly, the government has failed to completely normalize civil-military relations. Portugal's Armed Forces historically lack a tradition of true participation in Western security, due in the past to more pressing concerns in Africa, and more recently because of inadequate resources. The Armed Forces remain underfunded and lack sufficient amounts of modern equipment, naturally leading to a decline in morale. Unrest in the military's ranks is exacerbated by the lack of a coordinated political-military long-range plan, one that both the government and the military fully support. With the loss of the "Ultramar," Portugal's overseas empire, the size of which equaled some 27 mainland Portugals,[2] many feel the military lost its strategic mission. Thus, the military finds it difficult to define its role in society. The Armed Forces made Portugal's rebirth possible with the 25 April 1974 Revolution which ended 48 years of dictatorial rule, but today this once proud and highly politicized Portuguese institution languishes in frustration and increasing

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[2]Thomas C. Bruneau and Alex Macleod, *Politics in Contemporary Portugal, Parties and the Consolidation of Democracy* (Boulder, Colorado: Lynne Rienner Publishers, 1986), p 2.

isolation. The possibility of a military backlash, while remote, should not be ruled out altogether.

The United States, together with other European countries and NATO, has attempted to assist Portugal's transition to democracy. Through political backing, economic assistance, and military aid, the West has served as a guarantor of Portugal's democratic institutions. This Western support has been based in part on concern about the future government of this geostrategically important NATO ally.

It seems that Western aid has so far failed to alleviate the shortcomings of Portugal's Armed Forces. In all fairness, however, the Portuguese government is partly to blame in this regard. Since coming into power in 1974, successive governments have displayed great reluctance to improve the military's standing and have refused to allocate the funding necessary to implement a long-term modernization package. Instead, the government has sought outside assistance to make modernization possible. NATO as a whole has offered little support. The one large NATO project designed to aid Portugal, the MEKO frigate program, took over ten years to be finalized. Portugal has, therefore, relied primarily on those who can be referred to as its "base-rights" countries for military assistance: France, the Federal Republic of Germany, and the United States. All of these countries have bilateral agreements with Portugal allowing the stationing of their servicemen in military facilities on the mainland or in the Portuguese archipelago of the Azores and Madeira. These three countries also provide quid pro quos to Portugal for continued access to these facilities. But, as is explored further in this thesis, these agreements are not without their pitfalls, both in expectations and

actualizations. It seems that only Portugal's commitment to building a credible military establishment can make modernization a reality; no one else can do it for the Portuguese.

This thesis suggests that Portugal's apparent move toward closer alignment with Europe does not preclude the possibility of greater U.S.-Portuguese cooperation in the social, cultural, economic, political, and military fields. Despite the perceived decrease in the Soviet threat, enhanced U.S.-Portuguese relations are as important now, if not even more, than in the past. In order to come to this conclusion one must delve into the numerous factors which together comprise the totality of bilateral relations between the two countries. The necessary juxtaposition of seemingly unrelated topics in this thesis is intended to shed light on the prospects and problems in achieving a mutually beneficial U.S.-Portuguese basing agreement in 1991.

This thesis is divided into six main parts, with Chapters I and VIII being the introduction and conclusion. Chapter II reviews the historical development of the U.S. overseas basing system. It examines the basis for what critics refer to as an overstretched U.S. worldwide position and explores possible future trends. The latter half of the chapter deals specifically with the development of U.S. interests and facilities in the Azores and Madeira. Chapter III serves as a linkage between the U.S. need for access to overseas bases and the security assistance program. Particular attention is given to the growth of Congressional influence in the foreign policy agenda of the executive branch. This chapter does not focus on Portugal, but serves as a more generalized approach to the hotly contested issues of U.S. foreign aid and security assistance. Chapter IV introduces the reader to the

end of Portuguese dictatorial rule and the rebirth of Portuguese democracy. It traces the somewhat uneven pursuit of democratic consolidation and normalization of the Armed Forces. This chapter ends with Portugal's movement toward closer alignment with Europe in the EC, WEU, and Eureka. Chapter V explores the growing alignment of Portugal with its European neighbors, namely France and the Federal Republic of Germany. These two countries hold a unique relationship with Portugal in that they are the only European countries with basing rights on Portuguese territory. This circumstance provides an opportunity to compare the similarities as well as the differences that distinguish European-Portuguese base negotiations with those between the United States and Portugal. Chapter VI complements Chapter V by highlighting the same variables explored in Chapter V affecting European base negotiations and seeing how they measure up to those from a U.S. standpoint. This chapter includes an outline of the role the United States has played and will continue to play in the future of the Portuguese military modernization effort. Finally, Chapter VII examines the internal nuances in Portugal since 1987 which might frustrate the implementation of coordinated U.S.-Portuguese plans, particularly in respect to the Portuguese military. Particular attention is given to the recent political-military schism that appears to be growing. This chapter also offers reflections about the probable future orientation of Portuguese foreign policy as well as judgments about which course of action may best suit U.S. national interests.

This thesis is based upon a wide range of resource material, both formal and not so formal (including unpublished sources). In particular, extensive use was made of the Foreig.. Broadcast Information Service (FBIS), Congressional records,

and the works of James R. Blaker and Katherine T. Walter (as yet unpublished), Thomas C. Bruneau, Robert E. Harkavy, and Alvaro Vasconcelos. Special thanks are also in order to the U.S. Embassy in Lisbon, especially Fernanda Andrade and all those in the Economics Department as well as the MAAG without whose help much of Chapters IV and V would not have been possible. Additional invaluable help in the field of cultural affairs was provided by M. L. Asquino of the United States Information Agency (USIA). For ease of reading, all figures are gathered in the Appendix and will be referred to in the text simply by their figure number. It is the author's hope that this thesis will lend some insight to the wide range of issues that must be considered if the formalization of lasting and mutually beneficial bilateral agreements between the United States and Portugal is to be achieved.

II. THE UNITED STATES OVERSEAS BASING SYSTEM

A. INTRODUCTION

Following in the footsteps of other great maritime nations, the United States developed a massive array of overseas bases in the post-World War II environment. But, unlike its predecessors, the United States went overseas not to colonize, but to contain the expansionist tendencies of another power, the Soviet Union. Before the onset of World War II, the entire number of U.S. overseas bases totaled fewer than 100. By the end of the war, there were 2,000! This was an unmatched feat. Never before had a country built so much so quickly.[1] Numerous bases provided obvious benefits. By and large they were inexpensive, allowed redundancy, and gave the U.S. strategic flexibility.[2] Then, with the war over, the U.S. no longer felt a need to maintain the large war-imposed basing system. By 1949, the United States had closed three-quarters of its overseas bases. It took Soviet expansionism and the Korean War to push the United States back into large-scale overseas basing. The number of overseas base sites grew correspondingly with a 40 percent increase during the 1950s and a 20 percent increase during the Vietnam War. After a moderate constriction, the present number of U.S. overseas bases stands at roughly the same level as that during the Korean War.[3]

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[1]James R. Blaker and Katherine T. Walter, *U.S. Overseas Basing: An Anatomy of the Dilemma*, 1989 (unpublished paper), p 25

[2]*Ibid.*, p 37

[3]*Ibid.*, p 41

This chapter does not attempt to establish a definitive count on the number of overseas base sites. Numerous approaches have been used in the past, and it is inconsequential to the conclusions of this thesis. What is important are the trends and their effects on the present basing network. The two most noteworthy differences between the present system and that which existed in the immediate post-war are that the greatest number of bases is in Western Europe (80 percent) and therefore tend to be located in industrialized nations rather than in the poorer non-industrialized countries (the more traditional pattern).[4] The first part of Chapter II is dedicated to an evaluation of the present overseas basing system. The second half focuses on the Atlantic side, and in particular, on the past, present, and future contributions of the Azores to Western security.

B. RECENT UTILITY OF THE OVERSEAS BASING SYSTEM

There are other areas of interest besides Europe where the use of basing assets is crucial - for example in the Middle East, Southwest Asia, Far East, South Pacific, Caribbean, and even Africa. The United States has historically been extremely weak in its ability to project power into certain areas because of the lack of nearby bases. In an effort to upgrade its position the Rapid Deployment Force or RDF (today referred to as the U.S. Central Command, US CENTCOM) negotiated agreements with Portugal, Spain, and Morocco. Through the agreements with Spain and Morocco, the U.S. obtained complementary facilities in Saragoza, Moron, Torrejon, and Rota, and in the air-naval base of Kenitra. There are obvious problems with a heavy reliance on the latter two countries. Spain, as of yet not a

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[4]Blaker and Walter, *U.S. Overseas Basing*, p 60

member of the integrated NATO military structure, is not amenable to unlimited U.S. use of its facilities and Morocco, as an Arab country, cannot be expected to cooperate fully in U.S. actions against Arab states which threaten U.S. security interests.[5] Portugal, however, according to an informed source, agreed to allow the use of Lajes by the RDF in support of moderate Arab states.

The Iran-Iraq War, which lasted from 1980 to 1988, exposed the lack of U.S. overseas basing facilities in the Middle East and Southwest Asia. Only with great difficulty and at considerable expense did the Administration maintain a naval presence in the region. Past agreements with countries like Bahrain proved to be invaluable, but not independently sustainable. Due to logistics, resupplies originating in either the United States or Europe had to pass through one or more bases before arriving at their ultimate destination. In fact, a large number of American resupplies throughout the war came via the Azores.[6] Therefore, Portugal, while 4,500 miles from the Persian Gulf, contributed significantly to U.S. power projection in that troubled region.

The Middle East during the 1980s remained the most volatile area in the world. *The Future of Containment*, report for the Commission on Integrated Long-Term Strategy outlined the following causes of the imbalance: (1) the political instabilities in the region which put in question the likelihood of a strong and timely defense if the Soviet Union were to move militarily; (2) the lack of interest

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[5]Alvaro Vasconcelos, "Portugal in Atlantic - Mediterranean Security," in *Politics and Security in the Southern Region of the Atlantic Alliance*, edited by Douglas T. Stuart (Baltimore: The Johns Hopkins University Press, 1988), p 121.

[6]Congress, House, Subcommittee of the Committee on Appropriations, *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990*: Hearing before a Subcommittee of the Committee of Appropriations, Part 7, 101st Cong., 1st sess., p 446.

by our European and Japanese allies in defending the area (seen as "out-of-area" by NATO); (3) the unwillingness of most of the Arab governments to have a U.S. military presence on their territory; and (4) the long distances for our forces to travel and uncertain access to the bases our forces would need to reach the area and operate in it.[7] Whether the scenario be a Soviet incursion, another Iran-Iraq war, or a possible ballistic missile exchange, it is likely that the United States will be involved in some manner. The "Tanker Wars" in the Persian Gulf necessitating U.S. intervention constitute just one example. With the current U.S. security guarantee to Israel, the possibility of future involvement in the region is heightened. Therefore, while the threat of a Soviet invasion into the Middle East might be diminished, the regional instabilities are equally troublesome to long-term U.S. national security interests.

C. ADVANCEMENTS IN THE OVERSEAS BASING NETWORK

According to the authors of the *Discriminate Deterrence* report, "The United States must develop alternatives to overseas bases...."[8] The main arguments in support of this perceived need are that foreign bases are not as reliable as they once were, and they have become more costly. This increased resistance by U.S. allies and friends has led many to question the viability of the present system and the way in which the Administration has conducted base negotiations. Thomas E. Crocker proposed three essential lessons to be learned from the United States'

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[7]*The Future of Containment, America's Options for Defending its Interests on the Soviet Periphery*, Report by the Offense-Defense Working Group, Submitted to the Commission on Integrated Long Term Strategy, October 1988, p 23.

[8]*Discriminate Deterrence*, Report of the Commission of Long Term Strategy, Co-Chairmen Fred C. Ikle and Albert Wohlstetter, January 1988, p 22.

expulsion from the Torrejon base in Spain. These lessons, while perhaps intuitively obvious, deserve recognition:

- Simply because a base has existed for 30-odd years does not mean that it will continue to do so indefinitely. The United States must display flexibility and imagination in its approach to base negotiations.
- The United States must review the importance of each facility under negotiation de novo and in light of changing strategic and tactical considerations. The goal should be to compose realistic categories of bases that are and are not essential to U.S. security.
- The United States must give full credence to the political ramifications in the host country that U.S. bases engender. The importance of these factors argues for a continued lead role for the Department of State (DoS) in conducting base negotiations.[9]

Not only are changes in the threat raising questions about the continued viability of certain overseas bases, but improvements in technology are also making certain facilities obsolete, much like the jet airplane did to the many small post-war Pacific bases. For example, the proliferation of satellite communications will reduce the function of many communication stations to reserve status. These bases would only be necessary in the event of satellite neutralization by a Soviet (or third-party) ASAT system. The same trend is visible in moves to preposition material (POMCUS) in allied nations.in order to offset the necessity of large airlifts of equipment - the heaviest material - in times of crisis. Another continuing initiative involves expanding the number of forces and equipment afloat which would be available to respond to crisis situations. Presently, 13 Marine Prepositioning Ships (MPS) supporting a total of three Marine Amphibious

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[9]Thomas E. Crocker, "European Base Negotiations," in *The Washington Quarterly*, Spring 1989, Volume 12, Number 2, p 58

Brigades (MAB) of 1,600 men each are being formed. This force will complement the Near Term Prepositioning Force (NTPF) at Diego Garcia and the two Marine Amphibious Units (MAUs) regularly deployed in both the Pacific Ocean and the Mediterranean.[10]

Recognizing the strategic foresight behind developing contingency plans for overseas basing, the above argument must nevertheless be judged carefully. In an enormously large overseas basing system there are only a handful of countries which both receive security assistance from the United States and allow access to U.S. troops. These so called "base rights" countries are listed below in Figure 1. Although the matter will be discussed in detail in the following chapter, historically, the United States spends little in terms of security assistance for the benefits received. While permanently stationed troops offer the best guarantee of an American security commitment,[11] they also allow U.S. forces the most advantageous position in which to defend or intervene rapidly and decisively. However, there are critics, such as the noted historian Paul Kennedy, who have expressed reservations about the scope of the U.S. worldwide commitment and refer to it as being "at full stretch."[12] But, all matters taken into consideration, it seems rather that the United States can support its global presence. As Harold Brown summarized so well,

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[10]Robert E. Harkavy, *Bases Abroad, The Global Foreign Military Presence*, Stockholm International Peace Research Institute (New York: Oxford University Press, 1989), p 312

[11]*National Security Strategy of the United States*, The White House, March 1990, p 25

[12]Paul Kennedy, *The Rise and Fall of the Great Powers* (New York: Vintage Books, 1987), p 521

> ...the recent widespread concern about U.S. "imperial overstretch" is itself something of an overstretch...Thus the problem is not one of economic exhaustion by our present level of military and foreign aid commitments. It is rather a question of balance among U.S. capabilities - between our commitments and the degree of risk that we are willing to accept....[13]

The bottom line is that a prioritization of national interests must be developed so that present political realities are reflected in the disposition of U.S. forces overseas.

D. A NEW AGENDA

Despite differences of opinion over the degree of U.S. "overstretch," a new trend towards constriction of overseas basing is apparent today. As one author concluded,

> The patchwork quilt of overseas bases that the United States has stitched together since the end of World War II is slowly fraying at the seams.[14]

What then are the factors affecting the future utility of overseas basing system? What future threats might the United States expect to encounter? What are the most effective means of projecting power in foreign countries? Does the decrease in East-West tensions indicate an end to the cold war, or is the international system only being "defrosted?" The answers to these questions dictate the future strategic policy of the United States. The possible gains as well as costs are therefore enormous. The prevalent thesis in comparative studies of overseas basing options

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[13]Harold Brown, "Choices for the 1990's: Preserving American Security Interests through the Century's End," in *America's Global Interests, A New Agenda*, edited by Edward K. Hamilton, (New York & London: W W Norton & Company, 1989), p 163.

[14]Crocker, "European Base Negotiations," p 55.

is that the value of a base cannot be understood alone, but only in its interrelationship with other bases. Such studies concentrate on the factors which connect and reinforce the overseas basing network. *The Future Security Environment*, a report of the Future Security Environment Working Group, recommended that a,

> ...comprehensive audit of America's basing infrastructure is needed, with a view not merely to economy, but to strategic demands and the politics of basing issues, abroad and even at home.[15]

The current fiscal and political realities necessitate a change in the overseas network system. In terms of the Atlantic, and in particular Europe, the two main prerequisites that foreign base sites will need to fill in the future are an airfield capable of handling large numbers of missions and port facilities. It is likely that the Navy will be tasked with a greater share of the overseas security burdens in the future. In part, what Alvin Cottrell and Thomas Moorer predicted back in the mid-1970s appears validated today:

> Thus, of necessity, naval forces will increasingly become the key - if not the only - service capable of projecting U.S. influence abroad, given the political and military environment for the future. This will have to be achieved largely from bases or facilities on the coasts of the United States, with recourse to only a few scattered facilities abroad.[16]

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[15]*The Future Security Environment*, Report of the Future Security Working Group, submitted to the Commission on Integrated Long Term Strategy, October 1988, p 71.

[16]Alvin J. Cottrell and Thomas H. Moorer, *U.S. Overseas Bases: Problems of Projecting American Military Power Abroad*, The Washington Papers, Volume V, #47, The Center for Strategic and International Studies, Georgetown University, Washington D.C. (Beverly Hills / London: Sage Publications, 1977), p 63.

The crucial decision will be which "few scattered" bases shall be among those chosen. As it appears certain that the United States will decrease its presence in Western Europe through a combination of unilateral cuts and treaties, there will most likely be a subsequent shift in the United States' contribution to collective security from forward defense to strategic reinforcement. This is Senator Sam Nunn's opinion, and as head of the Senate Armed Services Committee it is safe to say that it he is not alone in this respect. In outlining his five essential elements of a new military strategy, Senator Nunn stressed that,

> Our forward deployed forces should be reduced consistent with the changes in the threat while placing much greater emphasis on increased specialization among allied nations and much greater reliance on reinforcement with deployable U.S. combat forces to support our allies (emphasis added).[17]

Senator Nunn's views seem to be quite similar to those of President Bush with regard to the future of overseas basing. In the 1990 statement of the *National Security Strategy of the United States* the following point is made:

> ...adjustments in our overseas presence will be made. Yet-even as the total of U.S. deployed forces is reduced-we will work to maintain a U.S. presence where needed. And, where appropriate, we will work to ensure continued access to to facilities that will permit a prompt return of U.S. forces should they be required.[18]

It appears that leading American politicians as well as public opinion are interested in reestablishing the United States' post-war resupply role and distancing itself from a further commitment of US troops overseas in peacetime. If

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[17]"Sen. Nunn on Vision of Military," in *The New York Times*, Friday, April 20, 1990, p A10.

[18]*National Security Strategy of the United States*, p 26.

this is indeed the case, it ought to be recalled that during World War II airlift provided less than three percent of all inter-base transfers during the war and less than one percent of total tonnage movements.[19] While there is no substitute for the rapid movement of "high value" men and equipment by air, if the United States adopts a retrenched position and relying more on massive reinforcements, then the majority of the lifts will have to come by sea. Since it is the combined air and sealift capabilities of the United States that distinguish it from the USSR or any other power,[20] Western security will continue to rely on access to overseas base sites, regardless of future alignments - with or without NATO.

E. THE CURRENT DILEMMA

It is increasingly difficult to predict changes in the international security environment. There are no easy answers and each policy decision must also have the latitude to adjust to the unexpected. As one author drew the comparison,

> In the British game of cricket, after a particular successful "at bat," a team can voluntarily "declare" its turn at bat over and play defense against the opponent's batsmen, and thus hope to win the game. Were it possible for the United States to stand down on the record of the postwar period, one could be tempted to do so. It is not likely that our batsmen will be successful in their next inning. But international relations provide no such option. The game continues without respite, bringing an unending succession of new opponents with new pitchers and new batsmen never encountered before.[21]

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[19]Blaker and Walter, *U.S. Overseas Basing*, p 31.

[20]*Ibid*, p 71.

[21]Graham Allison, "National Security Strategy for the 1990's," in *America's Global Interests, A New Agenda*, edited by Edward K. Hamilton (New York and London: W.W. Norton & Company, 1989), p 211.

Unfortunately, the real world of the 1990s does not hold open any of the options of the game of cricket. With the Soviet Union in a state of continual flux, long-term U.S. strategic planning becomes extremely difficult. It is because of this uncertainty that the United States should resist drastic changes in its overseas basing system and shun isolationist tendencies. It is simply in the national interests of the United States to play a central role on the international stage. While the intoxicating effects of Eastern Europe's political rebirth are delightful, they may also sway some American policymakers to act unwisely. Public opinion questions why it is necessary to maintain large numbers of servicemen in Central Europe when there is no longer a perceived threat from the Soviet Union, and point to the windfalls that a "peace dividend" would bring. "Bring the boys home" is the reborn rallying cry of the new "post-Cold War nationalists."[22] A recent poll found that 47 percent of the people interviewed agreed with the following statement:

> We should bring our troops home and limit our military involvement to defending our own borders - and we should gradually end our treaty commitments and let our allies take care of themselves.[23]

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[22]According to a recent work, the lack of political consensus with regard to foreign affairs in the post-Vietnam environment has given birth to three identifiable groups: 1. Those who accept the Cold War norms and see all international conflicts along East-West lines; 2. The post-Cold War internationalists who support an active U.S. role overseas, but prefer a policy less heavily orientated toward the military; 3. The post-Cold War nationalists who advocate an almost complete U.S. disengagement from world affairs with priority given to domestic concerns. For further reading see Robert B. Mahoney and David L. Wallace, "The Domestic Constituencies of the Security Assistance Program," in *America's Global Interests, A New Agenda*, edited by Edward K. Hamilton (New York and London: W.W. Norton & Company, 1989), p 157.

[23]John Marttila, "American Public Opinion: Evolving Definitions of National Security," in *America's Global Interests, A New Agenda*, edited by Edward K. Hamilton (New York and London: W.W. Norton & Company, 1989), p 306.

These tendencies, although disturbingly isolationist, may not be entirely without justification. East-West tensions occupied U.S. security concerns for so long that they alone became the tool for measuring the state of international stability and security writ large. It is therefore increasingly difficult to make the general public understand the continuing prospects for instability and potential conflict in international relations. Unfortunately, those who proudly proclaim that the cold war is over and along with it a diminished threat are visualizing international security in the myopic framework of that purportedly bygone era. While this is perhaps a gross oversimplification, the point is that a decreased threat from the Soviet Union is not the sole yardstick by which to measure America's overseas basing needs. The emphasis in creating a new overseas basing posture should not depend solely on American-Soviet relations. There are numerous other potentially explosives scenarios in the Middle East and Central America, for example, which warrant a worldwide American presence. In this regard, it is precisely the multifaceted capabilities of the Azores, not limited to East-West contingencies, which distinguishes and sets it above other overseas bases.

F. INTRODUCTION OF THE AZORES TO WESTERN SECURITY

While U.S. interest in the Azores dates back to World War I,[24] the islands became increasingly viewed as a strategic necessity during World War II. Although technically neutral throughout the war, Portugal eventually acceded to the demands of Britain and the United States to allow allied base rights in the

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[24]Ambassador Calvet de Magalhaes, *"Portugal and the United States--Their Relations in the Area of Defense,"* p 6 [date not known].

Azores. In return, Salazar received the guarantee that the United States and Britain would respect Portuguese sovereignty over its overseas colonies. There were, in reality, few other options for Salazar. Alignment with Nazi Germany, although offered, was out of the question. Salazar believed that he risked an armed takeover of the Azores if he either resisted Western demands or aligned with the fascist powers. His beliefs were correct. As early as 1940 the British cabinet developed plans to occupy the islands and in 1943, at the Trident Conference, both the United States and Britain agreed to a joint occupation plan if Portugal rebuffed their demands.[25] Salazar delayed negotiations as long as he could, fearing both German and Spanish reprisals.[26] Once the German threat had receded to a manageable degree in 1944, Portugal granted the United States access to the island of Madeira (the British formally received access in 1943). One of Salazar's legitimate concerns was the length of stay of his American guests. Initially designed as a temporary agreement lasting through the end of the war, the United States' presence in the Azores remains to the present day.

Fears of a successful communist revolution in Greece allowed the United States to allocate direct financial aid to Greece and Turkey under the auspices of the Truman Doctrine. President Truman's speech before Congress on 12 March 1947 urged Americans "to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressure."[27] The Truman Doctrine

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[25]Kenneth G. Weiss, *The Azores in Diplomacy and Strategy, 1940-1945*, Professional Paper #272, Center for Naval Analyses, Alexandria, Virginia, March 1980, p 12.

[26]*Ibid.*, p 15.

[27]Quoted in Lawrence S. Kaplan, *NATO and the United States* (Boston: Twayne Publishers, 1988), p 185.

presaged the United States' establishment of a string of overseas base across the Mediterranean basin, extending from Turkey in the Near East out to the Azores in the mid-Atlantic. There appeared to be little doubt that without an American presence, Soviet expansion would proceed unchecked into the battered countries of post-war Europe. The strategy of containment necessitated this extensive American overseas presence; this was a legitimate as well as a necessary instrument of American power, which was morally justifiable and a symbol of the American role in the world.[28] The Azores, located approximately 850 miles west of the continent, constituted a vital link to containment along NATO's southern flank. From this outpost in the mid-Atlantic, the United States could project both its naval and air arms as a means to reinforce Europe and the Mediterranean countries. The Azores were not the only stop along the way. Basing agreements in Spain and Italy also provided follow-on stations toward ultimate destinations farther east, but the Azores were the first stop. The Azores allowed strategic flexibility. Instead of routing trans-Atlantic resupply via Iceland and the United Kingdom or across the South Atlantic by way of the costly and slow Latin American basing network, the air base at Lajes could be reached directly from all East Coast points of embarkation.[29]

G. FACILITIES IN PORTUGAL AND THE ARCHIPELAGO

The United States has developed extensive facilities over the 46 years it has enjoyed access to the Azores and Madeira. The most significant facilities are those related to ASW, communications, POL (Petroleum, Oil, and Lubricants) storage,

[28]Blaker and Walter, *U.S. Overseas Basing*, p 34.

[29]*Ibid*, p 41.

and of course, the airfields. The Azores and Madeira, as seen in Figure 2, encompass two points of Portugal's strategic triangle and are ideally situated to accomplish a variety of missions. This shaded area in Figure 2, is under the jurisdiction of CINCIBERLANT, a NATO operational command, headed since September 1982 by a Portuguese three star Admiral.[30] The area bounded by this strategic triangle effectively covers all of the Atlantic routes allowing access to the Mediterranean Sea via the Straits of Gibraltar. It is held that, "in an emergency one of these can substitute for the others."[31] It should also be noted that in addition to military traffic, two-thirds of the merchant shipping bound for Europe must transit Portugal's strategic triangle.[32] Perhaps the most significant contribution of this sector is the surveillance of Soviet submarines and surface traffic transiting the Mediterranean, as well as the South Atlantic and the North-South runs off the North Atlantic coast. Surveillance missions are performed primarily by U.S. P-3 aircraft operating mostly out of Lajes on the island of

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[30]VADM J. N. Cardoso Tavares, "CINCIBERLANT: The Key to NATO's Southwestern Flank," in *Naval Forces*, No. IV, Vol VI, 1985, p 35.

[31]Albano Nogueira, "Portugal's Special Relationship: The Azores, the British Connection, and NATO," in *NATO and the Mediterranean*, edited by Lawrence S. Kaplan, Robert W Clawson, and Raimando Luraghi (Wilmington, Delaware: Scholarly Resources Inc., 1985), p 94.

[32]Tavares, "CINCIBERLANT," p 35.

Terceira and a SOSUS facility on the island of Santa Maria.[33] P-3s are not permanently stationed in the Azores, but rather rotate through on 179-day deployment cycles. The SOSUS net off the Azores is just one of the many hydrophone arrays the United States positioned throughout the world to detect and trail Soviet submarines, as seen in Figure 3. The array's best detection area is that east of the Atlantic ridge.[34] In addition to the SOSUS facility, Santa Maria's Azores Fixed Acoustic Range also carries out research dealing with LF (low frequency) sonar.[35]

The communication facilities are also an integral component of the Azores bases. One aspect is the HF (high frequency) capabilities. HF communications are used primarily for communications with surface vessels and, despite the proliferation of UHF satellites, it is considered to be the most survivable radio communication frequency in time of war. The HF communications are part of the Global Command and Control Station network with a transmitter at Cinco Pincos on Terceira and the receiver at Villa Nova, also on Terceira.[36] The HF capabilities at Cinco Pincos also include the SAC (Strategic Air Command) 'Giant Talk'/Scope Signal III global system which provides for the positive control and recovery of SAC bombers.[37] Finally, the United States began negotiations with Portugal

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[33]Harkavy, *Bases Abroad*, p 237.

[34]Cottrell and Moorer, *Problems of Projecting Power Abroad*, p 14.

[35]Harkavy, *Bases Abroad*, p 237.

[36]Simon Duke, *United States Military Forces and Installations in Europe*, Stockholm International Peace Research Institute (London: Oxford University Press, 1989), p 250; and William M Arkin and Richard W Fieldhouse, *Nuclear Battlefields: Global Links in the Arms Race* (Cambridge, Massachusetts: Ballinger Publishing Company (a subsidiary of Harper & Row, Publishers, Inc.), 1985), p 229.

[37]Harkavy, *Bases Abroad*, p 164.

concerning the deployment of its fifth and final GEODSS (ground-based electro-optical deep space surveillance) system station.[38] Negotiations began in January 1984 with an agreement signed two months later on 27 March 1984,[39] but difficulties over payment of VAT (value added tax) building costs impeded progress until just recently. Once in operation the station will link up with existing facilities in Hawaii (Maui), New Mexico (White Sands), South Korea (Taegu), and Diego Garcia.[40] This facility will be unique in that its location on the mainland will be the first of its kind for the United States on mainland Portugal.

The United States maintains large amounts of POL and ammunition throughout the archipelago and on the mainland in support of NATO war plans. In particular, fuel storage sites are located on the south side of the Tejo River in Lisbon,[41] at Porto Santo on Madeira, and on the island of Faial. Ammunition depots are located on the mainland along the Tagus River, as well as on the islands of Madeira and Terceira.[42] These facilities are well-established and capable of servicing both ships and aircraft. Finally, there are numerous airfields available for use by all sizes of U.S. and NATO aircraft. The U.S. air facility at Lajes on Terceira is the largest and most active facility. However, those U.S. aircraft operationally assigned to Lajes are also allowed to conduct approaches as well as landings on the islands of Santa Maria, Faial, Sao Jorge, and Graciosa to stay

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[38]Congress, House, Committee on Foreign Affairs, *Staff Study Mission to Portugal, Spain, Greece, and Turkey, United States Political-Military Relations with Allies in Southern Europe*, 100th Cong., 1st sess., June 1987, Committee Print, p 6.

[39]de Magalhaes, "*Portugal and the United States*," p 15.

[40]Harkavy, *Bases Abroad*, p 186.

[41]Tavares, "CINCIBERLANT," p 37.

[42]Harkavy, *Bases Abroad*, p 309.

proficient in case an emergency landing is necessary.[43] The commercial airfield on Madeira is also open for use by military aircraft. On the mainland, available air bases include those at Ovar, Montijo, and Monte Real.

Despite its rather small territorial size, Portugal offers the United States and NATO an immeasurable number of diverse military facilities. The following is a review of the American basing investments in the Azores and Madeira:

Base	Units / hardware / personnel
Angra do Heroismo, Terceira Island	NSG unit (USN).
Lajes, Terceira Island	Units: HQ, US Air Forces Azores / Naval Forces Azores • Naval Air Facility: Patrol Squadron Lajes: supports full time rotational nuclear capable P-3 operations, command facilities include ASW Operations Center, will become deployment site for 32 nuclear depth bombs in wartime • 1605th MASW (MAC) • 57th ARRS • 1936 Comm Squadron, AFCC • GEODDS Site 5 (part of SPADATS) • ASW Ops Center • Meteorological and Oceanographic Center • Missile Tracking Instrumentation System, Army Trans Terminal Unit, Azores Hardware: HC-130s, HU-16Ds, P-3 Orions (rotational), HF transceiver. Personnel: 1704 USAF, 539 USN, 1940 civilians.
Praia da Vitoria, Terceira Island	Units: USN use of port facility for movement of cargo.
Cinco Pincos, Terceira Island	Global Command and Control Station and naval HF Transmitter (receiver at Villa Nova) • SAC (Strategic Air Command) 'Giant Talk'/Scope Signal III global system

[43]Duke, *United States Military Forces*, p 245.

Villa Nova, Terceira Island	Global Command and Control Station and naval HF receiver (transmitter at Cinco Pincos).
San Miguel	Island Commander Azores, IBERLANT, NATO command.
Santa Maria	Azores Fixed Acoustic Range: NATO ASW hydrophone array used for submarine training and ocean surveillance.
Pico de Barrosa	Units: USN communications facility.[44]

H. OUT-OF-AREA OPERATIONS

For strategic planners, the most contentious issue with regards to overseas bases is the inability to acquire guaranteed use of basing facilities for what are referred to as out-of-area interests. In the case of Portugal, these are more often referred to as out-of-NATO interests. It must be remembered that overseas bases, in practically all cases, are not U.S. bases. The facilities belong to the host country who then permit U.S. access and use of the base. Accordingly, most countries with whom the United States has bilateral agreements covering use of basing facilities require the United States to obtain prior approval before conducting any out-of-area activities. This is true with Portugal. It has been mentioned that,

> ...at the height of the Cold War, it would have been most unlikely that an allied nation would have questioned the U.S. right to conduct a military operation from a base in its territory if the United States strongly sought to do so.[45]

While this statement is perhaps true, it is misleading. The level of East-West tension was not the overriding reason why "base-rights" countries sought stricter

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[44]A compilation of data from Arkin and Fieldhouse, *Nuclear Battlefields*, p 229, Duke, *United States Military Forces*, p 250, and Harkavy, *Bases Abroad*, p 164.

[45]Richard F. Grimmett, *"Current Issues with the "Base-Rights" Countries and their Implications."* (Washington D.C.: Congressional Research Service, 5 December 1988), Report no 88 726F, p CRS-7.

control over U.S. out-of-area activities. Instead, West European countries like Portugal were attempting at that time to strengthen relations with Arab and Maghreb countries, thereby assuring themselves of crude oil imports. This aspiration came into conflict with American security interests involving these oil-producing nations. The United States' military action against Libya is just one example of divergences in national interests between a country with foreign base rights and its host. Only when two countries' common interests are served is there little argument over use of facilities, as Portugal demonstrated several times in the past two decades. Most noticeable were: the American use of Lajes during the 1973 Arab-Israeli war when the United States resupplied Israel[46]; the French use of the airfield on the island of Madeira during the April 1977 Shaba conflict[47]; and the reported British use of the same base to recover two jets involved in the Falklands conflict which landed in distress[48]. Given its central location providing access to numerous strategic avenues, it is no surprise that the Portuguese have frequently been asked, and have agreed, to provide out-of-area support to friends and allies. As one author commented,

> Allies treated as true allies are more likely to accommodate the occasional request for an extra-NATO mission.[49]

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[46]Duke, *United States Military Forces*, p 245.

[47]Vasconcelos, "Portugal in Atlantic - Mediterranean Security," p 121.

[48]*Controversy Arises Over UK Use of Airport*, LD060222 Lisbon Domestic Service in Portuguese 2340 GMT 5 MAY 82, translated in FBIS WEU, 6 May 82, p U2; also, for statement by Defense Minister Freitas do Amaral insistence "that British permission to use the Azores would be the subject of consideration following a concrete request, adding that London first has to make a request," see *Defense Minister Views Role of Azores Airbase*, LD191616 Lisbon in Portuguese to Europe 1230 GMT 19 MAY 82, translated in FBIS WEU, 20 May 82, p U1.

[49]Crocker, "European Base Negotiations," p 63.

This is the reward which building consensus in overseas basing agreements with Portugal has provided in the past and is necessary for future U.S. national security interests. Without it, the United States could find itself strained in its ability to project power and influence in critical areas.

I. CONCLUSION

The assets at the Azores do not appear to be duplicatable. Moreover, with a decreasing defense budget, the ability to monitor a large area of water with a relatively small cadre of personnel enhances their value. The facilities are also cost effective. A 1977 study concluded that without the Azores and Iceland it would cost the United States as much as $6 billion to ensure the same amount of coverage.[50] The cost today, factoring in inflation, would surely be considerably higher. Besides ASW, the Azores offers airfields from which the United States can extend its influence to the Europe, the Middle East, Southwest Asia, and Africa. Finally, the communication facilities provide real time HF support to the United States Navy. The Azores are able to satisfy all of the most important functions of an overseas base: supporting ground force operations, combat air and tactical airlift operations, naval operations (surface, subsurface, and air), long range air operations, as well as communications.[51] Most importantly, the United States and Portugal have a long standing and mutually beneficial relationship. There is no reason to believe that the Portuguese would like the United States to leave the Azores, now, or at any time in the near future. The Azores ranks at the top of the

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[50]Cottrell and Morrell, *Problems of Projecting Power Abroad*, p 14.

[51]Blaker and Walter, *U.S. Overseas Basing*, p 145.

list of overseas bases which ought to be preserved, but there is a growing concern over just how much the United States should provide in terms of quid pro quos to Portugal to ensure continued access to Lajes. Questions over levels of foreign aid and security assistance are an area of common concern to policymakers in both the Administration and Congress.

III. U.S. FOREIGN AID AND THE SECURITY ASSISTANCE PROGRAM

A. BACKGROUND

It is difficult to analyze the development of the U.S. overseas basing system without an understanding of the security assistance program. The two tend to be married together - especially as concerns the so called "base-rights" countries of Portugal, Spain, Greece, Turkey, and the Philippines. As explained by the Department of State in recent Congressional testimony,

> Given the issue of national sovereignty, and the common defense purposes that aid and bases both support, a relationship between assistance and base access is probably unavoidable.[1]

Because of this perceived linkage of base access for foreign aid, the security assistance program suffers from a case of poor public relations. Concerns with the size of the budget deficit are increasingly outweighing the desire to help stabilize the economies of friends and allies with security assistance. In many ways, this recent rash of debate over levels of foreign aid appropriations is not unique to the 1980s. This chapter reviews the genesis and development of the U.S. security assistance program. It suggests that the protests sometimes heard from Congress concerning the size of the security assistance budget are largely unfounded. It

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[1]Congress, House, Subcommittee of the Committee on Appropriations, *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990*: Hearing before a Subcommittee of the Committee of Appropriations, Part 7, 101st Cong., 1st sess., p 506.

supports the conclusion reached by the authors of the *Discriminate Deterrence* report that,

> A case can be made that a dollar spent on security assistance buys more security for the United States than a dollar spent anywhere else. In comparison to the amounts involved in supporting our own forces in procuring new weapons, security assistance is cheap, and we call on Congress to recognize that modest expenditures in many third world countries can dramatically improve our long-term strategic position.[2]

Unfortunately, it is difficult for many Americans to understand the clear linkage between the rather moderate security assistance program and U.S. national security.

B. GENESIS OF SECURITY ASSISTANCE

The threat of Communism preoccupied American post-war strategic thinking. The immediate concern in the post-war environment was how to check the advance of the Soviet Union into Europe.

The Greek Revolution, which began with the Nazi withdrawal of Army Group 'E' from Greece, completed by 2 November 1944, required urgent military aid from the West. In accordance with the Truman Doctrine of 1947 the United States shipped massive amounts of war material to Greece beginning in earnest in 1948 as the 20,000 communist rebels appeared to be gaining an upper hand in the civil war. The eventual defeat of the Greek communists in 1949 was hailed as a triumph for the United States and President Truman. This successful counter of the Greek communist insurgency, made possible by urgent U.S. military aid,

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[2] *Discriminate Deterrence*, Report of the Commission of Long-Term Strategy, Co-Chairmen Fred C. Ikle and Albert Wohlstetter, January 1988, p 61.

helped to consolidate Western security and was the harbinger to the security assistance program. 1949 also witnessed the creation of both NATO and the Military Assistance Program. The Military Assistance Program gave a greater degree of credibility to the NATO Alliance by creating a structured system for the transfer of military assistance to needy NATO (but also non-NATO) nations.[3] The United States moved from its perennial position of nonintervention in European affairs to that of being the undisputed leader of collective Western defense.

The price of leadership was enormous. It required the stationing of American troops overseas and a large-scale economic aid package - the Marshall Plan. At the height of the Marshall Plan, the late 1940s and early 1950s, the international aid budget consumed roughly 12 percent of total federal spending.[4] Despite the costs, the Administration received widespread support for the European initiatives. The promise was that the measures would be temporary; as soon as the West European economies graduated to a stabilized level, U.S. assistance would be reduced.

Soon after the Mutual Defense Assistance Act of 1949 came the Mutual Security Act of 1951. It was this act, more than any other, which developed the clear linkage between base access and security assistance. In accordance with the Act, the United States agreed to provide both economic and military assistance to those friendly countries with which it had signed mutual defense agreements or with which it had specific defense arrangements. A noticeable relationship

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[3]Recipients in 1949 included Greece, Turkey (both which did not join NATO until 18 February 1952), Korea, Iran, and the Philippines. For more on the creation of the Military Assistance Program see Richard F. Grimmett, "The Role of Security Assistance in Historical Perspective," in *U.S. Security Assistance, The Political Process*, edited by Ernest Graves and Steven A. Hildreth, Massachusetts and Toronto: Lexington Books, D.C. Heath and Company, Lexington, 1985, p 6.

[4]Congress, House, *Foreign Operations, Export Financing, and Related Programs*, Part 5, p 488.

developed; those nations that had such agreements with the United States were also those receiving the greatest amounts of aid.[5]

The United States soon thereafter, in 1954, established the Foreign Military Sales Program (FMS) credit program. It became obvious that many of the less developed countries where the United States had legitimate security interests were incapable of paying off their assistance loans, even at a concessional rate of interest. The credit program worked around this problem. The United States provided large amounts of aid through this program, although in the military aspect it tended to consist primarily of World War II vintage equipment.

By and large, throughout the height of the Cold War in the late 1950s and early 1960s the Administration received whatever it requested from Congress in terms of security assistance appropriations. In fact, on several occasions the Congress appropriated levels in excess of those requested by the Administration. The President's position was that of the unquestioned spokesman in articulating the United States' national security interests abroad. The turning point began in the mid-to-late 1960s with U.S. involvement in Southeast Asia.

C. THE RISE IN CONGRESSIONAL INFLUENCE

As the Johnson Administration became increasingly entangled in Vietnam, skeptics arose in Congress. A growing domestic opposition emerged which challenged the United States' assistance programs and called for a greater role by Congress. Watergate proved to be a critical blow to presidential prestige. Hereafter, Congress would check presidential authority at each turn. Security

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[5]Grimmet, "The Role of Security Assistance," p 10

assistance programs, in particular, would no longer pass without an excruciating examination of the policies and benefits behind them.[6]

One early initiative by Congress in this governmental tug-of-war was the attempt to arrest the president's power to sign executive agreements with foreign countries without the consent of Congress. Senator Clifford Case of New Jersey drafted Senate Resolution 214 on 16 December 1971 which stated that any agreement between the United States and either Portugal or Bahrain for military bases or foreign assistance "should be submitted as a treaty to the Senate for advice and consent."[7] Senator Case specifically addressed Portugal and Bahrain because: 1. they were two countries which agreed to basing arrangements with the United States based on Executive Agreements; 2. it was feared that further U.S. involvement with both countries might be detrimental to the U.S. national interests. The Senate clearly wanted a greater role in foreign policy. Statements suggesting that another Vietnam might be in the making arose many times during hearings on the issue. The following excerpt from the hearing's opening statement summarizes the Senate's perceived diminished power over foreign policy matters:

> The lives and fortunes of our people are put in jeopardy by these agreements, as we have so tragically experienced in the past few years. Much of the committee's time and attention over the past several years has been devoted to efforts to insure that the foreign policy role of the Senate should not be further diminished by a failure to give detailed consideration to the dealings of our Government with other countries. A number of issues on our agenda...give full expression to this deep concern - which derives in our view from the existence of a constitutional imbalance created in the past by legislative lethargy and

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[6]Grimmet, "The Role of Security Assistance," p 28.

[7]Congress, Senate, Committee on Foreign Relations, *Executive Agreements with Portugal and Bahrain*, Hearings before the Committee on Foreign Relations, 92nd Cong., 2nd sess., 1,2, and 3 February 1972, p 1.

executive branch aggressiveness induced to a great extent by war or the threat of war over a quarter century.[8]

Resolution 214 received considerable support from such prestigious senators as Harry Byrd of Virginia and Edward Kennedy of Massachusetts. The main premise of the bill was not so much that the Senate sought to nullify each and every executive agreement that the Executive had signed since World War II, but rather it recommended that the Senate be allowed to play a part in the process of considering the "implications of these agreements."[9]

An important development in the security assistance program was the shift in the financing arrangements of economic and military aid. As mentioned earlier, most of the assistance to developing countries was provided as grant aid. By the late 1960s financing gradually worked toward a credit program and in the early 1970s Congress achieved a mandated end to all grant aid.[10] For many countries the timing could not have been worse. The rise in interest rates, coupled with OPEC's energy shock, placed the fledgling democratic governments in extremis if they wished to maintain a viable economy as well as a capable military.

Another change involved the Carter Administration's policy of linking levels of foreign aid to each country's human rights report card. The Administration struggled to balance this policy against the strategic imperatives that tended to dictate security assistance packages. The following statement by a Department of

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[8]Congress, Senate, Committee on Foreign Relations, *Executive Agreements with Portugal and Bahrain*, p 1.

[9]*Ibid*, p 5

[10]Steven A Hildreth, "Perceptions of U S Security Assistance, 1959-1983: The Public Record," in *U S Security Assistance, The Political Process*, edited by Ernest Graves and Steven A. Hildreth (Massachusetts and Toronto: Lexington Books, D C Heath and Company, Lexington, 1985), p 85.

Defense witness during a 1989 Congressional hearing on security assistance is equally applicable to the 1970s:

> ...from the standpoint of the Department of Defense and, of course, the United States, the strategic importance of the areas we are discussing remain to us to be of extreme importance. And this underlies the fundamental reason for our programs with these countries. [11](emphasis added)

These changes resulted in a perceived lack of U.S. support towards its allies and friends and growing debts owed by recipient countries to the U.S. Treasury.[12] From the mid 1970s through 1984, the U.S. Government found it necessary to make payments on $1.7 billion of unpaid scheduled guaranteed FMS loans owed to the Guarantee Reserve Fund by foreign countries. By the end of June 1985, there were 22 countries in default on their FMS loans.[13] This trend continued through the end of the decade with a growing number of FMS credits becoming forgiven loans, as seen in Figure 4.

A Congressional initiative of the late 1970s and 1980s is the habit of earmarking military assistance appropriations. Earmarks are guaranteed appropriation levels. They are granted to a select group of countries in which Congress has a particular interest, although quite often they are more the result of intense lobbying than of actual needs. Earmarking has a deleterious effect on the security assistance program. As seen in Figure 5, earmarks constrain Executive flexibility by providing decreasing levels of aid to a greater number of hopeful

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[11]Congress, House, *Foreign Operations, Export Financing, and Related Programs*, Part 7, p 461

[12]James A. Russell, "Creative Finance: Options for Security Assistance," in *The DISAM Journal*, Vol. 12, No. 1, Fall 1989, p 62.

[13]"Many Faces of FMS," in *Defence Minister and Chief of Staff*, No. 1, London: Defence Profile Limited, 1986, p 33.

recipients. The only winners are the earmarked countries. Figure 5 also illustrates that Israel and Egypt are the greatest recipients of earmarked military assistance. In 1989, $5.1 billion of the total $8.5 billion security assistance budget (or 60 percent) went to these two countries.[14] Their large level of promised aid is a largely a function of the 1979 Camp David Accords. In return for peace, both countries receive a disproportional share of the total foreign assistance budget - of which the security assistance program is just one component. In terms of the entire foreign assistance budget, FY 1990's request showed 36.2 percent of the requested $14.6 billion earmarked for Israel and Egypt, as seen in Figure 6.[15]

The Executive branch did not initiate the earmarking phenomenon. On the contrary, each year in testimonies before appropriations committees and subcommittees Administration witnesses go on record against the perpetuation of this unhealthy trend. The following 1989 testimony by H. Allen Holmes, Assistant Secretary of State for Politico-Military Affairs, underscores the damaging results of earmarking security assistance:

> Since FY 1985, security assistance has been cut in the aggregate by 33 percent, from approximately $12 billion to $8 billion in FY 1989. Along with this reduction in funding has come an increasing tendency to earmark funds for particular countries. In Fiscal Year 1989, 98 percent of ESF and 94 percent

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[14]Congress, House, *Foreign Operations, Export Financing, and Related Programs*, Part 5, p 378 [testimony of Secretary of State James A. Baker III].

[15]*Ibid*., p 524 [chart presented as part of statement of LTGEN Charles W. Brown, Director, Defense Security Assistance Agency].

> of military aid were earmarked. This continued a trend of increased earmarking underway since the mid-1980s, when only about 50 percent of the security assistance funds were earmarked. Overall, earmarking has reduced the funding available for allocation by the Administration to non-earmarked countries by over 90% in just five years. [16]

Despite the negative effects of earmarking, there is little possibility that Congress will alter its present practice. Having failed in its earlier initiative to require senatorial "advice and consent" with regard to all executive agreements, Congress will insist on using earmarking as one more method in the overall appropriations process to check executive power. As one author pointed out, "The security assistance process perhaps provides Congress' only real opportunity to do so."[17]

The Reagan Administration proved to be a firm and pragmatic supporter of the security assistance program. President Reagan loosened the stringent human rights constraints applied by the Carter Administration. In July 1981, Reagan issued an Arms Transfer Policy Directive that supported

> ...the transfer of conventional arms and other defense articles and services . . . [as] an essential element of [the U.S.] global defense posture and an indispensable component of its foreign policy..the United States will evaluate requests primarily in terms of their net contribution to enhanced deterrence and defense.[18] (emphasis added)

The emphasis on foreign aid paralleled the Reagan agenda for greater defense budgets and the overall results in terms of the United States' international influence and superpower prestige were overall favorable. President Reagan's

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[16]Congress, House, *Foreign Operations, Export Financing, and Related Programs*, Part 5, p 498.

[17]Hildreth, "Perceptions of U.S. Security Assistance," p 84.

[18]Congress, House, Subcommittee on Arms Control, International Security and Science of the Committee on Foreign Affairs, *U.S. Military Sales and Assistance Programs: Laws, Regulations, and Procedures*, 99th Congress, 1st session, July 23, 1985, p 7.

Administration did not solve any of the longstanding security assistance appropriations problems, like earmarking, but overall he managed to protect foreign aid from large budget cuts, despite widespread criticism that this came at the expense of domestic programs. The most significant proposal in the security assistance program under the Bush Administration is the 1989 request to return to an all-grant military sales policy reminiscent of the late 1950s. This would include the merger of FMS and MAP funds. According to Secretary of State James A. Baker III's prepared text presented to the Subcommittee of the Committee on Appropriations,

> For the first time, we are not seeking an allocation of MAP funds for specific country programs. Instead, we are combining the MAP and FMS programs and requesting that the total - approximately $5 billion - be provided in the form of FMS grants. Use of FMS in lieu of MAP will enable countries capable of doing so to apply defense assistance to commercial purchases. The all-grant program initiative is part of our effort to strengthen new, fragile democracies and ease the financial burden of countries whose economic health is vital to our own.[19]

This appeared to be a reasonable policy given the enormous outstanding debt levels growing on the balance sheets of foreign aid recipients, as explained earlier. It also matched the growth in the grant component of military sales which in FY 1989 reached a level of 91 percent.[20] However, even Congressional acceptance of all-grant appropriations would do little to lessen the unfortunate practice of earmarking, which remains the greatest hindrance to the Administration's pursuit of a flexible and more manageable security assistance program. There is

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[19]Congress, House, *Foreign Operations, Export Financing, and Related Programs*, Part 5, p 409.

[20]*Ibid.*, p 511 [statement of LTGEN Charles W. Brown, Director, Defense Security Assistance Agency]

an urgent need to correct this defect, especially in light of what appear to be steadily decreasing foreign aid budgets.

D. EFFECTS ON FRIENDS AND ALLIES

It appears that in an odd way the United States is now paying the price for having successfully promoted democracy in Western Europe. Negotiating base rights agreements with the likes of Salazar, Franco, and Papandopoulos, to name a few, seemed far less problematic in comparison to those negotiated with their constitutionally elected, democratic successors. Democratizing societies naturally saw the United States as the great benefactor, a superpower keenly interested in both their real estate and the well-being of their democratic experiments and willing and able to financially support the same. Unfortunately, the United States interest in these countries in which it maintained overseas bases and to which it gave foreign aid was linked in part to the perpetuation of a credible Soviet threat. Today, the credibility of this Soviet threat is being called into question and with it the necessity for continuing what are perceived to be unreasonably high levels of foreign aid through security assistance.

Recipients of U.S. security assistance are often puzzled by the manner in which funds are appropriated for foreign aid and their connection, if any, to American access to bases on their soil. It is as if little sense can be made of a system that necessitates successful lobbying of both the Executive and Legislative branches of government. How can the President, through his Secretary of State, fail to live up to a "best efforts" pledge signed in a formal agreement? How can levels of security assistance fluctuate so wildly from year to year? This type of

arrangement certainly is not admirable, and indeed it holds numerous pitfalls for effective diplomacy. According to one author,

> ...the security assistance program is presented in a fashion that maximizes diplomatic problems and exacerbates the negative effect of the congressional review process...changes in figures [between Executive and Congress] are read like tea leaves abroad, and the changes from the proposed to the actual budget will cause each recipient country to peer into the tea leaves and try to fathom why its funding was altered during the process, and how it fared vis-a-vis other countries, and whether those differences are significant.[21]

The end result becomes a spectacle of countries tabling outrageously high demands and an Executive branch trying to placate those soon-to-be disappointed recipients. Nations respond to self-interests. This simple enough statement is, however, often overlooked in the course of debate over levels of security assistance. Americans have a difficult time understanding why levels of security assistance should be intuitively tied to overseas basing rights when the American presence is helping to defend the host country. However, from a base-rights country's point of view, some level of compensation is due them for the infringement on their national sovereignty which cannot help but be an aspect of foreign troop basing. This is especially true in the cases of the countries in the southern region, where the Soviet threat never appeared as ominous as in central Europe. The latter considerations, in part, satisfied "base-rights" countries' rationalization that demanding security assistance, implicitly or explicitly, in return for basing access was neither improper nor contrary to the guidelines of the North Atlantic Treaty. These countries, as mentioned earlier, gained even greater negotiating leverage as

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[21]Franklin D Kramer, "The Governments Approach to Security Assistance Decisions," in *U S Security Assistance, The Political Process*, edited by Ernest Graves and Steven A. Hildreth (Massachusetts and Toronto: Lexington Books, D C. Heath and Company, Lexington, 1985), p 120.

they made the transition to democratic governments, a cause the United States could not help but support in every way possible. But perceived shortfalls and inconsistencies in levels of funding turned collective defense into self-preservation. This new thinking by the base rights countries was heightened by the Camp David Accords and the subsequent repeated earmarking of roughly 60 percent of military assistance funds to Israel and Egypt - two nations that were neither members of NATO nor allowed the basing of American troops on their soil. The natural response then became to "up the ante."

E. THE COSTS OF SECURITY ASSISTANCE

Given the above cursory look at the evolution of the U.S. security assistance policy and the reaction of recipients and hosts, attention shifts to the costs of the program. Several difficult questions arise. For example, can the United States afford to pay for overseas influence through the security assistance program? Are today's levels of foreign aid out of proportion to those of the past?

In terms of dollars spent and gains achieved, security assistance is cheap. The United States, if it needed to, would have little difficulty increasing its present level of foreign aid. In the immediate post-war environment the Marshall Plan consumed nearly 12 percent of total federal spending. In 1989, the International Affairs program's budget (of which approximately one-half is the security assistance program) accounted for only 1.5 percent of the federal budget. Thus, less than two cents of every budget dollar went toward this particular vehicle for advancing U.S. foreign policy objectives, and this same level can be seen over the

past ten years.[22] In historical perspective, the security assistance program today is not large. Critics often point to the growing size of the federal deficit and, in a desire to trim it, find the security assistance program a suitable target. However, historically, there is no correlation between increases and decreases in foreign aid appropriations and fiscal realities. This was proven in a study of the security assistance program between 1950-1982 by Richard Grimmett, who discovered no direct relationship between the growth and cyclic fluctuations in the U.S. economy and the amounts appropriated for security assistance programs. Additionally, Grimmett failed to find any direct relationship between the gross national product growth per capita and that of the security assistance program. What appeared instead were funding levels dictated by developments in the international environment.[23] The point is that while diminutions in the perceived threat are a valid reason for altering foreign aid appropriations, translating these savings into a lowering of the deficit is far less certain. It seems imprudent to cut into an account which, for its size, would have little impact on reducing the deficit, but would have a profound impact on U.S. prestige and influence overseas.

If the debate is not on the size of the foreign aid budget, it centers on how wisely these funds are utilized. Aside from the earmarking problem, there is concern from members of Congress that these funds are spent only with an eye toward achieving political influence overseas. There is no question that security assistance is an important means of attaining influence in foreign countries. But, to a greater degree it promotes U.S. national security by improving the quality of

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[22]Congress, House, *Foreign Operations, Export Financing, and Related Programs*, Part 5, p 488.

[23]Grimmett, "The Role of Security Assistance," p 32.

the recipients' defense forces. There can be no question that many lesser developed nations could ill afford to contribute adequately to Western security without sizable levels of U.S. foreign aid. The problem lies in the fact that expectations of the program are inflated. Security assistance cannot guarantee cooperation when national interests diverge.[24] Healthy relations between nations cannot be based on bullying or other means of coercion. Paternalistic approaches to foreign policy are fraught with danger. Nations which receive U.S. security assistance should not be expected to comply blindly with U.S. requests. There ought to be commonality of interests, but these need not be, for in fact they can never be, absolute. It is predictable, therefore, that the United States should find most nations hesitant to allow the United States use of military bases on its soil in an "unrestricted manner regardless of the levels of U.S. security assistance."[25] Instead of being perceived negatively, this hesitancy ought to be viewed as a maturation of the political processes of young democracies and an invitation for greater dialogue between them and the United States.

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[24]Ernest Graves, "Implications for the Future of Security Assistance as an Instrument of Defense and Foreign Policy," in *U.S. Security Assistance, The Political Process*, edited by Ernest Graves and Steven A. Hildreth (Massachusetts and Toronto: Lexington Books, D.C. Heath and Company, Lexington, 1985), p 167.

[25]Richard F. Grimmett, "The Role of Security Assistance," p 31.

F. THE POLITICAL ORPHAN

It is not surprising, given the above analysis, that security assistance is often referred to as the political equivalent of an orphan.[26] The general public does not understand all of the nuances behind the foreign aid program and as one author stated,

> It may be human, but it is certainly American, to find all kinds of fault with the way money is spent if one does not see clearly how one benefits from the expenditures.[27]

A recent poll showed that 50 percent of the people surveyed picked the foreign aid budget as one of the best places to cut the federal budget.[28] Most Americans seem to prefer foreign aid in the form of economic assistance to that in the form of military assistance. A recent poll indicates that,

> Once Americans are informed that two-thirds of U.S. foreign aid is security-based assistance, decisive majorities support increasing the amount of humanitarian foreign aid and decreasing the amount of military aid.[29]

Military assistance carries with it the onerous images of Vietnam and unwanted entanglements with corrupt regimes. The public misunderstanding is exacerbated

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[26]Robert B. Mahoney, Jr. and David L. Wallace, "The Domestic Constituencies of the Security Assistance Program," in *U.S. Security Assistance, The Political Process*, edited by Ernest Graves and Steven A. Hildreth (Massachusetts and Toronto: Lexington Books, D.C. Heath and Company, Lexington, 1985), p 126.

[27]Graves, "Implications for the Future of Security Assistance," p 168.

[28]John Marttila, "American Public Opinion: Evolving Definitions of National Security," in *America's Global Interests, A New Agenda*, edited by Edward K. Hamilton (New York and London: W.W. Norton & Company, 1989), p 304.

[29]*Ibid*, p 304

by Congressmen who fail to educate their constituents on the merits of the program. According to Ernest Graves,

> ...members of Congress explain that they have to get reelected, that foreign assistance is not a popular subject with their constituents, and that they do not have the time to educate them.[30]

It makes political sense in America to demand budget reductions by reducing international obligations rather than by touching domestic programs that might directly affect constituents. This attitude is quite noticeable in the House of Representatives, especially among the traditionally liberal-minded subcommittees. Men like Representative David Obey, Chairman of the Subcommittee of the Committee on Appropriations, favor sharp reductions in the foreign aid budget, specifically in the area of security assistance to base rights countries. Chairman Obey recently stated on this topic that,

> ...so help me, I will do everything within my power to prevent another dime going to base rights countries because I think it is wrong. I think they are taking us for a ride.[31]

Annual battles between Congressmen and their State Department counterparts over levels of funding to all countries, especially those in which the United States retains overseas base rights, are the outgrowth of these divergent attitudes.

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[30]Graves, "Implications for the Future of Security Assistance," p 170.

[31]Congress, House, *Foreign Operations, Export Financing, and Related Programs*, Part 7, p 499.

G. THE "BASE-RIGHTS" COUNTRIES PROBLEM

According to recent hearings, some Congressmen are curious how much longer the United States will need to appropriate security assistance for foreign countries, especially those in which the United States is allowed base access. To quote Chairman Obey,

> ...In what year will some Administration come to this Committee and say, "Boys and girls, we don't have to ask you to provide base rights money anymore?"[32]

Predictably, this is a question that the Administration hesitates to put a time line on. The Administration does not want to convey an impression to needy allies and friends that the United States is ready to leave them out on their own. Instead, the United States appears to advocate waiting until the recipients decide on their own that they no longer feel they require U.S. financial assistance. Along these lines, the Spanish model is held up as the success story by the State Department. The U.S.-Spanish 1988 base negotiations ended with the mutual desire by both parties to end all assistance (save a minor International Military Education and Training (IMET) fund). The State Department referred to this as "graduating."[33] While this might be the goal of the security assistance program, Congress is rightfully concerned that, if this is the case, how does one measure a country's movement towards this end? No suitable response is offered to this question. One possible solution would be tying both FMS and ESF funding levels to some leading

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[32]Congress, House, *Foreign Operations, Export Financing, and Related Programs*, Part 7, p 485.

[33]*Ibid*

economic indicator, like GNP per capita. This would allow the executive and legislative branches a frame of reference by which to measure countries' elevation up and out of the security assistance program, would keep Congress informed as to countries' progress, and at the same time provide aid to the most needy. An obvious flaw of this approach is that it excludes recipients using their geostrategic trump cards in negotiations. However, as seen in the case of Spain, base rights can be preserved with or without security assistance. There are signs that other base rights countries are also thinking along these lines. The Department of State testified last year that,

> During our recent bilateral consultations, it was the Portuguese position that they wished to make assistance a less dominant feature of our relationship.[34]

An early graduation for Portugal and the other countries along NATO's southern region is an ambitious goal, especially since their ascension is tied in part to a healthy economy (like Spain's) which each of them still lacks.

Is it possible, or wise, to separate costs of overseas basing from levels of security assistance? It is first necessary to define the two kinds of costs that are involved - fixed and "permission."[35] Fixed costs consist of normal operating costs. They represent both a stable and small portion of base expenses. Since the end of the Vietnam Conflict, fixed costs never exceeded two percent of the defense budget when measured in constant dollars. In fact, on the average the U.S. pays less and less each year to meet these fixed costs involved in building, maintaining, and

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[34]Congress, House, *Foreign Operations, Export Financing, and Related Programs*, Part 7, p 449.

[35]James R Blaker and Katherine T. Walter, *U.S. Overseas Basing: An Anatomy of the Dilemma*, 1989 (unpublished paper)p 114.

operating overseas bases.[36] The problem lies in what are referred to as "permission costs." These are basically the level of security assistance promised to the host country in the executive agreement. Once again, however, the executive branch does not have the authority to appropriate funds. Instead, the values that are promised in the agreements are "best efforts" promises, subject to the consent and approval of Congress. These "permission costs" are the source of friction within the U.S. government. While their amounts are not relatively that high, their upward trend in recent years is troubling. One way of separating base rights from security assistance would be to agree to pay rent for actual use of the facilities. However, the official policy of the State Department is that,

> "Rent" justification would have deleterious effects on our defense cooperation. For one thing, basing countries could demand untied funds, which would allow them to purchase weapons other than in the United States, or even to use the funds for purposes other than defense, thus reducing the defense value of the money, and its impact on U.S. jobs. Furthermore, rents almost always move in one direction - up. Security assistance in real, inflation-adjusted terms to basing countries is down significantly from the both historical and the mid-1980's levels, yet our operations remain unimpeded.[37]

There is one significant flaw in this statement. It is widely believed that security assistance is not designed to make money for the U.S., as the State Department suggests. Instead, it is designed to buy more security and military flexibility.[38] Perhaps the emphasis on money and jobs for the U.S. is intended solely to appeal to Congressmen who are always conscious of political decisions that might affect the defense industries within their jurisdiction.

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[36]Blaker and Walter, *U.S. Overseas Basing*, p 120

[37]Congress, House, *Foreign Operations, Export Financing, and Related Programs*, Part 7, p 510

[38]Blaker and Walter, p 129

There is another plausible, but unlikely, alternative. One observer suggests that "permission costs" be subsumed within the fixed costs and be paid out of the defense budget. The danger here would be the encroachment by the Department of Defense into matters belonging to the State Department.[39] There is little likelihood that either department would care very much for this proposal.

H. CONCLUSION

Congressional determination to whittle down the federal deficit is commendable and necessary in the long term national security interests of the United States. But prudence must be observed. It is difficult to mend torn relationships between nations. Security assistance is the guiding principle by which several lesser developed countries typically measure the closeness of their relationship with the United States. The challenge for the United States will be to develop a framework whereby it can measure a countries' progress toward the eventual goal of graduating from the security assistance program, without souring diplomatic relations. Bilateral relationships built solely upon largesse, whether in the forms of economic or military aid, are often abused and inconsistent with the goal of establishing mature partnerships. But, it needs to be stressed that each country is unique. Generalized approaches designed to fit all cases will not succeed. Like students, some countries will excel others and graduate before their peers. This is to be praised. But, those who take longer must not be left without a teacher. Security assistance has proven to be a successful instrument of U.S. foreign policy, but its future is in the hands of Congress - a Congress that will tend

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[39]Blaker and Walter, *U.S. Overseas Basing*, p 170.

to base appropriations to a greater degree on the number of successful marks the program receives on its international report card.

IV. PORTUGAL EMBRACES DEMOCRACY

A. INTRODUCTION

Because Portugal is one of the oldest countries in Europe, it is often overlooked that Portugal is in many ways a very young, underdeveloped nation. Modern democratic Portugal is in fact just an adolescent of 16 years, but with some of the "excess baggage" of an old and backwards state. It is with these considerations in mind that Portugal is trying to mature towards consolidating democracy. Unfortunately, there are no domestic precedents worthy of emulation. Portugal holds a poor record with regard to attempts at democracy. It is generally accepted that the First Republic (1910-1926) was the most unstable government in Europe. During its sixteen years in power it underwent nine different presidents, 44 governments, 25 uprisings, and three counter-revolutionary dictatorships.[1] Similarly, during the first 13 years of their current attempt at democracy (1974-1987), Portuguese governments were once again the most unstable on the continent. Up through 1986, 16 different governments held power. In this sense, democracy for Portugal represents an experiment. In order to achieve its goal of forming a true democracy, Portugal must overcome significant social, economic, military, and political obstacles. This chapter will discuss the transition of Portugal from an authoritarian regime to a democracy. Is it possible for Portugal to overcome the legacy of the years of political and economic isolationism imposed

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[1]Thomas C Bruneau, *Politics and Nationhood* (New York: Praeger, 1984), p 16.

under Salazar? What are the impediments to the successful consolidation of democracy? Who have been the principal actors? In which direction should Portugal concentrate its efforts - the Atlantic or Europe? Are the two mutually exclusive? These are just a few of the questions which will be considered here. This chapter will end in 1987 with the beginning of the first majority government in modern Portuguese democratic history, that of Prime Minister Cavaco Silva and the Portuguese Social Democratic Party.

B. THE AUTHORITARIAN STATE

The First Republic wallowed through 16 years of ineptitude and turmoil until senior military officers, frustrated by the political instability, overthrew the government. The coup had the support of the population. Two years later they turned power over to Oliveira Salazar who governed Portugal under authoritarian rule.[2] As one author put it, the most accurate term for conveying the sense of what the Salazar regime was and how it operated is "a conservative and authoritarian regime of personal rulership."[3] Authoritarian rule under Salazar meant a repressive dictatorship. Except for maintenance of the colonial possessions of Angola, Mozambique, Guinea-Bissau, Timor, and Macao, Salazar practiced domestic isolationism. Portugal's limited foreign policy matched its remote geographic position out on the edge of the Iberian peninsula. Salazar was determined that Portugal's economic wealth would be derived independent of outside, international manipulation. In this sense, preservation of the colonies

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[2]Douglas Porch, *The Portuguese Armed Forces and the Revolution* (Stanford, California: The Hoover Institution Press, 1977), pgs 18-22

[3]Bruneau, *Politics and Nationhood*, p 19

became the strategic mission of the Armed Forces. When elements in Angola rebelled in 1961, followed by Guinea-Bissau (1963) and Mozambique (1964), Salazar poured out the nation's wealth and resources to quell the uprisings. He firmly believed that loss of the colonies would mean the collapse of Portugal as a nation. In the end, failure to cut loose the colonial possessions brought about the undoing of the authoritarian state he had hoped to perpetuate.

Salazar did not live to see the collapse of the Portuguese empire. After he suffered a debilitating stroke in 1968, the leadership passed to his successor Marcelo Caetano. Caetano proved unable to maintain control of a nation whose moral fiber was unraveling. In contrast to Salazar, Caetano attempted to introduce limited reforms, only to have them frustrated by an intransigent bureaucracy and a reluctant military. The ghost of Salazar kept the nation moving along slowly on its old course. In addition to the domestic malaise, international events catalyzed Caetano's fall. The 1973 Arab oil boycotts and price increases greatly depleted Portugal's strained financial reserves. Furthermore, the colonial wars were going poorly, at least in Guinea-Bissau. It was widely believed throughout the military that the African wars were unable to be won, as testified by General de Spinola, the Army's commander in Guinea-Bissau. These two events together led to widespread strikes, demonstrations, rampant inflation, and in July 1973 the first meeting of what would become the Captains' Movement.

C. REVOLUTIONS AND POLITICAL FACTIONALISM

Disenchantment with the government once again led the military to overthrow the government, just as it had done 58 years earlier. The 25 April Revolution overthrew the old regime with relatively little bloodshed. Fewer than

100 people would be killed in politically motivated acts in that year and extending through 1981.[4] The significant difference between the 1974 coup and that in 1926 was that in the latter middle-grade officers under the rubric of the Armed Forces Movement (MFA) led the movement. With their coup, the MFA dedicated themselves to the three following principles: decolonization, democratization, and development. Only decolonization was quickly implemented, and it was done in a rather haphazard and reckless manner. Democratization and development proved to be far more elusive goals.

Successful democratization necessitates functioning political parties in free competition with one another. In the immediate post-revolution period there was only one well-organized political party - the Portuguese Communist Party (PCP). The communists existed in hiding in Portugal almost since their founding in 1921, as Salazar outlawed all political parties. The revolution brought them to the forefront and with the popular support of the farmers in the South, workers, and sectors of the MFA, they came close to gaining political control of Portugal. As the MFA became disillusioned with Spinola, the PCP rallied to their cause. The end result was Spinola's departure from politics in September 1974 and the ascension of Vasco Goncalves (July 1974-September 1975), a far more left-leaning figure, in his place.[5]

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[4]Bruneau, *Politics and Nationhood*, p viii.

[5]For more on Spinola's fall and the expansion of MFA influence see Lawrence S. Graham, "The Military in Politics: The Politicization of the Portuguese Armed Forces," in *Contemporary Portugal. The Revolution and Its Antecedents*, Edited by Lawrence S. Graham and Harry M. Makler (Austin and London: University of Texas Press, 1979), pgs 236-241.

Following Spinola's aborted right-wing coup of 11 March 1975, there was an acute fear among Western nations that the Communists might seize political control of Portugal. In NATO, Portugal was excluded from the Nuclear Planning Group, despite the fact that not one of Portugal's numerous political parties questioned the country's membership in NATO, including the PCP. Internationally, Portugal found its requests for economic assistance shunned. The point made clear in private and public was that Portugal could not count on economic support from the West unless it established a "pluralistic political system." This message was passed through the Socialist International, the EEC, and a number of states.[6]

Politically, widespread fragmentation existed. At the time of the first elections to the Constituent Assembly, held on 25 April 1975, 12 different parties ran- only four of which were to the right of the PCP (PS, PPD, CDS, and PPM).[7] The only party, besides the PCP, having any semblance of organization was the Portuguese Socialists (PS) under Mario Soares.[8] Soares helped found the PS in exile in West Germany and through the Socialist International the party received massive amounts of financial and other types of support. This was an informally orchestrated effort by certain bodies in the West to counter the growing communist

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[6]Bruneau, *Politics and Nationhood*, p 53.

[7]*Ibid.*, p 45.

[8]It is advanced that despite not commanding the power they held in 1975, the Communists from 1975-1979 remained a key political actor such that "the other parties were forced to define themselves in relationship to the PCP." The Socialists remained popular because they represented the only viable option to the PCP; as suggested by Thomas C. Bruneau's "Popular Support for Democracy in Postrevolutionary Portugal: Results from a Survey," in *In Search of Modern Portugal, The Revolution and Its Consequences*, edited by Lawrence S. Graham and Douglas L. Wheeler (Madison and London: The University of Wisconsin Press, 1983), p 127.

influence. Portugal saw itself faced with increasing economic deprivation, international isolation, and possibly yet another authoritarian regime.

It was under these circumstances that the 25 November counter-coup occurred. The remaining two platforms - democratization and development - of the "three Ds" of 25 April could clearly never have been realized under a communist government. Equally important, the country would not stand for another dictatorship, whatever the political orientation. In the words of Ramalho Eanes, the military planner (and future President) behind the successful counter-coup,

> ...on 25 November, we gave an answer supported by the will of the Portuguese people; we gave an answer by saying, decisively and simultaneously, no to left-wing totalitarianism - - no to 24 April.[9]

The removal of the communists from government did not include a simultaneous normalization of the military. On 26 February 1976, the main political parties agreed that the MFA would maintain a supervisory role over politics for a period of three to five years, in the form of the Council of the Revolution (CR) - a supreme military watchdog which oversaw the smooth transformation of power from military to civilian rule. More specifically, as one member saw their role,

> The Council of the Revolution acted as a political cushion between the different sectors of the armed forces and the President of the Republic and the government. We tried to pacify the armed forces and we brought to the

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[9]*Eanes Addresses Armed Forces on 25 November Anniversary*, LD251950Y Lisbon Domestic Service in Portuguese 1029 GMT 25 Nov 78 LD, translated in FBIS WEU, 27 Nov 78, p M1, [Address by President Ramalho Eanes 25 November to the armed forces at the Marine training school in Vale do Zerbo, on the 3d anniversary of the suppression of the attempted lefting (sic) coup - - live].

attention of the military chiefs any undercurrents of opinion that had not reached them by the normal channels.[10]

This aberration in democratic rule proved necessary for President Eanes to implement reductions in the armed forces, reductions which saw their size drop from 200,000 to around 75,000 in just two years.

NATO and the United States played an instrumental role not only in diplomatically supporting the results of the 25 November coup, but more importantly in helping to define a role for the reduced Portuguese Armed Forces. General Eanes maintained close contact with the United States and NATO and achieved support for a Portuguese Mixed Brigade to be used in Northern Italy. NATO provided both military equipment and training to the Portuguese Army as it proved ill-equipped to fight a conventional defense on NATO's southern flank.[11] Beginning in 1979, the Portuguese sought to define their NATO and bilateral agreements in terms of increased economic and military aid. As General Nuno Viriato Tavares Melo Egidio, Portugal's Chief of Staff of the Armed Forces stated,

Thus taking into account the armed forces' basic and minimum requirements, and in view of the high cost of military equipment, which considerably exceeds the nation's capabilities regarding the economic and financial situation, and since these costs are designed partly to satisfy Atlantic alliance objectives, outside assistance was requested within the context of the alliance and of bilateral relations.[12]

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[10]Charais in Hugo Gil Ferreira and Michael W. Marshall, *Portugal's Revolution: ten years on* (Cambridge: Cambridge University Press, 1986), p 126 [Interview with General Franco].

[11]Bruneau, *Politics and Nationhood*, p 79.

[12]*Melo Egidio Interviewed on NATO, Spain's Entry*, PM231101 Lisbon DIARIO DE NOTICIAS in Portuguese 12 Oct 81 pp 7-8, translated in FBIS WEU, 27 Oct 81, p M1, [Silva Costa interview with Portuguese armed forces chief of staff Gen Nuno Viriato Tavares Melo Egidio: "Armed Forces Must Make Top Appointments"].

This political move contributed greatly toward defining a strategic mission of sorts for the Portuguese Army - a mission that they had been without since their withdrawal from Africa. Therefore, in the strictest sense, since 1975 Portugal's Armed Forces lacked a strategic mission. The obvious ramifications were a loss of prestige and a decline in motivation among the armed services. As a "fallback" position, Portugal viewed an increased commitment to its NATO responsibilities as the means by which to placate its Armed Forces. As a result, the new, reinvigorated, post-Revolution missions encompassed the more general goals of protecting Portuguese national sovereignty and supporting coalition defense. While it can be argued that these had already been Portugal's post-war commitments, the latter failed to receive precedence until after the departure from the colonies. As the civilian Defense Minister Adelino Amaro da Costa stated in 1980,

> What really existed before 1974 was a real discrepancy between Portugal's traditional loyalty to NATO, as far as the overall political and strategic framework are concerned, and the actual military defense effort for which national resources were earmarked.[13]

The Armed Forces missions prescribed by the government became more succinct, but yet general in nature. In a statement before Parliament in 1981, Professor Freitas do Amaral, Portuguese deputy prime minister and minister of

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[13]*Amaro da Costa Interviewed On Defense Policy*, LD210935 Lisbon EXPRESSO in Portuguese 5 Nov 80 pp 12-13 (Review Section) [Interveiw granted in Lisbon to Spanish journal DEFENSA editor Vincente Talon by Portuguese Defense Minister Amaro da Costa: "Government Would Very Gladly Welcome Spain's Entry Into Atlantic Alliance"--date of interview not given], translated in FBIS WEU, 21 Nov 80, p M2

defense listed, among others, the following principal responsibilities of the military:

- The fundamental task for the Portuguese Armed Forces is to ensure national independence, the unity of the state and the integrity of the territory. Any other tasks, such as cooperating in economic and social development, are positive but accessory.
- In the present circumstances, national security is not compatible with any kind of neutral status. In addition to ensuring Portugal's defense, the Portuguese Armed Forces should participate--within the framework of the Atlantic Alliance--in the collective security system of our geopolitical region.[14]

Reliance on military funding through bilateral agreements with the United States, France, and the Federal Republic of Germany also enabled the government to placate the armed forces without increasing the country's defense budget. In this way, Portugal's national security interests became dependent, at least in the military sense, on specific Western security interests and policies.

D. THE POLITICAL AND ECONOMIC MALAISE

The successful 25 November coup also opened the floodgates of previously denied economic assistance from the West. Loans came in from the World Bank, IMF, EEC, and individual countries.[15] Despite some resistance, achieving economic stability became the first order of business for the young democracy,

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[14]*Minister of Defense Adresses Parliament*, LD161438 Lisbon in Portuguese to Europe 1230 GMT 16 Sep 81, translated in FBIS WEU, 17 Sep 81, p M1.

[15]Concerning multilateral aid, the World Bank is by far the largest donor, making available approximately $900 million since 1976. Substantial amounts were also provided by the EEC (about $600 million) and the IMF (about $500 million). Rainer W. Rupp, "Burden Sharing and the Southern Region of the Alliance," in *Politics and Security in the Southern Region of the Atlantic Alliance*, edited by Douglas T. Stuart (London: The MacMillan Press Ltd., 1988), p 39.

surpassing that of normalizing relations between the military and civilian leadership. As one author commented,

> As a result of the fact that economic priorities prevail over political and strategic objectives, a 'normalization' of the relationship between politicians and the military is only a secondary aim of the political leadership. On the other hand, influential sectors of the armed forces consider it essential to define a broad concept of national security that should be adopted in every aspect of political and social life.[16]

In conjunction with requests for economic assistance, Prime Minister Mario Soares applied for Portuguese membership to the EEC on 28 March 1977.[17] EEC membership along with successful integration into Europe were viewed as essential determinants of Portugal's economic future. Devoid of the colonial albatross which brought down the former regime, the "new democratic" Portugal hoped for a fresh start, a new national life. But numerous inherited political and bureaucratic deficiencies remained.

Political instability dominated the late 1970s and early 1980s as successive governments unsuccessfully tried to tackle Portugal's economic woes. There are numerous reasons behind Portugal's fiscal difficulties including loss of the colonies, inefficiencies, and civil unrest, but the two most prominent reasons are the unstable nature of Portuguese party politics and an inadequate constitution. As mentioned earlier, Salazar banned political parties. This prevented any sort of

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[16]Alvaro Vasconcelos, "Portuguese Defence Policy: Internal Politics and Defence Commitments," in *NATO's Southern Allies. Internal and External Challenges*, edited by John Chipman (London and New York: Routledge, 1988), p 133.

[17]Although the European Community agreed to Portugal's accession in April 1978, it would take almost eight more years until both Portugal and Spain became Community members on 1 January 1986. Thomas C. Bruneau, "Portugal Fifteen Years After the Revolution," in *UFSI Field Staff Reports*, 1989 90 / No 1, Europe, p 2.

constructive political dialogue. Therefore, in the immediate post-revolution period, the consolidation of political parties became the overriding concern of the elites. Predictably, the formulation of economic strategies and the overhaul of bureaucratic inefficiencies and corruption took a back seat to the consolidation of viable political parties. This problem continued into the 1980s, owing to the weakness of the political system. As one author said,

> Under these circumstances, the modernization of public administration and the corresponding discipline of operations management have received a subordinated priority so far.[18]

The Portuguese bureaucracy maintained its overstaffed and inefficient qualities handed down from the Salazar regime. For example, the number of civil service employees between 1979 and 1984 rose from 380,000 to approximately 500,000 (with less than 2,000 holding managerial positions). The highly centralized nature of Portugal's government further frustrated reform efforts.

E. CONSTITUTIONAL ABERRATIONS

The 1976 Constitution was a product of its time, written not as in the United States by a small group of elites but rather by a large body of 252 in the public eye. For this reason, it strongly reflected the revolutionary mood and hoped to "ensure

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[18]Joao Cravinho, "The Portuguese Economy: Constraints and Opportunities," in *Portugal in the 1980s, Dilemmas of Democratic Consolidation*, edited by Kenneth Maxwell (New York, Westport, Connecticut, and London: Greenwood Press, 1986), p 154.

that the then existing reality should remain forever untouchable."[19] It soon became clear that the 1976 constitutional mandates , such as its prescription for transforming the society towards socialism, were unworkable. In the words of former prime minister Francisco Pinto Balsemao (January 1981 - April 1983),

> The constitution remains, therefore, too programmatic and unrealistic. The final result of this is that any government is limited in its action by the constraints of the constitutional text. The most obvious example is the irreversibility of the nationalization. The second result is that there are several articles of the constitution which could probably be complied with in 1975/76 but cannot, in realistic terms, be applied now. One clear example is the creation "of a universal, general and free national health service."[20]

These are just a few examples proving that economic recovery necessitated a thorough restructuring of the Portuguese government and, subsequently, stability of the political system. Unfortunately, in the early 1980s the likelihood of obtaining the necessary 2/3 vote to revise the constitution, was remote. In turn, foreign investors expressed reluctance to invest in Portugal. This hesitancy was fueled by the Socialists' promotion of a "workers management" business formula, governmental protection for strikers, nationalization of key industries, and a strong communist influence in the labor unions.[21] As a result, Portugal's economy

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[19]Francisco Pinto Balsemao, "The Constitution and Politics: Options for the Future," in *Portugal in the 1980s, Dilemmas of Democratic Consolidation*, edited by Kenneth Maxwell (New York, Westport, Connecticut, and London: Greenwood Press, 1986), p 201.

[20]*Ibid.*, p 202

[21]For more reading on Portuguese industries in the post-revolutionary period see Nancy Bermeo, "Worker Management in Industry: Reconciling Representative Government and Industrial Democracy in a Polarized Society," pgs 181-197; and Harry M. Makler, "The Consequences of the Survival and Revival of the Industrial Bourgeoisie," pgs 251-283, in *In Search of Modern Portugal, The Revolution and Its Consequences*, edited by Lawrence S. Graham and Douglas L. Wheeler (Madison and London: The University of Wisconsin Press, 1983).

remained idling in neutral, its political parties in disarray, and its population and military increasingly dissatisfied.

It took until 1982 before the political leadership proved capable of passing a revision to the original constitution, and while its effects were positive, many conservative politicians felt that they did not go far enough. In particular, the new center-right coalition named Democratic Alliance (AD) labored intensively to open up the Portuguese economy by restricting the central role of the state, namely by removing restrictions on the denationalization of key industries. AD governments attempted three times between 1980-1983 to pass privatisation legislation. All three times the legislation was deemed unconstitutional by the CR. The CR allowed the military a privileged position in the government, namely that of a "state within a state."[22] It was this privileged position that the AD government sought to restrict in accordance with President Eanes' promise that the the CR would not last more than three to five years. Finally, the AD decided to achieve the long-sought after normalization of the military by doing away with the CR, an act which it hoped would give it the necessary leverage to revise the constitution and amend the restrictions on privatisation. Unfortunately, the Socialists, who votes were necessary to pass legislation, failed to support the entire AD platform on constitutional changes.[23] Instead, the final draft of the 1982 revision was limited to organizational and structural changes between the military and government including the long-waited abolition of the CR, but it failed to address the inherent economic maladies of the original constitution.

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[22]Balsemao, "The Constitution and Politics," p 205.

[23]Bruneau, "Portugal Fifteen Years After the Revolution," p 9.

Oddly enough, in some respects the military suffered a great deal under the CR due to the lack of a central policy-making branch for long-term strategic planning. Issues such as long-range modernization or restructuring plans were instead supplanted by a rather ad hoc approach, with little inkling of a grand, concerted strategy. One official stated publicly that

> ...Portugal has a plan for the modernization of its armed forces but its implementation will hinge on the revision of the constitution and on the approval of the law on national defense.[24]

Following acceptance of the 1982 constitutional revision, the government passed the National Defense Law that created a Ministry of Defense. Proponents of the National Defense Law hoped to define a coherent role for the military in society. Under a Ministry of Defense the government, instead of the military, would have complete control of security policies. It would also remove the military from defense procurement and allow the government to approve the Armed Forces' long-term strategy. Although President Eanes vetoed this measure, a concerted AD / Socialist vote overrode the veto. The promise of normalization of the military to civilian rule appeared fulfilled, and with it, the arrival of true democracy in Portugal.

Although authorized by law, the reform effort embodied in the National Defense Law proved difficult for successive civilian leaders to implement. Deprived of political consensus, Portugal's civilian leadership since 1982 by and large maintained an arms-length approach to military matters and their decisions,

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[24]*Minister Transits Madrid, Comments on NATO*, LD220044 Lisbon Domestic Service in Portuguese 2300 GMT 21 Mar 82, translated in FBIS WEU, 24 Mar 82, p M1, [Manuel Lopes report from Madrid].

and allowed the Chiefs of Staff relative independence in matters concerning military procurement and budgetary priorities.[25] Kenneth Maxwell described this phenomenon as follows:

> It is not surprising perhaps that ambiguity of Spain and Portugal security relationships prior to Democratization, has made the foreign policy and defense areas one of the last areas to be normalized in the process of West Europeanization which both countries have undergone over the past decade, and an area where curious holdovers and continuities from the old regime remain.[26]

Deputy Prime Minister and Defense Minister Rui Machete in 1985 put it in slightly different words:

> ...there is not as yet a ministry of defense and this requires stability and political will which will make it possible to perform this task, which is very considerable. It is here that medium- and long-term strategic planning, which defines the major defense aims and is not a specifically military problem, should be affected. The problems connected with technological innovation, in which defense ministries usually have a major role to play, the need to promote industries in order to ensure that a certain kind of innovation is applied to Armed Forces equipment - - all these are things which do not exist in Portugal.[27]

However, the legal implications of the National Defense Law should not be minimized. While perhaps that which was achieved on paper was not completely actualized, the following achievements represented landmarks in Portugal's

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[25]Vasconcelos, "Portuguese Defence Policy," p 123.

[26]Kenneth Maxwell, "*Spain, Portugal, and Their Contribution to Western Security: The Domestic Context*," Research Institute on International Change, Columbia University, (date unknown), p 4.

[27]*Machete Discusses Varioue Defense Issues*, PM261621 Lisbon DIARIO DE NOTICIAS in Portuguese 12 Aug 85 pp 2, 5, translated in FBIS WEU, 28 Aug 85, p M1, [Interview with Deputy Prime Minister and Defense Minister Rui Machete by Helena Sanches Osorio, date and place not given].

ongoing democratization process. According to the 1982 revision: 1. The President is the Supreme Commander of the Armed Forces with the right to declare war; 2. All service Chiefs of Staff nominations require Presidential approval; 3. The President chairs the National Defense Council composed of cabinet ministers, two members of Parliament, the four Chiefs of Staff, and the presidents of the Azores and Madeira; and 4. Parliament is responsible for legislative and supervisory defense matters.[28]

Besides failing to enact greater economic reforms, the other weakness of the 1982 constitutional revision centered on its failure to change the electoral system. Portugal's system is based on proportional representation. Proportional representation in the immediate post-revolutionary period proved invaluable for the consolidation of political parties that heretofore did not exist.[29] However, with consolidation achieved, the system unfortunately promoted political instability by allowing large numbers of major political parties and their outgrowth, coalition governments. Weak coalitions and minority-ruled governments became the rule rather than the exception through 1987, with the average duration of governments during this 13 year period being 11 months.[30] Portugal found itself caught in a "catch-22." On the one hand, the government lacked the necessary two-thirds votes in parliament to revise the constitution. On the other hand, without a constitutional revision it could not institute a nonproportional electoral system which could gain a government a two-thirds majority. Analyses suggest that if a

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[28]Vasconcelos, "Portuguese Defence Policy," p 124.

[29]Balsemao, "The Constitution and Politics," p 203.

[30]*Ibid.*

nonproportional system had existed in 1983 the Socialists would have gained an outright majority in parliament.[31] Arguably, the 1987 elections disproved the need for a nonproportional system. However, until the results from the next election are in, 1987 must be considered the exception rather than the rule.

F. REDEFINING ALIGNMENTS

The fundamental cornerstone of Portugal's foreign policy has always been its Atlanticist tradition. As Salazar used to proclaim, Portugal is an Atlantic country "as only England can be."[32] However, with its progressive emergence out of Salazar's enforced isolationism, Portugal looked increasingly toward Europe in formulating its foreign policy throughout the late 1970s and 1980s. Development of new avenues of cooperation and integration in Europe manifested itself in several different political as well as economic ways.

As explained earlier, Portugal applied for admission to the European Economic Community in 1977. Nearly nine years later they, along with Spain, became the Communities' newest full members (although the Portuguese were given a grace period in which to bring their escudo in line with the other European currencies). While discussion of Portugal's integration into the EEC will be dealt with in more detail in the next chapter, the significance of Portugal's admission and its effect on the country's morale cannot be overstated. Besides the monetary benefits, EEC accession gave Portugal international prestige and a fresh outlook

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[31]Vasconcelos, "Portuguese Defence Policy," p 109.

[32]Albano Nogueira, "Portugal's Special Relationship: The Azores, the British Connection, and NATO," in *NATO and the Mediterranean*, edited by Lawrence S. Kaplan, Robert W. Clawson, and Raimando Luraghi (Wilmington, Delaware: Scholarly Resources Inc., 1985), p 83.

and confidence for the country's economic future. As Foreign Minister Pinheiro once expressed,

> Portugal has "an almost aristocratic position," which it should assume on the world's scene, because of history and culture. We are among the poorest in a rich men's club which is the EEC, but... we belong to that club.[33]

The West European Union (WEU), to which Portugal applied for membership in 1984, offered a second medium for greater European integration. While the exact benefits to be derived from membership are as limited as the organization's charter, application nevertheless proved Portugal's determination to become "more European," without harming relations with the United States. Much like the EEC, WEU membership would not come without that of Spain's simultaneous admission, which would not take place until 1988. Formal association with the Eureka project represented yet another pro-European development in Portuguese foreign policy. Portuguese officials initially expressed skepticism about this European high technology forum and about possible participation in the United States' Strategic Defense Initiative (SDI). In the words of Figueiredo Lopes, Secretary of State for Defense, "Portugal has little to give and little to gain, both with the SDI and with Eureka."[34] This skepticism finally waned. By the summer of 1985, Portugal announced that it formally accepted these challenges.

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[33]*Foreign Minister Pinheiro Surveys Policy Aims*, PM160955 Lisbon DIARIO DE NOTICIAS in Portuguese 21 Feb 88 p 4, translated in FBIS-WEU-88-051, 16 March 1988, p 6, [Carlos Albino report on Oporto speech by Foreign Minister Joao de Deus Pinheiro: "Portuguese Diplomacy Sends 'Messages' to United States, Spain, and WEU," date not given].

[34]*Gama, Lopez Discuss EUREKA, 'Star Wars,'* PM071055 Lisbon DIARIO DE NOTICIAS in Portuguese 28 May 85 p 2, translated in FBIS WEU, 12 Jun 85, p M2, 'Luis Delgado article: "Portugal Has Not (Yet) Said Eureka"].

> Portugal must make a qualitative leap forward so as to reorganize and modernize its production apparatus and meet the challenge posed by European integration. For this reason the government has decided that it should take advantage of the opportunities offered by the Eureka project and agree to take part in the research stage of the Strategic Defense Initiative.[35]

Throughout the early 1980s, Portugal wanted increased participation in European initiatives, but not exclude itself from its traditional Atlanticist role. Portugal stresses that its interests have always been seaward, but not including the Mediterranean. The Atlantic Ocean is the medium by which Portuguese seafarers have made their living, explored the world, and protected their national security interests and this is why NATO and CINCIBERLANT are natural reflections of Portugal's proud heritage. Portugal continued throughout the 1980s to improve its participation with NATO, such as the Airborne Warning and Control System (AWACS) program.[36] But, despite its past, it appeared logical that Portugal's progressive development should not be confined to its Atlantic past, but should consist of a greater balance of the remarkable potential further of European integration together with the benefits of being a signatory to the North Atlantic alliance.

The early to mid-1980s also ushered in changes to the make-up of Portuguese political parties as well. New leaders appeared as those with vivid memories of the events of 1974-1975 became increasingly fewer in number. Mario Soares, Sa

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[35]*Machete Discusses Defense Capability Needs*, PM261352 Lisbon DIARIO DE NOTICIAS in Portuguese 21 Sep 85 p 24, translated in FBIS WEU, 1 Oct 85, p M3, [Unattributed report: "Autonomous Capability for Defense of Portuguese Strategic Triangle"].

[36]Alvaro Vasconcelos, "Portugal in Atlantic - Mediterranean Security," in *Politics and Security in the Southern Region of the Atlantic Alliance*, edited by Douglas T. Stuart (Baltimore: The Johns Hopkins University Press, 1988), p 125.

Carneiro (died in an airplane crash), and Freitas do Amaral no longer head their own parties. Instead, younger politicians have emerged who tend to be

> ...more technocratically minded, more concerned with economic development and European economic integration than with sustaining a great anti-Soviet campaign.[37]

G. CONCLUSION

Based on Portugal's past, an obvious fear persists that continued political instability might hinder the ongoing normalization of the Portuguese Armed Forces. There are still many in the military who see political instability as a national defense problem with the strengthening of "political power at the center" as the government's primary responsibility. Others, of course, place economic development as the top priority.[38] It seems that the two are not mutually exclusive. Where there is political stability, economic viability may well follow, and with it a normalization of the military. The implementation of all three is essential. Unfortunately, in the first 13 years of Portugal's democratic experiment the only full achievement in terms of the original MFA platform was decolonization. The remaining "Ds" were only satisfied in degrees. Democracy had been ushered in, but its unstable condition prevented it from being considered a complete success. Similarly, economic development was yet to be realized, with EEC membership not coming until 1986. Fulfillment of the original mandate rested on a further revision of the constitution and full implementation of the National Defense Law. Despite the domestic optimism and increased linkages

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[37]Vasconcelos, "Portuguese Defence Policy," p 111.

[38]*Ibid*, p 107

with Europe, Portugal proved once again unable to vote in a majority government in the 1985 elections. It would take an additional two years before Cavaco Silva, the heir apparent to Sa Carneiro, would achieve what no politician before him could - an outright majority in Parliament. From that point Portugal would attempt to fulfill the remaining two original mandates of the MFA - democratization and development.

V. PORTUGAL'S TIES WITH FRANCE AND THE FRG

A. INTRODUCTION

As highlighted in the previous chapter, Portugal is increasingly aligning itself with West European social, economic, and political trends. This is a new development for a country traditionally concerned with colonial or internal matters. Aside from trade with its former overseas provinces, Portugal's largest export market was not a Continental European country, but rather the United Kingdom (until 1985).[1] Historically, convergence between Britain and Portugal developed not out of common European interests but rather shared overseas colonial interests. Portuguese colonies overseas offered ports-of-call to English ships while the Portuguese in return accepted English military protection. The Anglo-Portuguese Alliance of 1373 remains the longest standing alliance in the modern world. This chapter, however, focuses not on the United Kingdom, but on the development of Portuguese relations with two other European countries - France and the Federal Republic of Germany (FRG). French and West German ties with Portugal are unique in the sense that they alone (in addition to the United States) have use of military facilities in Portugal.

This intent of this chapter is to examine Portuguese-French and Portuguese-West German relations in order to draw comparisons with those of the United States and Portugal, which are considered in the following chapter. It was

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[1]As listed in a review from 1959-1989 of principle Portuguese trading partners, according to *The Europa Year Books, A World Survey* (London: Europa Publications), volumes I through 30.

hypothesized that there might be differences in the ways Portugal conducts base negotiations with the United States, France, and the Federal Republic of Germany, and that these differences might involve factors outside the domain of security assistance. In an attempt to examine the most pertinent of the wide range of variables that together make up bilateral relations, this chapter is comprised of the following sections: cultural / social / educational ties, governmental ties, visibility of the foreign bases, emigration preferences, emigrants' remittances, balance of trade, foreign direct investment, reliability of foreign aid, and the origin of military equipment. In order to enhance U.S.-Portuguese relations a better understanding of Portugal's cooperation with its European "base-rights" neighbors becomes valuable. It may well be that the degree of social (cultural links, immigration) and economic (trade, direct investment) ties between Portugal and its three "base-rights" countries influences the amount of security assistance requested by Portugal to secure base rights.

B. BACKGROUND OF PORTUGAL'S EUROPEAN BASES

The principal French military base in the Azores is located on the island of Flores. This remote outpost on the western edge of the island chain serves as a tracking station for French ballistic missile experiments. The cooperation agreement was signed on 7 April 1964 and the station was officially opened on 6 October 1966.[2]

The Federal Republic of Germany concluded a bilateral defense agreement with Portugal on 14 October 1963 after a series of secret negotiations. According

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[2]Luc Crollen, *Portugal, the U.S. and NATO* (Belgium: Lueven University Press, 1973), p. 65

to the agreement, West Germany obtained the use of the National Air Base No. 11 at Beja. The Beja base, located in the southern region of the mainland, was initially intended to serve as a reinforcement and command center in the event of a Warsaw Pact incursion into Western Europe. Instead, the base eventually became a training camp for Luftwaffe Alpha jet pilots.[3]

C. CULTURAL/SOCIAL/EDUCATIONAL TIES

It is difficult to measure and compare the exact degree of cultural ties between nations accurately. Cultural linkages are amorphous "gray areas" that are rarely clearly defined. After all, one must consider what time periods are being considered. What are the measurement tools? What value can be placed in purely subjective opinions which could obviously differ greatly depending on the degree of objectiveness of the observer, not to mention the person's nationality? Cultural ties, in this cursory analysis, will be viewed in the context of the 20th century. The emphasis will be on comparing the degree of shared historical experiences, religion, education, and the arts.

French-Portuguese cultural, social, and educational ties are extremely strong. Parallel colonial experiences in Africa and the Far East along with the painful process of decolonization forged unique and conciliatory relations between the two countries. The two countries naturally came into repeated contact in the management of their overseas possessions and thereby shared common experiences. To this day both France and Portugal remain actively involved in

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[3]*German Pilots To Train at Beja; Agreement Renewed*, LD212058Y Hamburg DPA in German 1946 GMT 21 Dec 78 LD, translated in FBIS WEU, 22 Dec 78, p M1.

Africa, not so much militarily, but rather diplomatically. For example, French President Francois Mitterrand and his Portuguese counterpart General Ramalho Eanes discussed the possibility of establishing tripartite relations between France, Portugal, and the Portuguese-speaking African countries in December of 1981.[4] It is not surprising, according to a reputable source, that French sympathies exist to the greatest degree in the 45+ Portuguese age group. This is the generation before the Revolution that shared in the colonial experience and it was during the 1960s that Portuguese immigration to France reached its apex. Roman Catholicism is the predominant religion of both countries. Approximately 90 percent of the Portuguese population and 80 percent of the French population express spiritual loyalty to the Vatican.[5] The French Embassy in Lisbon reportedly designates one person working a part time job to information activities, including press and and distribution programs. The cultural program includes a French Lycee (secondary school with an excellent reputation); and the Alliance Franscaise offers language courses, lecture programs, and a library housing 8,000 volumes. The embassy also sponsors film showings, art exhibitions, and guest appearances by French artists. Recently, a new Luso-French Institute opened, expanding the information services already available. [6] The high number of emigrant workers in France, numbered at 850,000 in 1986, provides yet another

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[4]*Ramalho Eanes, French President Hold Talks*, LD120252, Lisbon Domestic Service in Portuguese 0000 GMT 12 Dec 81, translated in FBIS WEU, p M1, 14 Dec 81.

[5]*The Europa Year Book, 1988, A World Survey*, p 1060.

[6]*Country Data, Portugal*, Information Paper published by the United States Information Agency, p 6, provided by M. L. Asquino, EU/868, United States Information Agency.

avenue of cultural exchanges between the two countries.[7] Former Portuguese President General Ramalho Eanes summed it up best when he referred to France as "being for the Portuguese their second country, in the cultural and the human sense."[8]

West German-Portuguese cultural, social, and educational ties are also strong. Although technically neutral during WWII, the Portuguese received repeated overtures by Nazi Germany aimed at obtaining basing rights in the Azores. While Salazar rebuffed these overtures, he nevertheless held some degree of sympathy for Nazi Germany and its dictatorship. Portugal was one of only two nations - the other being Eire - to lower their flags to half-mast at the news of Hitler's death.[9] Relations after the war became more tangible with Portugal, as charter member of the North Atlantic Treaty, lodging the proposal for West Germany's admittance into the Western Alliance.[10] Roman Catholicism is obviously not as strong in the heartland of Luther's Reformation as it is in France. Roughly 45 percent of the West German population are Roman Catholics, with the percentage greatest in the southern regions - coincidentally the area where the largest number of Portuguese emigrant workers are located.[11] Much like France, the West German Embassy is active through the press in distributing cultural,

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[7]*Mitterrand Comments on Ariane*, AU070724 Paris AFP in English 0458 GMT 7 Apr 87, in FBIS WEU, 7 Apr 87, p M2

[8]*France Seen As Natural Ally for Portugal In EEC Negotiations*, LD111625 Paris Domestic Service in French 1200 GMT 11 Oct 79 LD, translated in FBIS WEU, 12 Oct 79, pg K4.

[9]Crollen, *Portugal*, p 131.

[10]*Portugal's President Mario Soares Visits*, LD191101 Hamburg DPA in German 1014 GMT 19 Apr 88, translated in FBIS WEU 88-078, 22 April 1988, p 4.

[11]*The Europa Year Book, 1985, A World Survey*, p 1174.

informational, and commercial materials. In addition, the German Goethe Institute in Lisbon has a 7,500-volume library, film library, lecture program, exhibits, and an active theater program. Educationally, there is a private West German school, chairs at the Faculty of Letters, and a leader visitor program to West Germany.[12] Large movements of immigrant workers into West Germany also act as a cultural cross-pollenization of sorts. According to a former resident, it is not out of the ordinary to see small Portuguese villages embracing Bavarian and French architecture to such an extent that the unknowing tourist would believe he was standing somewhere north of the Alps.

D. GOVERNMENTAL TIES

Governmental ties constitute an area perhaps as difficult to measure as cultural linkages between nations. The measuring tools for the purposes of this study are historical precedents, commonality in the forms of government, official visits, and friendships. French-Portuguese relations have been characterized as being influenced by the "Gaullist dream of grandeur," or in other words, national pride and greatness through independence of action, military prowess, and a developed economy.[13] This perception of de Gaulle's France serving as a political role model for Portugal is perhaps equally justifiable in the present day. Francois Mitterrand's election to Presidency in 1981 was a victory not only for French Socialists but for International Socialism. The first person to travel to Paris to meet the President-elect was Portuguese Socialist Party Secretary General Mario

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[12]*Country Data, Portugal*, p 6.

[13]Crollen, *Portugal*, p.130.

Soares, a close friend of Mitterrand, an active member of the Socialist International, and the future Portuguese Prime Minister and President.[14] The Soares-Mitterrand friendship remains solid. Another governmental linkage is that both countries have established and well-organized communist parties with which to contend, although Portuguese Socialists do not condone duplication of the the French Socialists' position of sharing power with the Communists as took place between 1981 and 1984 (notwithstanding their 1974/1975 experience). The French form of government serves as a role model for the Portuguese. The Portuguese looked toward the French model when structuring their Defense Ministry's civilian services and attempting to draw up mid-term military spending plans,[15] and it is the French who have already charted the proposed Portuguese path for economic revitalization. In an interview Gerard Longuet, former representative to the European Parliament and currently representative for the Meuse Department and general delegate for the Republican Party, spoke at length of how, while formidable, Portugal's economic challenges are no different than those successfully confronted by France three decades ago. He said,

> We accepted decolonization in a context as difficult as that experienced today by Portugal and the European perspective represented an alternative ambition...Portugal is going to experience two development stages and the real difficulty will not occur immediately but 10 years from now. That is exactly

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[14]*President-Elect Meets With Portuguese Socialist*, LD130148 Lisbon Domestic Service in Portuguese 2230 GMT 12 May 81, translated in FBIS WEU, 13 May 81, p K1. It is implied that the Soares Mitterrand friendship extends back at least to 1974 when, for a period of five years, Soares was "exiled" in France. This time in seclusion away fron Portugal's military dictatorship is referenced in *Mitterrand Comments on Ariane*, AU070724 Paris AFP in English 0458 GMT 7 Apr 87, FBIS WEU, 7Apr 87, p M2.

[15]*Military Agreement With France To Be Drafted*, LD062046 Lisbon in Portuguese to Europe 1900 GMT 6 Jul 82, translated in FBIS WEU, 7 Jul 82, p M1.

> the situation France was in between 1955 and 1975: for 20 years we built our industrial development on cheap labor from the rural areas. Then, in a second stage, we had to convert our quantitative industry into a qualitative one. A difficult operation when one does not have adequate training facilities at one's disposal.[16]

Just as President Mario Soares requested that Mitterrand be Portugal's first official state visitor following its admission into the Common Market, so are French-Portuguese political relations likely to remain of the most cordial nature.[17]

West German-Portuguese political relations in the post-war period have been characterized by peaks and valleys. As mentioned earlier, Portugal advocated West German integration into NATO, followed up by a basing agreement at Beja and a myriad of other military compensations in return for West German arms sales which supported Portuguese war efforts in Africa.[18] The relationship soured with West Germany before the 1974 revolution while Willy Brandt was in power (1969-1974). It was not until after the revolution and during the chancellorships of Schmidt (1974-1982) and Kohl (1982-present) that more amenable relations were restored. It is significant to note that when West German President Karl Carstens visited Portugal on a state visit in 1980 it was the first official visit by a German head of state in 75 years![19] Increased West German-Portuguese political interactions are a development of the last decade, especially in the sphere of economics - e.g. Portuguese admittance into the EC. One of the more promising

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[16]*Country's Preparedness for 1992 Deemed Poor*, 35190164 Paris LE QUOTIDIEN in French 19 Jun 89 pp16-17, translated in FBIS-WEU-89-162, 23 August 1989, p 19.

[17]*Mitterrand on Relations With Portugal, Chad*, PM141334 Lisbon DIARIO DE NOTICIAS in Portuguese 6 Apr 87 p 5, translated in FBIS WEU, 15 Apr 87, p K1.

[18]For a more thorough description of the numerous Luso-West German negotiations in the 1960s and 1970s see Luc Crollen's, *Portugal, The U.S. And NATO*, pgs 131-133.

[19]*Genscher Views FRG-Portuguese Relations, Other Issues*, LD220835 Lisbon EXPRESSO in Portuguese 12 Jul 80 pp 1, 24, translated in FBIS WEU, 22 Jul 80, p J3.

bilateral accomplishments was the signing on 15 July 1980 of a fiscal agreement that would avoid double taxation[20] - an agreement that still eludes U.S.-Portuguese economic relations. The Federal Republic also continues to pursue greater cooperation with Portugal through a visitor program by which Portuguese legislators travel to meet their West German counterparts and other high officials.[21] The degree of West German-Portuguese political dialogue is likely to continue to increase throughout the 1990s.

E. VISIBILITY OF THE FOREIGN BASES

The basis behind examining the "visibility of the foreign base" rests on the hypothesis that the more visible the foreign military facility is to the general public, the more likely will it be a source of friction between nations. The U.S. Air Force Base at Hellenikon in Greece is an excellent example. Located not far from Athens, the facility shares its airfield with the international airport and is predictably a bone of contention between the U.S. and Greece. In Portugal, only one of the three foreign military facilities is on the mainland, while the other two are in the Azores.

France's principal military facility in the Azores is located on the island of Flores, although in accordance with the 1984 agreement the French are also allowed to station aircraft and ships on the islands of Sao Miguel, Terceira, Santa

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[20]*Portugal, FRG Sign Tax Agreement; Carstens Departs*, LD161726 Lisbon in Portuguese to Europe 1230 GMT 16 Jul 80, translated in FBIS WEU, 18 Jul 80, p M1.

[21]*Genscher Receives Portuguese Legislators*, LD131907 Hamburg DPA in German 1153 GMT 13 Mar 86, translated in FBIS WEU, 17 Mar 86, p J3.

Maria, and Faial.[22] The French military holds a remote presence in the archipelago, well out of the public eye. Interestingly, the French have conducted military expeditions into Africa from Azorean bases, such as during the Shaba conflict in April 1977.[23] However, despite this episode, a survey of Portuguese radio and literature translated by FBIS uncovers scarcely a half dozen references to the Flores base, with none of them expressing any type of hostility or displeasure towards the French presence on the islands.

The West German air base at Beja holds none of the benefits of the French facility on Flores. Highly visible, heavily criticized, and not adequately subsidized in Portugal's opinion, Beja cannot help but maintain a presence in the local press. The West German contingent permanently stationed at Beja includes approximately 600 Bundeswehr servicemen, 18 Alpha jets, and two rescue helicopters.[24] The problem with Beja is simple: its mission. Both the West German and Portuguese Air Forces use National Air Base No. 11 as a training facility, which includes low-level flights. There are numerous low-level routes throughout the country with the principal one being the route between Beja and the Alcochete firing range. Recent accidents like that at Ramstein, while having no resemblance to normal training missions, nevertheless heightened Portuguese public awareness of the inherent dangers of low-altitude flights. As far back as

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[22]*Missile-Tracking Station Pact Signed With France*, LD041447 Lisbon in Portuguese to Europe 1230 GMT 4 Apr 84, translated in FBIS WEU, 5 Apr 84, p M1.

[23]Alvaro Vasconcelos, "Portuguese Defence Policy: Internal Politics and Defence Commitments," in *NATO's Southern Allies, Internal and External Challenges*, Edited by John Chipman, (London and New York: Routledge, 1988), p 115.

[24]*German Defense Minister Arrives for Visit*, LD241549 Hamburg DPA in German 1235 GMT 24 Mar 88, translated in FBIS-WEU-88-058 25 March 1988 p 7.

1987 one thing was clear - Lisbon was not interested in expanding the facilities at Beja, given the level of military assistance offered by West Germany as a quid pro quo.[25] This observation appears equally valid today.

F. EMIGRATION PREFERENCES

Portuguese emigration patterns changed dramatically after the 1974 Revolution. In addition to the sharp decrease in Portuguese immigrating to other countries in Western Europe, due to a rise in European legal restrictions, there was a tremendous wave of Portuguese returning from the former colonies. Legal restrictions on the part of France and West Germany prevented these returnees from settling in these countries, which were popular with previous Portuguese emigrants. Another factor that may have possibly contributed to drops in Portuguese emigration was the promise of a better life that came with the country's transition to democracy. Regardless of the causes, the end result was that in 1974 there were over 43,000 Portuguese immigrating worldwide; in 1988 the number stood at under 10,000.[26] The current trend is especially visible among today's young, whose ambition and optimism is a stark contrast to the "lost generations" of Portugal's past. In a poll of 2,000 young people between the ages of 15 and 29, the results confirmed overwhelmingly that the younger generations are "patriotic, optimistic, consumer-minded, reformist, and family-oriented." Unlike those of the turbulent 1960s (who experienced the colonial wars), Portugal's

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[25]*Government To Redefine FRG Air Force Pact*, LD271628 Lisbon International Service in Portuguese 1105 GMT 27 Oct 87, translated in FBIS-WEU-87-209, 29 October 1987, p 17.

[26]Special thanks to Fernanda Andrade, Economic Assistant at the United States Embassy in Lisbon, who gathered from Portuguese documentation (from *Banco de Portugal* figures) on emigrant remittances, emigration statistics, and foreign investment.

younger generation today is inclined to believe that its future lies in Portugal and not in other countries. The same poll could only find 20 percent who would answer affirmatively to the question, "Would you agree to emigrate?"[27]

As seen in Figure 7, the number of Portuguese immigrating to France since 1966 has dropped considerably. In 1966, 61.1 percent of the more than 120,000 Portuguese immigrated to France, while in 1987 only two percent of over 8,000 Portuguese chose likewise.[28] France, while still the country of choice for emigrant workers, neither encourages nor attracts permanent Portuguese settlers.

There appears to be little interest or opportunity for post-Revolution Portuguese to settle permanently in West Germany. Between 1973 and 1976 the percentage of Portuguese emigrating to West Germany dropped by 38.1 percent! The percentage since 1978 consistently rests at less than one percent.[29] As mentioned earlier, restrictive emigration laws barring many Portuguese from moving to France and West Germany on a permanent basis are largely to blame for this phenomenon. However, the connection between the trend seen in Figure 7 and a poll cited in the next chapter (page 110) suggests that there are additional reasons behind the Portuguese aversion to settling in West Germany. For now, the only conclusion that can be drawn is that the Federal Republic of Germany is by and large a haven only for Portuguese migratory workers.

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[27]Poll Shows Youth Optimism, Patriotism 35420063 Lisbon O INDEPENDENTE in Portuguese 13 Feb 89 pp 15-17, translated inFBIS-WEU-89-057, 27 March 1989, p 11.

[28]*Banco de Portugal* data 1976-1988

[29]*Ibid.*

G. EMIGRANTS' REMITTANCES

Portugal annually receives considerable amounts of revenues from emigrants' remittances, especially from those individuals working in France and the Federal Republic of Germany. Unfortunately, the ability to measure emigrants' remittances accurately is suspect. As noted by Thomas Straubhaar,

> ...only money remitted by direct bank or postal transfers can be recorded with any degree of reliability...with standard deviations of 10% being the norm.[30]

Nevertheless, any discussion incorporating emigration statistics would be remiss without citing the best available data concerning trends in the flow of money from emigrant workers.

The growth of remittances grew rapidly in the 1960s along with the demand for foreign workers from Portugal, Spain, Italy, Greece, and Turkey. Then in the 1970s, demand fell as restrictions on emigration grew. However, throughout this period and up to the present day the importance of remittances to Portugal's gross domestic product significantly exceeds that of its Mediterranean neighbors: a fact typical of lesser developed countries.[31] Portuguese emigrant remittances between 1960 and 1981 added 3.89 percent to the national income.[32] Typically, emigrant remittances from Europe have allowed Portugal to cover its outstanding trade deficit with both France and West Germany. Unfortunately, reliable data citing the exact amounts of emigrant remittances from France, the Federal Republic of

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[30]Thomas Straubhaar, "Migrants' Remittances and Economic Activity," in *Intereconomics*, Vol 20, March/April 1985, p 89.

[31]*Ibid.*, p 92.

[32]*Ibid.*, p 89.

Germany, and the United States are not available. Instead, Figure 8 represents the percentage of total remittances from all of the European OECD countries, the United States and Canada, and then the sum total of the previous two categories.

France, with the largest share of Portuguese emigrant workers, responded favorably as early as 1979 to Portuguese calls for fairness towards their citizens working in France. On the occasion of the new Portuguese ambassador to Paris, Siqueira Freire, presenting his credentials, President Giscard d'Estaing stated that no sort of discrimination against Portuguese workers in France would take place.[33] Three months later during a state visit to France, President Ramalho Eanes placated a crowd of thousands of Portuguese emigrants with his personal belief in d'Estaing's promises, stating, "a president's word is his bond."[34] Prime Minister Pierre Mauroy expanded French cooperation in this area in 1984 with the assurances that France would assist in the retraining of those emigrant workers who opted to return to Portugal, and furthermore, that all Portuguese laboring in France could stay indefinitely.[35]

Unfortunately, there is scant information available concerning West German attitudes and official policy positions regarding Portuguese emigrant workers. The only information that can be gleaned from published West German and Portuguese interviews is that in 1981 nearly 50 percent of the Portuguese annual trade deficit with West Germany was made up by emigrant remittances and

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[33]*Portuguese Ambassador To France Meetes With Giscard*, LD122330 Lisbon Domestic Service in Portuguese 2200 GMT 12 Jul 79 LD, translated in FBIS WEU, 13 Jul 79, p M4.

[34]*Eanes Obtains Guarantees For Compatriots In France*, LD112233 Lisbon Domestic Service in Portuguese 1930 GMT 11 Oct 79 LD, translated in FBIS WEU, 15 Oct 79, p M1.

[35]*French Prime Minister Concludes Visit, Departs*, LD212322 Lisbon in Portuguese to Europe 1900 GMT 21 Jan 84, translated in FBIS WEU, 23 Jan 84, p M1.

tourism and that it has continued to rise annually.[36] It is undoubtedly a Portuguese priority to ensure the well-being of their citizens residing in other countries, like those in West Germany, both from a legal and fiscal point of view.

H. BALANCE OF TRADE

Portugal is by all definitions a developing country with a GNP that consistently ranks among the lowest in the Atlantic Alliance. According to the World Bank, Portugal's GNP measured at average 1985-87 prices stood at $2, 890 per head.[37] In comparison, Spain's was $4,860,[38] Greece's $4,350,[39] France's $12,860,[40] and the FRG's $14,460.[41] Portugal slowly made headway towards economic recovery in the 1980s following two IMF guaranteed loan packages and between 1980 and 1987 its GNP per head, in real terms, rose at a yearly rate of 2.2 percent - one of the highest in Europe.[42] Still, there is an unmistakable pessimism among the Portuguese about the current state of affairs. In a revealing January 1989 poll 54.8 percent of the businessmen interviewed felt that 1989 would be economically worse than 1988, while only 16.7 percent held a more optimistic view.[43] Similarly, in an October 1989 poll, only 26 percent of the respondents

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[36]*FRG's Lambsdorff Interviewed On Trade Relations*, PM041643 Lisbon DIARIO DE NOTICIAS in Portuguese 19 Nov 81 p 3, translated in FBIS WEU, 7 Dec 81, p M3.

[37]*The Europa Year Book, 1989, A World Survey*, p 2124.

[38]*Ibid.*, p 2333

[39]*Ibid.*, p 2552

[40]*Ibid.*, p 1011.

[41]*Ibid.*, p 1125

[42]*Ibid.*, p 2124.

[43]*Poll Finds Businessmen Pessimistic on 1989*, 35420044a Lisbon EXPRESSO in Portuguese 7 Jan 89 p 1E, translated in FBIS-WEU-89-031, 16 Feb 89, p 25.

agreed with the IMF's labeling of Portugal as an industrialized country.[44] Yet despite the rather discouraging polling results, there can be no doubt that Portugal's economy is doing far better today then a decade earlier. The future of Portugal's economic recovery will hinge on the degree of EC generosity and governmental liberalization. For the purposes of this study, the trends in Portuguese trade with France and the Federal Republic of Germany will be analyzed in an attempt to measure the comparative impact that these two countries have on the Portuguese economy. Figure 9 lists the trends in Portuguese trade balances, followed by Figures 10 and 11 which depict trends in Portuguese imports and exports, respectively, as a percentage of total trade.

As seen in Figure 9, Portuguese trade balances with France since 1974 follow an unpredictable path. Despite the shifts from deficits to surpluses and back to deficits, the overall magnitude of the balance is not of an alarming level. The most contentious aspect of French-Portuguese economic relations revolved around the issue of Portugal's membership in the EC. It took nearly seven years for Portugal's and Spain's membership to be approved. This delay was caused in large part by French hesitancy over the sudden influx of comparatively cheaper Portuguese agricultural produce affecting its corner of the market. (It should be stressed that Spain - whose simultaneous entry into the Common Market was deemed politically necessary - and its much larger agricultural industry concerned the French the most.) A 1981 source held 32 percent of the Portuguese population

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[44]*Poll: Minority Views Country as Industrialized*, 90ES0068A Lisbon O JORNAL in Portuguese 13-19 Oct 89 p 10-E, translated in FBIS-WEU-89-229-S, 30 November 1989, p 91.

employed in the agricultural sector[45] and their wages far below those of European counterparts. Portuguese frustrations mounted with each annual delay in its application for EC membership. The issue by October 1983 became so contentious that Prime Minister Mario Soares, issued the following ultimatum via a live radio interview on French radio to the French President, who at that time held the rotating title of President of the EC:

> Portugal cannot wait indefinitely, because we have the right to join the Community, and if Europe is unable to overcome its economic difficulties over questions of tomatoes, oranges, and sardines, if it places such questions above the geopolitical and strategic interests of the continent and hinders the bids of Portugal and Spain for EC membership, than this means that Europe lacks the capacity for being truly European...Another alternative will be found if Europe closes the door on us. Only the Atlantic separates us from America.[46]

Figures 10 and 11 reflect the effect of EC membership on Portuguese imports and exports. As to be expected, remarkable growth in the percentage of total trade going to the EC countries occurred beginning in 1986. What is perhaps more interesting is the shift away from French trade in comparison to that of other EC countries. Less dependence on the volume of trade with France can be interpreted as a goal of the Common Market and a positive development in Portuguese trade.

The Portuguese trade balance with West Germany, a country that firmly supported Portuguese admittance into the EC, is less satisfactory. As seen in Figure 9, after nearly equalizing in the mid-1980s, the trend recently points to an enormous trade imbalance in favor of West Germany. This imbalance, which

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[45]Stewart Menual, *The Geo-strategic Importance of the Iberian Peninsula*, Conflict Studies, Number 133 1981, London: Institute for the Study of Conflict, 1981, p 6.

[46]*Soares: 'Tough Warning' To France on EEC Entry*, LD142211 Lisbon Domestic Service in Portuguese 1900 GMT 14 Oct 83, translated in FBIS WEU, 18 Oct 83, p B3.

existed to a lesser degree in the past, is a source of constant friction between Bonn and Lisbon. The problem, as FRG Minister of Economics Otto Lambsdorff described in 1981, is essentially of a structural nature. While a plethora of high price and high technology West German products penetrate Portuguese markets, Portugal relies heavily on the same traditional exports of beverages, foodstuffs, and cork.[47] Despite the fact that the total volume of trade between 1983 and 1987 rose by 42.5 percent, the growth was tilted decidedly in West Germany's favor.[48] In April 1988, Federal Chancellor Helmut Kohl confessed that a number of things will have to be done to correct the worsening trade imbalance.[49] Figures 10 and 11 lead to the same conclusions as mentioned earlier with respect to France; namely that there are signs of a gradual diversification away from trade with West Germany, measured against total trade within the EC. While these trends will not alter the trade imbalance immediately, they are nevertheless good long term signs.

I. FOREIGN DIRECT INVESTMENT

Portugal went to great lengths since the late 1970s to promote the country as a lucrative and safe haven for investors. The reluctance by foreign investors to take financial risks in Portugal is predicated mainly on problems with the state constitution, as noted in Chapter IV. The constitution, written in 1976 and revised

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[47]*FRG's Lambsdorff Interviewed On Trade Relations*, PM041643 Lisbon DIARIO DE NOTICIAS in Portuguese 19 Nov 81 p 3, translated in FBIS WEU, 7 Dec 81, p M3.

[48]*Portugal's President Arrives for 5-day Visit*, LD171723 Hamburg DPA in German 1612 GMT 17 Apr 88, translated in FBIS-WEU-88-074, 18 April 1988, p 7.

[49]*Portugal's Mario Soares Visits - Encourages Cultural Exchanges*, LD191426 Hamburg DPA in German 1344 GMT 19 Apr 88, translated in FBIS-WEU-88-078, 22 April 88, p 4.

in 1982, promotes a socialist society in which the rights of the workers are sacrosanct and includes the principle of "transforming the essential means of production into common property."[50] Portugal tries to mitigate these fears by asserting that, as Prime Minister Cavaco Silva candidly stated in March 1986,

> The Constitution and constitutional reality are two different things. The Constitution does not hinder us from liberalizing the economy every day. It can be done, although the second article of the Constitution says government measures should lead to socialism. In practice we do exactly the opposite.[51]

While the present form of the Constitution is ineffective, the requirement for a two-thirds vote to change it proved impossible to achieve until Cavaco Silva's majority government enacted economic liberalizing legislation in the 1989 revision of the constitution. The passage of time and Portugal's acceptance into the EC seems to have swayed reluctant investors. Figure 12, shown below, depicts the explosion in foreign direct investments by France and the Federal Republic of Germany beginning in 1986. An interesting note is highlighted in Figure 13, listed below. The percentage of total direct investments by France and the Federal Republic of Germany tapered off while those from all European OECD countries are also at approximately the same level in 1988 as they were in 1978. This is an indication that new countries outside the traditional pattern are investing in Portugal, a healthy sign as Portugal is understandably apprehensive about any one country acquiring too many assets. In 1989 the government placed a five

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[50]*Soares, Delegation Depart for Cologne Visit*, LD171547 Lisbon International Service in Portuguese 1400 GMT 17 Apr 88, translated in FBIS-WEU-88-075, 18 April 1988, p 15.

[51]*Cavaco On NATO Role, Trade, Politics, Africa*, DW270831 Bonn DIE WELT in German 26 Mar 86 p 6, translated in FBIS WEU, 28 Mar 86, p M1.

percent ceiling on non-Portuguese acquisitions, although it is believed that many companies know how to circumvent these restrictions.[52]

French direct investment in Portugal continues to grow. France placed 11.79 million contos in 248 business projects in 1988. In comparison, 4.8 million contos in 139 projects were invested in 1987. Additionally, although its total share of direct investments remained relatively constant, from eight percent in 1987 to ten percent in 1988, it rose to 21 percent in the first six months of 1989.[53] It must also be noted that both France and West Germany, among others, invest a large sum of money into Portugal through EC structural assistance funds such as the European Regional Development Fund (FEDER), the EC Social Fund (ESF), FEOGA-Guarantee, and FEOGA-Orientation. The total inflow of these funds to Portugal reached $670 million in 1987. Another assistance package, the Specific Fund for the Development of Portuguese Industry (PEDIP), allocated over $2.4 billion to be administered between 1988 and 1992. In the words of Prime Minister Cavaco Silva, "It won't be for lack of funds that we will not take a large step towards modernization."[54]

Much like France, West German direct investments in Portugal were virtually nonexistent in 1975. Apprehension over Portugal's constitution, labor laws, political instability, and bureaucratic red tape overshadowed the more positive aspects such as low wages, few strikes, tax advantages, and adaptability to

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[52]Alan Riding, "Portugal is Leaving its Poor Past Behind," *The New York Times*, 7 May 1990, p C7.

[53]*Reasons for Expanding Foreign Investments*, 90ES0386A Paris L'USINE NOUVELLE in French 7 Dec 89 p 47, translated in FBIS-WEU-90-028, 9 February 1990, p 23.

[54]Untitled paper by Chris Webster, Economics Officer, U.S. Embassy, Lisbon, dated 3 March 1988.

new technologies.[55] When West German entrepreneurs asked President Soares what guarantees they might receive should they decide to invest in Portugal, Soares rebuffed them with the remark that no such guarantees were necessary:

> Just ask the big German companies that invest here and have been working here for many years. Ask Hoechst or Siemans, for example, or others, they will tell you that you can come to our country with a relaxed state of mind.[56]

Soares' appeal failed to inspire many West German investors and in 1988 the percentage of FRG investments in Portugal, while increasing, continued to lag behind that of its industrialized peers. Currently, there is a some concern on the part of the Portuguese over developments in Eastern Europe and how it may affect future foreign investments. Statements by various governmental figures give a flavor of the current mood. Prime Minister Silva is confident that Portugal will not be abandoned. Recently he stated,

> ...I do not accept that the Community can fail to honor commitments previously undertaken with respect to countries such as Portugal, Spain, Greece, and Ireland. I regard this as settled. I acknowledge that some foreign investors, who could perhaps have had Portugal in mind as a priority location, could now also have other countries in mind; but, in view of the considerable inflow of foreign investment into Portugal, I do not believe that this will be of any great importance or that what particularly concerns us will be affected.[57]

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[55]*Cavaco On NATO Role, Trade, Politics, Africa*, DW270831 Bonn DIE WELT in German 26 Mar 86 p 6, translated in FBIS WEU, 28 Mar 86, p M1.

[56]*Soares, Delegation Depart for Cologne Visit*, DW181051 Bonn DIE WELT in German 16-17 Apr 88 p 6, translated inFBIS-WEU-88-075, 19 Apr 88, p 16.

[57]*Premier Discusses East Bloc Changes, Angola*, PM2203162190 Lisbon EXPRESSO in Portuguese 3 Feb 90 ("A Revista" section) pp 4-11, translated in FBIS-WEU-90-057, 23 March 1990, p 17, [Interview with Portuguese Prime Minister Anibal Cavaco Silva by Jose Antonio Saraiva and Joaquim Vieira, place and date not give].

Other governmental officials agree with Silva and quite correctly assess that the economic revitalization of East European economies will not take place overnight. One Portuguese official (not named) stressed that,

> At the moment, Eastern European countries are not ready to absorb a lot of money... It will take them four or five years to catch up to us. But after that, Portugal is in danger of becoming more peripheral a player. That's what we have to prepare for now.[58]

West Germany, in particular, made it a point to assure the Portuguese that even the eventual reunification of Germany would not harm European unity. On a trip to Portugal,

> ...Von Weizaecker sought to dispel Portuguese fears that FRG firms with factories in Portugal or planning further investments in our country might close the former or desist from the latter to better concentrate the efforts and renowned efficiency of the FRG economy in the reconstruction of the GDR.[59]

Portugal's successful economic policies in the late 1980s and 1990s are driven by the constitutional revisions and the subsequent liberalization of the economy. Consistent with these changes is the European economic dimension which will continue to be the key to Portugal's future fiscal viability.

J. RELIABILITY OF FOREIGN AID

Portugal uses foreign aid from France and the Federal Republic of Germany for either economic development, purchases military of military equipment, or both. In one form or another, be they governmental loans, grants, or private

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[58]Riding, "Leaving Past Behind," p C7.

[59]*President Reassures Portugal on Reunification*, LD2103232390 Lisbon Domestic Service in Portuguese 1900 GMT 21 Mar 90, translated in FBIS-WEU-90-057, 23 March 1990, p 6.

enterprises, both of these countries have provided quid pro quos for the continued unencumbered use of their military facilities in Portugal.

There are few details available in open sources on the terms of the French-Portuguese basing agreement for Flores first signed in April of 1964, renewed in February of 1977, and renegotiated in April 1984 and February 1989. For example, no date is available as to when France first began providing compensation to Portugal for the use of Flores. Presently, only the text of the April 1984 agreement has been obtained. According to Article 8 of the agreement, France agreed to pay 500 million escudos (roughly $3.5 million in 1984 dollars) over a period of seven years to Portugal for the use of its facilities on Flores. Of this total figure, 300 million escudos would go toward economic development in the Azores while the remaining 200 million escudos would be earmarked for the acquisition of French military equipment by the Portuguese Armed Forces.[60] The merits of this type of agreement reside not so much in its magnitude in escudos, but rather its long-term and unalterable conditions. Portugal does not need to worry about what size the next French payment will be. It appears that the 1989 agreement departs from the previous one in that Portugal will receive only military equipment in return for French use of the base.[61] Questions concerning the length and magnitude of the recent agreement are unresolved.

The West German government began providing "compensation" to the Portuguese for use of the Beja facilities beginning in 1978, as seen in Figure 14.

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[60] *Journal Officiel de la Republique Francaise*, 21 Janvier 1986, p 1021.

[61] *French Contribution to Flores Base 'Small,'* 35420065b Lisbon O DIABO in Portuguese 21 Feb 89 p 7, translated in FBIS WEU-89 064, 5 April 1989, p 17.

These allotments were dispensed every 18 months, beginning with DM34 million in May 1978 and then at the fixed rate of DM45 million [62] (roughly $20.5 million in 1978 dollars) from December 1979 to present day. The peculiar feature of West German assistance is that it is comprised entirely of military equipment. The relatively constant amount of West German aid is beneficial for military planning purposes, but its level is far below that which Portugal believes it is entitled to. In past negotiations the Portuguese negotiating position reportedly stood at four to five times the West German offer.[63] The Portuguese allowed the agreement to lapse for six months in 1984 and again in 1988, but in the end apparently conceded each time to West Germany's initial offer. Current negotiations on a revised agreement are once again stalemated due to differences of opinion. An informed source claims that the West Germans reportedly want to expand the scope of their present operations at Beja to include Tornados and helicopters, but the Portuguese government has gone public stating that there will be no expansion of the present facilities.[64] The Portuguese are also demanding "substantially" increased levels of assistance for continuation of the current agreement.

K. ORIGIN OF MILITARY EQUIPMENT

The final variable which will be measured and compared is the origin of the sundry types of military equipment in the current inventories of the Portuguese

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[62]*Military Aid To Portugal*, brief from Hamburg DPA in German 1345 GMT 7 Dec 84, translated in FBIS WEU, 10 Dec 84, p J2.

[63]*Negotiations With FRG on Beja Base Continue*, 35420011b Lisbon O DIABO in Portuguese 11 Oct 88 p 28, translated in FBIS-WEU-88-230 30 November 1988, p 21.

[64]Information provided by Major Javier Garza, Jr., USAF, Assistant Air Attache in the Office of the Defense Attache, United States Embassy, Lisbon, letter dated 16 May 1990.

Army and Air Force. As is evident in Figure 15, a potpourri of military systems exists presently in Portugal's Army and Air Force. Only major pieces of equipment will be measured with small arms left out. The following is a list of the weapon systems included in Figure 15:

- MORTARS
- ANTI-TANK WEAPONS
- ANTI-AIR SYSTEMS
- TOWED AND ROCKET ARTILLERY
- TANK DESTROYERS / SELF PROPELLED GUNS AND MORTARS
- ARMORED PERSONNEL CARRIERS
- RECONNAISSANCE VEHICLES
- TANKS
- HELICOPTERS
- AIRCRAFT

The Portuguese Navy is not included in this study due to its small numbers and near obsolescence. Only the significant German contribution to the MEKO frigate program will be highlighted. While there is obviously some overlap between this and the previous variable, "reliability of foreign aid," this section allows one to garner a better understanding of who provides the Portuguese Armed Forces with what they really need.

The most significant transfers of French military equipment were prior to 1975, when the French arms industry proved itself a reliable financier to the Portuguese war efforts in the colonies. But, French military assistance since the

Revolution has been minuscule. The high numbers of French armored personnel carriers (APCs), reconnaissance vehicles, and helicopters are largely holdovers from the African wars. After all, few modern major weapon systems can be financed on a foreign assistance budget of only $2.1 million annually. However, as mentioned earlier, the February 1989 cooperation agreement apparently changed the agreement such that all of the aid would go to purchases of French military equipment. In April 1989, Lisbon announced that 18 Epsilons - propellor-driven trainers - were being shipped to Portugal in compliance with the agreement. These planes would replace the aging T-37 and T-33 Chipmunks presently used for flight training by the Air Force.[65] It is unlikely that significant changes will occur in the magnitude of French arms transfers to Portugal.

West Germany also actively supplied Portugal military hardware in the 1960s and early 1970s in return for guarantees regarding the West German military presence on the Portuguese mainland. This support increasingly dwindled for political reasons.[66] As described in the previous section, Bonn underwrote the Portuguese military throughout the 1980s at a level of DM45 million. The curious aspect of the agreement is that 1/5th of the military hardware would be from surplus, or used, Bundeswehr stocks.[67] Apparently, the actual percentage of obsolete or used equipment is far higher. According to a military informant, the supply of German equipment is "scandalous." He went on to say,

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[65]*French Contribution to Flores Base 'Small,'* 35420065b Lisbon O DIABO in Portuguese 21 Feb 89 p 7, translated in FBIS-WEU-89-064, 5 Apr 1 1989, p 17.

[66]For more details into West German Ostpolitik under Willy Brandt see Luc Crollen's, *Portugal, the U.S. and NATO*

[67]*Defense Aid To Portugal Will Not Be Increased,* LD200953 Hamburg DPA in German 0920 GMT 20 Dec 83, translated in FBIS WEU, 20 Dec 83, p J1.

> The equipment arrived in a wretched state...Almost all the equipment is old. Only about 15% was new equipment and the secondhand Fiat aircraft proved to be only good for cannibalization.[68]

Figure 15 tends to confirm Portuguese complaints as there is a noticeable absence of West German military equipment. Therefore, while the FRG is the second leading supplier of military equipment to Portugal, it most likely comes in the form of secondary weapon systems.

The FRG is, however, making a sizable contribution to the Portuguese MEKO frigate program, which is being funded by a consortium of NATO countries. In mid-1986, West Germany announced that it would earmark a total of DM394 million between 1986-1992 to Portugal for the construction of three MEKO 200 class frigates. The funding, by year, was expected to be: DM61 million in 1986, DM61 million in 1987, DM60 million in 1988, DM65 million in 1989, DM55 million in 1990, DM46 million in 1991 and DM46 million in 1992.[69] The expected delivery dates are November 1990 for the first frigate, May 1991 for the second, and November 1991 for the third.[70]

L. CONCLUSION

Initially, it appeared that the degree of social, cultural, political, and economic links between the two European "base-rights" countries and Portugal

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[68]*FRG Wants Increased Facilities at Beja Base*, PM131019 Lisbon DIARIO DE NOTICIAS in Portuguese 6 Jul 87 p 7 translated in FBIS WEU, 13 Jul 87, p K1.

[69]*DMS Market Intelligence Report*, Market Overview, NATO & Europe, Portugal, Security Assistance, p 3

[70]Admiral Antonio Andrade E Silva, "The Frigate Programme for the Portuguese Navy," in *NATO's Sixteen Nations*, September 1989, Vol. 34, No. 5, p 72.

has little influence on the outcome of base negotiations. The traditional belief that basing rights are solely a matter of monetary compensations appeared validated. However, other factors soon emerged. The differing Portuguese popular reactions to the French base on Flores stand in contrast to reactions to West Germany's base at Beja. This suggests that the visibility of foreign bases influences the outcomes of basing agreements, with the less visible base being the least contentious. It also appeared that France, the country with the greatest degree of commonality in the other variables explored, maintains the most trouble-free basing arrangement. Pushing this finding to its logical conclusion would mean that West Germany's arrangement would be the most problematic, and that this could well result in demands for increasing levels of aid. Once again, this does appear to be the case, as Portugal habitually complains about the lack of adequate aid from West Germany. How then can Bonn rebuff these demands year after year and still maintain its facilities? Perhaps the degree of social, cultural, political, and economic links plays an influencing role. In other words, when nations cannot agree over the specific financial arrangements, subtle underlying interests and linkages defining their relationship come more into play. The weaker these links, the more likely that negotiations over basing rights will be problematic, thereby increasing the polarization between two countries. This appears to be the case today with Portugal and West Germany.

French and West German ties with Portugal have continued to develop since the 1974 Revolution, especially in the economic sphere. Portugal appears committed to rely predominantly on Europe for its economic future. European influence on Portugal's armed forces appears minimal, especially in comparison to

the size of the United States' contribution. The future of base rights in Portugal does not appear in jeopardy for France. Additionally, it is uncertain, but possible that the Flores base will become superfluous with technological advances in France's satellite program. For the Federal Republic of Germany, however, base negotiations with Portugal over Beja are once again stalled. It appears improbable that Portugal can command a higher price for the facilities given the events in Eastern Europe, the decrease in the Soviet threat, and the government's unwillingness to expand the scope of the present agreement. All of this points to the conclusion that Portugal is in a poor negotiating position vis-a-vis France and West Germany and that its national interests are best served through promotion of increased European economic cooperation, while continuing to rely on the United States as its primary supplier of military assistance.

VI. PORTUGAL'S TIES WITH THE UNITED STATES

A. INTRODUCTION

The United States holds an important position in the development of Portuguese democracy through 16 years of unabated support, both in the form of military and economic aid. This chapter outlines the extent of U.S.-Portuguese relations and complements the previous chapter, which focused on the European dimension of Portugal's post-revolutionary consolidation of democracy. The U.S.-Portuguese relationship is largely based on security assistance, in contrast to the more multifaceted relations between Portugal and its European neighbors. The outline of this chapter is similar to that of Chapter V, with the exception that increased attention is given to the nuances and specifics of the Portuguese-American defense relationship. In the end, consideration is given to what the future U.S.-Portuguese relationship should look like and how the United States should arrange its foreign policy priorities with regard to Portugal.

B. CULTURAL/SOCIAL/EDUCATIONAL TIES

In contrast to most other West European nations, Portugal does not have a strong historical relationship with the United States. The explanation derives mainly from Portugal's past interests in other areas of the world such as Africa and South America, where neither clashes nor cooperation with U.S. interests were likely. In part, the limited contact also resulted from Portugal's descent from its previous colonial power status. Portugal had little to offer the United States.

Likewise, the degree of cultural interaction remained limited. This section will explore the growth in the last two decades, and in particular after the 1974 Revolution, in U.S.-Portuguese cross-cultural ties.

In the area of religion, there is little commonality between the United States and Portugal, with Roman Catholic Americans being a distinct minority in a largely Protestant country. In contrast, as mentioned in the preceding chapter, Portugal is approximately 90 percent Roman Catholic. However, religion is rarely a divisive issue in international relations, at least between Western countries.

More important in international relations is the degree of cultural interactions.[1] The United States, under the auspices of the USIS, administers the USIA's (United States Information Agency) cultural and educational programs. Programs include the International Visitor Program, the Voluntary Visitor Program, the American Participant Program, and the Fulbright Program. The International Visitor Program, a 30-day visa for Portuguese community leaders, is considered quite successful. According to an informed source, Prime Minister Cavaco Silva gained immeasurable insight into American society when he came to this country as a visiting scholar and fully supports the program. The Fulbright Scholarship Program, formed in 1946, likewise became increasingly active in Portugal in the years after 1974. There were a total of 126 grants to U.S. citizens towards studies in Portugal in the 28 years between 1949 and 1977. In the next 12 years, 177 grants were awarded. In comparison, between 1949 and 1977 there

[1]The author recognizes that "culture" is transmitted to a large degree by non-government activities such as Hollywood, business, media, popular music, etc., and that, particularly in the case of the United States, these non-governmen' transmitters have been far more successful than any official agency. For the purposes of this study, however, emphasis is placed mainly on official transmitters of national culture.

were 279 grants to Portuguese nationals, followed by 366 in the next 11 years. These figures also appear positive in comparison to those of Spain. Even though grants to Spanish nationals increased from 913 between 1949 and 1977 to 1,940 in the next 11 years - three times the number of grants between Portugal and the United States - Spain's population is nearly four times that of Portugal. Another satisfactory development is the progressive shift in Fulbright burden-sharing away from the United States toward Portugal. Whereas in 1976 the Portuguese bore only 16 percent of the shared costs, in 1988 its contribution equaled 29 percent.[2] A further achievement towards strengthening bilateral relations was the founding of the Luso-American Development Foundation (LADF) was established in 1985. The LADF is a non-profit, private sector entity designed to promote scientific, cultural, educational, and private sector cooperation between the two countries. It draws U.S. contributions via ESF funds and to date is two-thirds of its way toward its pledge of $150 million in reserves.[3]

The general belief from reputable sources is that the shortcomings in U.S.-Portuguese cultural relations exist because: 1. the United States fails to make inroads into the Portuguese educational system (a system dominated by its European partners), particularly in the social sciences; 2. there is a problem of transferring college degrees from the U.S. universities to Portugal; 3. the Fulbright program is underutilized and underfunded; 4. the LADF expenditures

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[2]Information on the Fulbright Program gathered from: Board of Foreign Scholarships, *Report on Exchanges*, December 1977, Fifteenth Annual report, pgs 8, 34, 35; and Board of Foreign Scholarships, *The Fulbright Program 1988*, Twenty-Fifth Annual Report, December 1988, pgs 6, 18, 19.

[3]Data package with no title, provided by Captain Larry Juhlin, U. S. Navy, U. S. Department of Defense, OASD / ISP, March 1990.

on cultural programs are too small (6 percent[4]) and; 5. the average Portuguese citizen has little true knowledge of what American life is really like. The most widely held Portuguese beliefs concerning life in the United States still originate from old U.S. television series and those magazines known more for their sensationalized depiction of American life than for their accuracy. On the educational level, an informed source told the author a particularly revealing story involving a Portuguese woman who earned an MBA and PhD from Harvard only to discover upon returning to Portugal that the degrees would not be accepted! This same source also mentioned the fact that none of the curators of the major Portuguese museums has ever visited the United States while the same cannot be said of their trips to major European cities.

C. GOVERNMENTAL TIES

Until recently, the degree of political interaction between the United States and Portugal was a function of the Lajes basing agreement. Portugal, as Luc Crollen aptly titled chapter two of his book, existed as a U.S. "strategic necessity and a political liability." Portugal remained too heavily involved in colonial wars to devote adequate resources toward NATO obligations of patrolling its "strategic triangle," and with the absence of Spain in the alliance, the United States filled this void in the Atlantic. Much like France and West Germany, the United States offered political support in the tense period following the 25 April 1974 Revolution, with Ambassador Frank Carlucci serving with distinction between 1974 and 1978.

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[4]*Luso-American Development Foundation*, Information paper provided by M. L. Asquino, EU/868, United States Information Agency, p 2.

In many ways it was the Carlucci link that forged stronger U.S.-Portuguese relations. Carlucci served as both Deputy Defense Secretary as well as Secretary of Defense in the Reagan Administrations and proved to be a vital mediator in the 1988 basing consultations. In addition to Carlucci, the Portuguese were generally pleased with the level of support from President Reagan and his Administration. Defense Minister Azevedo Coutinho remarked as early as May 1981 that,

> The Reagan Administration is showing itself to be far more understanding than the Carter Administration with respect to the Portuguese Armed Forces' reequipment needs.[5]

Portugal expressed its appreciation in 1986 by giving Reagan one of the few warm welcomes that he received during his tour of NATO nations. The fact that President Soares personally met the last four U.S. presidents - Nixon, Ford, Carter, and Reagan - also cannot help but add stability to U.S.-Portuguese relations.[6] Still, it must be stressed that international politics and the preservation of national interests rarely depend ultimately on the degree of inter-governmental friendships. As Portuguese Foreign Minister Jaime Gama once said,

> Political solidarity is not the magic elixir of international relations, nor does international life depend upon personal relationships.[7]

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[5]*Defense Minister Sees Reagan Team As 'Understanding,'* LD201057 Lisbon DIARIO DE NOTICIAS in Portuguese 15 May 81 p 3, translated in FBIS WEU, 21 May 81, p M1.

[6]*Mario Soares Interviewed On U.S. Relations*, LD030700 Lisbon Domestic Service in Portuguese 1900 GMT 2 Mar 83, translated in FBIS WEU, 3 Mar 83, p M1.

[7]*Gama Discusses Foreign Policy in Interview*, PM241115 Lisbon EXPRESSO in Portuguese 19 Jan 85, Review Section pgs 12-15 [Interview with Foreign Minister Jaime Gama by Clara Ferreira Alves, Joao Carlos Espada, and Vincente Jorge Silva - - date and place not given], translated in FBIS WEU, 25 Jan 85, p M1.

Nonetheless, diplomatic rifts can strain good relations. Two recent episodes have threatened to damage otherwise close U.S.-Portuguese ties. The first case involved the nomination of former USIA director Frank Shakespeare as ambassador-designate to Lisbon in 1985. Shakespeare's comments during Senate confirmation hearings about Portugal's democratic "problems" were interpreted as arrogant, paternalistic, and a possible harbinger of ambassadorial interference in internal Portuguese affairs.[8] A second, more serious affair involved the failed nomination of Richard N. Viets as ambassador to Portugal in 1987. Viets' nomination was passed by the Senate in committee, but questions concerning unpaid state taxes, improper uses of government vehicles, and loans from embassy employees, among others,[9] swayed the full Senate to reject his nomination.[10] The U.S. went without an ambassador to Portugal for close to a year - a sore point as well as an embarrassment for the Portuguese.[11] The bottom line is that, although distant allies with little commonality in their forms of government, the United States and Portugal recognize the mutual benefit to improved relations and for the most part have overcome past differences.

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[8]*U.S. Ambassador-Designate's Remarks Criticized*, PM221359 Lisbon DIARIO DE NOTICIAS in Portuguese 7 Aug 85 p 6 [Unattributed report: "Shakespeare's Mistake"], translated in FBIS WEU, 26 Aug 85, p M1.

[9]Congress, Senate, Committee on Foreign Relations, *Nomination of Richard N. Viets*, Executive Report 100 5, 100th Cong., 1st sess., 31 July 1987, pgs 1-14.

[10]David B. Ottaway, "Sidetracked Nominee Opts for Retirement," *The Washington Post*, 25 Dec 87, p A35

[11]*U.S. Ambassador-Designate's Remarks Criticized*, PM221359 Lisbon DIARIO DE NOTICIAS in Portuguese 7 Aug 85 p 6, translated in FBIS WEU, 26 Aug 85, p M1.

D. VISIBILITY OF A FOREIGN BASE

As mentioned in Chapter V, including the variable "visibility of a foreign base" is based on the presumption that the more visible the foreign military facility, the more likely it will be a source of friction between nations. In this respect, the presence of U.S. military facilities in the Azores should be of little consequence to the Portuguese "mainlander," but a bone of contention to the local Azoreans. It is paradoxical, therefore, that just the opposite is true.

U.S. base rights in Portugal are confined largely to the Lajes base on the island of Terceira. Unofficially referred to as the "Hawaiian Islands" of the Atlantic, the Azores provide the U.S. military and NATO an invaluable strategic location. It is precisely because of this unique geographic setting that attention is drawn to the base. As mentioned in Chapter II, it was from Lajes that the United States was able to resupply Israel during the 1973 Arab-Israeli War. However, less publicized out-of-area uses of Lajes include the movement of troops toward Iran during the hostage crisis, possibly the landing or refueling of aircraft involved in the 1986 raid on Libya, and most recently, logistical support to the U.S. fleet involved with escort operations in the Persian Gulf. Officially, Portugal holds the right to restrict the use of Lajes for missions outside the realm of NATO operations. Unofficially, Portugal is quite forthcoming. For example, in 1979 Prime Minister Maria de Lourdes Pintasilgo admitted that Lajes might be used in an operation against Iran, but weakly qualified it with,

> We would not consider the possibility of the base being used by the United States in an indiscriminate manner; a judicious use, yes, but not otherwise.[12]

It is most likely that the same "judicious use" screening criteria decides current U.S. requests which are reviewed on a case by case basis.

While Portuguese on the mainland are less sympathetic to U.S. global responsibilities, Azoreans are largely pro-American. This is primarily the result of the number of Azoreans immigrating to the United States, but also because of the economic support that comes into the Azores as a result of the U.S. presence. In addition to U.S. Economic Support Funds annually earmarked for the development of the islands, roughly an additional $100 million is generated through wages and contracts as seen by the financial impact statement in Figure 16. The net result is that geography helps to dilute the reality of a U.S. presence, but only to a limited degree. It is instead the popular support of the "islanders" that allows the United States to maintain less problematic base rights there. However, the fact cannot be overlooked that Washington's out-of-area interests often strain relations between the two nations by placing Portugal's government in the difficult position of supporting U.S. overseas interests. Portugal is understandably keen on protecting its sovereign rights and is not interested in being, in the words of former Foreign Minister Goncalves Pereira, "a kind of aircraft carrier or airport for foreign forces, even friendly forces."[13] Additionally, the country needs to preserve its relations with moderate Arab states which supply all of its petroleum needs. On the other

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[12]*U.S. May Get 'Judicious Use' Of Lajes Airbase In Iran Crisis*, LD221958 Lisbon Domestic Service in Portuguese 1830 GMT 22 Nov 79 LD, translated in FBIS WEU, 23 Nov 79, p Z2

[13]*Foreign Minister Clarifies Use of Lajes Base*, PM241025 Lisbon DIARIO DE NOTICIAS in Portuguese 18 May 82 p 1, translated in FBIS WEU, 25 May 82, p M2.

hand, Portugal cannot overlook the fact that the modernization of its Armed Forces is dependent upon continued cordial relations with the United States.

E. EMIGRATION AND EMIGRANTS' REMITTANCES

There is a strong Portuguese desire to immigrate to the United States. Historically, the Portuguese have settled in communities along the New England seaboard, California, and the Hawaiian Islands. The greater percentage of these emigrants have come from the Azores. In fact, by 1976 over 700,000 Azoreans resided in the United States - a total more than twice the population of the nine islands.[14] As seen in Figure 17, despite slight fluctuations, around 25 percent of the total number of Portuguese emigrants since 1975 have chosen the United States as their new home.[15] This pattern is consistent with the results of a 1989 poll, listed below, in which individuals were queried as to which country they would most like to immigrate.

List of preferences:	
United States	23.7%
France	12.7%
Brazil	9.6%
Switzerland	8.8%
United Kingdom	5.0%[16]
Federal Republic of Germany	not listed (presumably < 5%)

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[14]Alvin J. Cottrell and Thomas H. Moorer, *U.S. Overseas Bases: Problems of Projecting American Military Power Abroad*, The Washington Papers, Volume V, #47, The Center for Strategic and Internatonal Studies, Georgetown University, Washington D.C., Beverly Hills / London: Sage Publications, 1977, p 14.

[15]Special thanks to Fernanda Andrade, Economic Assistant at the United States Embassy, Lisbon, who gathered from Portuguese documentation (namely from *Banco de Portugal* figures) on emigrant remittances, emigration statistics, and foreign investment.

[16]*Poll Shows Youth Optimism, Patriotism* 35420063 Lisbon O INDEPENDENTE in Portuguese 13 Feb 89 pp 15-17, translated in FBIS-WEU-89-057, 27 March 1989, p 11.

While the United States ranks as the country of choice for immigration, there is little available data concerning amounts of emigrant remittances from America. What data is available is skewed by the inclusion of Canadian levels. The only certainty about these statistics is that the overall level of remittances sent to Portugal from the United States and Canada is far below that originating from Western European countries, which is logical given the differences in geographic proximity. Throughout the 1980s the level of combined emigrant remittances from the United States and Canada made up approximately 20 percent of the total.[17]

F. BALANCE OF TRADE

The balance of trade between the United States and Portugal represents yet another way of studying the overall development of U.S.-Portuguese relations. This approach was used in Chapter IV as well with rather interesting results. The United States traditionally carried a large positive balance of trade with Portugal as seen in Figure 18. In fact, by the early 1980s this huge imbalance represented the largest that Portugal maintained with any non-oil supplier. After peaking in 1981, the large surplus diminished to such an extent that a future negative balance with the United States seemed likely.[18] The United States resisted this turn of events in the mid-1980s with increased protectionism. The response to this from Portuguese Foreign Minister Jaime Gama in August 1985 was not surprising:

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[17]*Banco de Portugal*.

[18]Chris Webster, *Trends In U.S.-Portuguese Trade - 1983/87*, Economics Officer, American Embassy, Lisbon, 161747Z Nov 88, p 2.

> I gave Secretary of State Schultz a memorandum which expresses the Portuguese Government's displeasure in a clear and straightforward manner at the protectionist measures recently adopted by the U.S. Administration affecting Portuguese exports in areas such as textiles, steels, and the footwear industry. We are of the view that the friendship between the United States and Portugal -- a friendship that is at the root of our profound cooperation in the diplomatic, economic, and military spheres -- makes such measures totally baseless. This is a policy that we not only fail to understand but indeed to which we express our profound displeasure.[19]

As seen in Figures 19 and 20, the trade tables have turned in Portugal's favor since 1985 with exports to the United States doubling between 1983 and 1987 and U.S. imports in the same time period falling.[20] The prime reason for the shift was Portugal's entry into the EC. In particular, U.S. agricultural exports to Portugal suffered as of late. EC directives (like that issued in 1986 restricting the import of U.S. cereals into Portugal and Spain[21]) combined with tougher competition from Common Market and other suppliers will continue to force the United States away from its traditional favorable trade patterns with Portugal. Protectionist tendencies on the part of the United States should therefore be judged prudently. Helping to create an economically viable Portugal has been, after all, a U.S. foreign policy objective.

G. FOREIGN DIRECT INVESTMENT

The United States continues to invest heavily in Portugal, holding a larger percentage of the total foreign investment than either France or the Federal

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[19]*Gama On Helsinki Meeting, U.S. Ties, S. Africa*, LD030211 Lisbon Domestic Service in Portuguese 2230 GMT 2 Aug 85, translated in FBIS WEU, 5 Aug 85, p M1.

[20]Webster, *Trends in U. S.-Portuguese Trade*, p 1.

[21]*Daily Calls Ban on U.S. Sailors 'Show of Force,'* LD282041 Lisbon International Service in Portuguese 1108 GMT 28 May 86, translated in FBIS WEU, 30 May 86, p M1.

Republic of Germany, as seen in Figure 21, and second only to the United Kingdom. More impressive is the fact that the United States recently had the highest percentage of change in direct investments, even greater than the average rise in the overall total investment. In 1986/1987 there was a 263 percent increase in U.S. direct investment followed in 1987/1988 by a 179 percent gain![22] One factor which perhaps diminishes the significance of the high U.S. figures is that 72 percent of the 1988 investment figure was in the form of equity increases by Citibank and Manufacturers Hanover.[23] Portugal imposed this increase on all banks in 1987 and Citibank responded with a $37.7 million increase in equity while Manufacturers Hanover answered with $57 million.[24] A distinguishing characteristic about U.S. overtures of direct investment in Portugal is that it includes attempts to penetrate the Portuguese defense industry (other countries expressing similar interests are Israel, Brazil, and Finland). The nations of the EC, up through November 1989, have not done so. It ought to be added that these American interests in establishing cooperative agreements with the Portuguese defense industry have failed to be actualized. According to General Mateus da Silva, chairman for the Commission for the Restructuring of the Defense Industry,

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[22] *Results of Foreign Investment Viewed,"* 35420066 Lisbon TEMPO ECONOMICO in Portuguese 16 Feb 89 p 2, translated in FBIS WEU-89-075, 20 April 1989, p 26 [article by Clara S Sylva]

[23] Chris Webster, *Foreign Investment in Portugal - Calendar year 1988*, Economics Officer, U S Embassy, Lisbon, 1988, p 4

[24] *Ibid*, p 1.

So far, and generally speaking, the proposals presented have not been worthwhile to Portugal.[25]

The reluctance to settle a cooperative production deal with the United States in the defense sector rests in part on the strict end user policy enforced by Washington; it prohibits sales of military equipment to third nations without the permission of the Department of Defense.[26]

H. RELIABILITY OF FOREIGN AID

Traditionally, the policy of the United States is to appropriate foreign aid in the form of security assistance along the ratio of 35 / 65 for economic and military assistance, respectively. Beginning in the late 1970s a trend developed whereby "base-rights" countries linked levels of U.S. security assistance to base access. What predictably happened was the subsequent encroachment of Congress into bilateral security matters traditionally handled by the Administration. The purpose of this section is not so much to delve into the deliberations within the confines of the Congressional Appropriations Committees and Subcommittees, but rather to examine the level and terms of the foreign aid allocated to Portugal. Figure 22 is a snapshot of trends in U.S. security assistance, both economic and military (total FMS = total of all non-ESF in Figure 22), to Portugal since 1979.

Consistency is clearly not the hallmark of U.S. economic and military assistance to Portugal. Figure 22 shows the uncertain trend of U.S. assistance between 1979 and 1989. The initial agreement by which the United States

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[25]*General on Defense Industry Restructuring*, 35420144a Lisbon EXPRESSO in Portuguese 16 Sep 89 p 2E, translated in FBIS-WEU-89-205, 25 October 1989, p 22.

[26]*Ibid.*

promised to offer "compensation" for the use of the Lajes base was signed by Portuguese Foreign Minister Freitas Cruz and U.S. Secretary of State Cyrus Vance in June 1979. Under this agreement the United States allocated $140 million for four years - $20 million annually for economic assistance in the Azores and $60 million worth of military equipment.[27] The renegotiated 1983 agreement changed the rates. The United States hereafter agreed to make its best efforts at providing about 24 million contos annually for a period of seven years (slightly more than $200 million in 1983 dollars); roughly one-fifth of which would go to the Azorean regional government.[28] As seen in Figure 22, the United States only lived up to this pledge in 1985, after which time funds for Portugal consistently decreased (1989 being a special exception to be explained later).

The lack of consistency in U.S. assistance levels is a negative influence on U.S.-Portuguese bilateral relations. The Administration frequently blames Congress, and especially its Appropriation Committees, for failing to support the foreign aid budget. Illustrative of the current mood of Congress is the response by Chairman David R. Obey of the Subcommittee of the Committee on Appropriations to Secretary of State James A. Baker III's proposed increase in the 1990 foreign aid budget. He replied tersely,

> Well, with all due respect, Mr Secretary, if you really think that there is a possibility that the Congress is going to pass, in either House, a bill that increases foreign aid in the teeth of domestic cuts like this, somebody is

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[27] *New Agreement On U.S. Azores Base To Be Signed*, LD180428 Lisbon Domestic Service in Portuguese 2300 GMT 17 Jun 79 LD, translated in FBIS WEU, 18 Jun 79, p M1

[28] *Gama, Shultz Initial Agreement On Lajes Base*, LD131939 Lisbon Domestic Service in Portuguese 1900 GMT 13 Dec 83, translated in FBIS WEU, 14 Dec 83, p U3

smoking something that ain't legal. I mean, it just cannot happen. We both know that. We are both pros.[29]

The hostility runs deeper with a blatant divergence in opinion over the activities of Portuguese lobbyists in Washington. The Portuguese recently blamed shortcomings in U.S. aid on their Foreign Ministry for failing to follow Congressional proceedings closely. An editorial note in a 1989 issue of DIARIO DE NOTICIAS highlighted this diplomatic deficiency by claiming that,

> ...congressmen and members of the various specialized committees of the two houses of Congress...have expressed surprise at the lack of attention the Portuguese authorities pay to safeguarding their interests in those bodies.[30]

This same opinion, however, is not shared by those like Chairman Obey who at one point in the 1990 hearings said,

> ...I'm amazed at the way the Portuguese lobby cries all over the floor about how they are not getting enough bucks from Uncle Sam.[31]

The Administration began using the Southern Region Amendment (SRA) beginning in 1987 as a means to make up for shortfalls in Congressionally approved levels. The SRA provides the president with the authority to transfer surplus military equipment to countries along NATO'S southern flank. Portugal accepted $14 million of SRA in 1987 (two different SRAs) and $80 million in

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[29]Congress, House, Subcommittee of the Committee on Appropriations, *Foreign Operations Export Financing, and Related Programs Appropriations for 1990*: Hearing before a Subcommittee of the Committee of Appropriations, Part 5, 101st Cong., 1st sess., p 459.

[30]*Foreign Ministry Issues Note on Ovar Base Issue*, PM1409091489 Lisbon DIARIO DE NOTICIAS in Portuguese 2 Sep 89 p 4, translated in FBIS-WEU-89-117, 14 September 1989, p 18

[31]Congress, House, *Foreign Operations, Export Financing, and Related Programs*, Part 5, p 528

1989.[32] As seen in Figure 22, the large 1989 SRA contribution, a response to Portugal's request for consultations provided by the terms of the 1983 agreement, allowed the total amount of U.S. aid to exceed the previous high of 1985. Unfortunately, the uncertainty surrounding SRA allotments (a measure which must be approved annually by Congress) leaves prospects for mutually agreeable levels of U.S. security assistance to Portugal in question.

I. ORIGIN OF MILITARY EQUIPMENT

The final comparative variable under examination is the amount of various types of U.S. military equipment in the current inventories of the Portuguese Army and Air Force. The Portuguese Navy is not included in this graph because to date the U.S. contribution to the active fleet is insignificant, except for the three MEKO frigates currently under construction. These ships will be heavily financed by American aid; roughly $235 million of the $742.4 million dollars pricetag will come from the United States.[33] Figure 23 lists current contributions by NATO nations to the program. When commissioned, the MEKO frigates will dramatically improve the capabilities of the Portuguese Navy. As is evident in Figure 15, numerous countries contribute, in varying degrees, to the arsenals of Portugal's Army and Air Force. This study considered only major pieces of equipment with equipment in the category of small arms and below left out. The

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[32] *Promoting Stability, Democracy, and Economic Opportunity*, figures extracted from: briefing book prepared for testimony before the House Appropriations Subcommittee for Foreign Operations, Exports, and Financing, 15 March 1990

[33] *Information Paper on the Portuguese Frigate Program*, prepared by Captain J. F. Doyle, Chief Navy Section, MAAG-Portugal, Typed by Carmen Ortiz, 8 January 1988.

list of the weapon systems included in this survey is identical to those examined in Chapter V:

- MORTARS
- ANTI-TANK WEAPONS
- ANTI-AIR SYSTEMS
- TOWED AND ROCKET ARTILLERY
- TANK DESTROYERS / SELF PROPELLED GUNS AND MORTARS
- ARMORED PERSONNEL CARRIERS
- RECONNAISSANCE VEHICLES
- TANKS
- HELICOPTERS
- AIRCRAFT

The United States is by far the leading supplier of military equipment to Portugal. Its assistance in this area covers the entire spectrum of major military systems in the Portuguese Army and Air Force and dwarfs that of any other outside supplier, as reflected in Figure 15. The only "big ticket" item which the United States has not yet contributed toward is helicopters; Portugal signed a letter of intent (LOI) with the United States towards the purchase of five Kaman SH-2F Sea Sprite helicopters on 16 February 1989 before unexpectedly balking.[34] Overall, the Portuguese are extremely pleased with the quality of the American

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[34]*Controversy Over Helicopter Purchase Detailed - U.S. Voices Concern*, 90ES0267A Lisbon DIARIO DE NOTICIAS in Portuguese 27 Nov 89 p 6, translated in FBIS-WEU-90-008, 11 January 1990, p 25

equipment in their inventories. The most glaring shortcoming is the lack of interceptors in the Air Force. This problem is expected to be resolved with the delivery of 20 General Dynamics F-16 Fighting Falcons. These 20 aircraft are of the newest version, block 15s, and will include 17 F-16As and three F-16Bs.[35] While Portuguese requests continue to exceed U.S. capabilities, the present situation is satisfactory to both sides and detailed plans are being drafted by both sides toward a workable modernization program, as will be explained below.

J. THE UNITED STATES' ROLE IN MODERNIZATION

Questions that need answering include, does the Portuguese government have a clear idea of the preferred final architecture of its Armed Forces? What exactly are the aspirations of the individual services in Portugal's Armed Forces? Are they realistic? Are they and governmental priorities mutually exclusive or complementary? What role should the United States play towards these ends?

Portugal is a relatively new recipient of U.S. security assistance. Under Salazar, the Portuguese government refused to accept any sort of aid in connection with U.S. presence in the Azores. The United States was by and large an unwelcome guest whom Portugal knew it could not force to leave, but at the same time did not want to encourage its stay by accepting "gifts" or "rent". Then, with Portuguese military involvement in African liberation movements, the United States imposed an arms embargo on the country. It took the withdrawal from Africa and the establishment of a democratic government before the United States began providing substantial amounts of military and economic assistance to

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[35] "Major uprate with F-16As," in *Jane's Defence Weekly*, 10 March 1990, p 413.

Portugal. Therefore, unlike any other NATO nation, Portugal is barely beginning to modernize its armed forces, with large amounts of economic support coming from countries like the United States only in the past ten years. Portugal is quick to remind NATO nations about this point and the country's long-standing loyalty to NATO when lodging requests for increased military assistance. As Secretary of State for Defense Figueiredo Lopes stated in 1985,

> ...Portugal, whose loyalty to NATO's ideas and virtues has never been questioned, unlike Greece and in contrast to Spain's qualms about entering NATO, has well deserved greater attention on the part of the more developed allied countries in terms of economic and military assistance.[36]

Unfortunately, this point is often overlooked by U.S. policymakers, who are convinced that Portugal is "taking the United States for a ride," and demand instantaneous results on the ten-year U.S. investment. Nevertheless, the United States remains Portugal's greatest supplier of military equipment and its role in the short- to mid-term is indispensable to the modernization of the Portuguese Armed Forces.

The modernization needs of the Portuguese Armed Forces, while legitimate, are vast. Some have likened the process of bringing the Portuguese military up to NATO standards as a "root and branch reform."[37] Below is a detailed list of the military's modernization plans cited in 1988 in the Portuguese tabloid O DIABO.

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[36]*Official 'Warns' NATO on Need for Greater Assistance*, PM270909 Lisbon DIARIO DE NOTICIAS in Portuguese 23 Sep 85 p 7, translated in FBIS WEU, 1 Oct 85, p M2, [Unattributed report "Portugal Deserves Greater Assistance From NATO"].

[37]Kenneth Maxwell, "*Spain, Portugal, and Their Contribution to Western Security: The Domestic Context*," Research Institute on International Change, Columbia University, date unknown, p 21.

Despite questions related to the credibility of this typically sensationalized source, the list appears accurate.

Army:

- Complementing the equipment for the separate mixed brigade. BMI: self-propelled M-109 guns: M-113 armored transport vehicles; self-propelled M-106 mortars; antiaircraft defense systems with Chaparral short-range missiles and multibarrel rapid-fire Vulcan guns, purchase of more M-48A5 combat vehicles with night vision firing equipment.
- Purchase of helicopters for antitank warfare and transport of assault troops (Augusta-Bell A-109 or units transferred by FAP).
- Purchase of medium-range antiaircraft units such as the HAWK missile system.
- Laser equipment for operational simulators.
- Readaption of the AA Bofors artillery pieces.
- Reinforcement of the existing antitank units.
- Requipping the Special Forces Brigade and the Light Paratrooper Brigade.

Navy:

- Modernization of the frigate "Joao Belo" (with helicopter pad and missiles of the Exocet or Harpoon type).
- Modernization of the corvette "Baptista de Andrade" (with modern antisubmarine weapons and "helos").
- Purchase of the MEKO 200 frigates.
- Purchase of 6 to 10 Lynx helicopters, with antisurface and antisubmarine weapons.
- Modernization of the submarines and their replacement, or supplementing, in the midterm future.
- Purchase of more modern operating equipment for the Marines.

Air Force:

- Final readying of the Corsair A-7P squadrons.
- Placement in operation of the Orion P-3P antisubmarine fleet.
- Purchase over the midterm future of new classes of helicopters.
- Continuation of purchases of antisubmarine weapons and Maverick air-to-surface missiles.
- Modernization of the Sidewinder air-to-air missiles.
- Purchase, in the midterm future, of a new class F-16A or F-18 interceptors.

- Modernization of the antiaircraft, antitank, and armored equipment for the paratroopers and the Air Police.
- Additions to the radar detection network and radar interception conduct network.[38]

The obvious conclusion about Portugal's defense requirements is that what each service would like and what the government's budget will allow are incompatible. Given these fiscal realities, Portugal looks to NATO (collectively), the United States, West Germany, and to a lesser extent France for military assistance. It would seem that given the current levels of foreign military assistance the modernization of the Portuguese Armed Forces will proceed only at a modest pace. There did not appear to be a concerted effort among Western nations - either singularly or collectively - to provide Portugal with military aid based on a logical and thought out formula. For this reason, following the 1988 base agreement consultations Secretary of Defense Carlucci proposed to Portuguese Minister of Defense de Melo that a joint planning group consisting of a DoD team and the Portuguese General Staff meet to discuss Portuguese defense requirements and prioritize the most urgent requirements. Bilateral planning would help to ensure that each dollar of security assistance received would be maximized. This meeting on 1-4 March 1988 resulted in six modernization priorities. The mutually agreed upon priority list consisted in the near term of F-16A/B aircraft, three dimensional radars, helicopters, and tanks. Two additional

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[38]*Armed Forces Problems, Modernization Plans*, WA2010145688 Lisbon O DIABO in Portuguese 23 Aug 88 p 3, translated in FBIS-WEU-88-203, 20 October 1988, p 6; for another detailed description of the Army's short and medium term restructuring and reequipping plans see, *Paper Reports Army Modernization Plans*, PM1304142489 Lisbon DIARIO DE NOTICIAS in Portuguese 10 Mar 89 p 2, translated in FBIS-WEU-89-071, 14 April 1989, p 18, [Eduardo Mascarenhas report: "Army in 'High-Flying' Restructuring Now Wishes To Integrate Paratroops"].

requirements which could not be met until 1994 at the earliest were the I-Hawk air defense system and M113 armored vehicles. As part of the modernization proposal the United States offered the second and largest of its three SRA transfers to date. The SRAs continue to play a significant role in the modernization program. Figures 24, 25, and 26 list the extensive number of weapon systems included in each of the three SRAs and the Portuguese interest in each of the items.[39]

Despite the large level of U.S. commitment to Portugal's defense needs, there is a recurring debate over whether these commitments are indeed the "best efforts" promised to Portugal in the 1983 basing agreement. Because of the general uncertainty involved with annual levels of security assistance, there is support for moving the defense relationship beyond the transfer of money and equipment for base access.

K. CFE WINDFALL?

A great deal of speculation is being heard concerning the possible transfer of frontline NATO equipment out of Central Europe and into the hands of less well off NATO countries such as Portugal, Greece, and Turkey, following the successful conclusion of a CFE (Conventional Forces in Europe) Treaty. This arms control windfall would allow NATO the opportunity to bring all partners up to a more equal footing in terms of capability. According to Secretary of State for Defense Eugenio Ramos a CFE-imposed reduction,

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[39]Data provided by Major Javier Garza, Jr., USAF, Assistant Air Attache in the Office of the Defense Attache, United States Embassy, Lisbon, letter dated 16 May 1990.

> ...could permit a reallocation of weaponry within NATO. Instead of destroying military equipment to meet the ceilings, the more modern countries' most sophisticated weaponry could be moved to countries such as Portugal, whose Armed Forces are being modernized and which could in turn destroy their oldest weapons.[40]

There is still reason to believe that this military equipment bonus, if ever actualized, would hold only moderate benefits towards the modernization of the Armed Forces. The Portuguese Army, in particular, would stand to gain the most from transfers of equipment formally designated to fight a conventional war on the Central Front. Most likely this would mean more tanks, personnel and armored carriers, and artillery pieces, to name a few, in the Portuguese inventory. Benefits for both the Army and Navy would be far less satisfactory. This raises the question of which service is in the greatest need of improved weapon systems. Based on its traditional Atlanticism, any CFE transfers appear to have limited benefit toward the serious upgrading of the capabilities of the Portuguese Air Force and Navy and Portugal's ability to defend its strategic triangle would not be enhanced. The one benefit to a CFE transfer, however, might be that it would free up funds earmarked for the Army's modernization to be transferred to the other services. That governmental decision, of course, is by no means a given. The government might find far better ways of spending its "peace dividend" than greater military procurements.

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[40]*Defense Official Suggestion on NATO Weaponry*, PM2010151689 Lisbon DIARIO DE NOTICIAS in Portuguese 14 Oct 89 p 4, translated in FBIS-WEU-89-203, 23 October 1989, p 16, [Unattributed report: "NATO Should Send Portugal Materiel, Says Eugenio Ramos"].

L. CONCLUSION

Portugal is by no means ready or able to go it alone in terms of modernizing its Armed Forces. The United States is the only supplier likely to maintain a large interest in Portugal's military developments due in part to its continued interest in base access in the Azores. However, relations built primarily upon defense agreements are precarious, especially in light of current events. Conflicts may appear as Portugal attempts to follow a modernization plan that the United States is increasingly reluctant to sponsor. However, the future of Portugal's military modernization plan is for the most part dependent on the priorities established by the national budget, not by the level of U.S. security assistance. There is a need, therefore, to expand the present level of U.S.-Portuguese relations by building up the degree of social, cultural, technological, and financial relations. These are areas in which the United States is deficient, especially in comparison to Portugal's other "base-rights" countries discussed in Chapter V (France and West Germany). The world is rapidly changing and bilateral relations without firm roots in many areas are in danger of erosion and decay.

VII. PORTUGUESE DEMOCRACY AND THE ARMED FORCES

A. INTRODUCTION

Portugal is faced with all the inherent problems of a young democracy. As discussed in Chapter IV, the Salazar regime stymied political opposition, frustrated economic reform efforts, and pursued the African wars on three fronts. The military, along with bureaucratic cronies, held a privileged position in the old regime. The military today, however, although the impetus behind the 25 April Revolution, has shrunk from this past position under Salazar to one of virtual exclusion. This, in part, was the intention of some making the 25 April Revolution. The military advocated the relinquishment of power to civilian authority and their subsequent obedience and loyalty to the same. However, what the military leadership did not foresee was the degree to which their views in the decisionmaking process of their own institution would be curtailed. Today, with the military represented in government by a civilian Minister of Defense, there is a general consensus among high ranking officers that the government is insensitive to defense issues.[1] The government's challenge in the near future is to promote greater harmony and consensus with the military. The overall stability of the country necessitates a general revision of the mission and purpose of the Portuguese Armed Forces in today's dynamic international environment.

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[1]*Reasons for Military Discontent Analyzed*, 35420042 Lisbon O INDEPENDENTE in Portuguese 30 Dec 88 p 3, translated in FBIS-WEU-89-029, 14 February 1989, p 32.

The future of Portugal's new democracy is in part a function of the reliability of the Armed Forces and the extent of their exclusion from politics. These indeed were the embodiments of the 1974 Revolution and the 1982 amendments to the Constitution. It is a formidable and constant challenge for the government. As President Ramalho Eanes stated in 1981,

> The armed forces are a national institution at the service of the Portuguese people, and the future of democracy in Portugal will depend to a large extent on their conduct...The path ahead of us will not be without difficulty, given the circumstances which in our country have always surrounded relations between political power and the armed forces. But, it will enable us, through an open, constructive and permanent dialogue, to achieve the goals which will best suit the country and the armed forces.[2]

The specter of another military coup appeared periodically in the press throughout the late 1970s and early 1980s, although in reality there is little reason to believe that a credible threat ever existed. The military question looking towards the 1990s centers on the following issues: 1. the role of the military in society; 2. the growing political-military schism; 3. the strategic mission of the armed forces; 4. unrest in the ranks; 5. modernization efforts; 6. Portugal's military ambiguities; and 7. the WEU option.

B. ROLE OF THE MILITARY IN SOCIETY

Portugal's constitution allows for the military to remain active participants in the democratic process, for example through voting rights, but to remain

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[2]*President, Armed Forces Chief On Military Power,* LD052356 Lisbon Domestic Service in Portuguese 1930 GMT 5 Mar 81, translated in FBIS WEU, 9 Mar 81, p M1.

separated from political power; in other words, to adopt a non-partisan role. As President Ramalho Eanes stressed,

> There is no more room, in theory or in practice, for the military institution or any group of military men to claim the role of interpreter of the people's will when the people, in discernment of the democratic rules, find their own expression with no need for any intermediaries.[3]

However, immediately following the Revolution, the military played a central role in government through the Council of the Revolution. The Council of the Revolution was a military caretaker body formed after the 25 November Revolution to ensure Portugal's smooth transition to democracy. Its abolition in the summer of 1982 could be considered Portugal's ascension to true democracy.

Another important constraint on power agreed upon almost simultaneously with the ending of the Council of Revolution was the restriction of the head of state's military power. The revised constitution allowed the President to retain his title of Commander in Chief of the Armed Forces, but, as in some other Western democracies, the title was mostly symbolic. True control of the military was transferred to the Minister of Defense. By far the most important and hotly contested issue centered on who should have the power to appoint and dismiss the members of the General Staff of the Armed Forces - the government or the president? In the end, President Eanes acquiesced to the government's demands.[4] In the future the President could only appoint top military chiefs at the proposa' of

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[3]*Eanes Reminds Army Of Role Of People*, LD251551 Lisbon in Portuguese to Eurpoe 1500 GMT 25 Jul 81, translated in FBIS WEU, 27 Jul 81, p M1.

[4]Thomas C. Bruneau and Alex Macleod, *Politics in Contemporary Portugal, Parties and the Consolidation of Democracy* (Boulder, Colorado: Lynne Reinner Publishers, 1986), p 17.

the government.[5] Thus, through a self-limiting motion the military effectively placed itself outside the decisionmaking process and into a subordinate position to the civilian government. The question that remains to be answered is whether the government has exacerbated the military's exclusion from the governmental process to such a degree that a potential backlash may be possible.

C. THE GROWING POLITICAL-MILITARY SCHISM

Near the end of his presidency, General Ramalho Eanes described his overall relations with the Armed Forces as "excellent" and proclaimed that he had achieved two major objectives:

> ...ensuring that political power is not subordinate to military power, and calming the armed forces. To this end I work constantly to ensure that they do not feel excluded....[6]

If this was indeed an accurate assessment, then relations since have worsened tremendously. In fact, alienation between the government and the military appears to be growing. This breach is most pronounced on two levels: 1. government to high-level officers, and 2. government to military personnel as a whole.

Poor relations between the government and the Armed Forces Chiefs of Staff revolve predominantly around levels of funding for each service. It is a typical case of inter-service rivalries.

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[5]*President's Military Powers To Be Curtailed*, LD150156 Lisbon Domestic Service in Portuguese 2300 GMT 14 Jul 82, translated in FBIS WEU, 15 Jul 82, p M1.

[6]*Eanes On Domestic, Foreign Political Situations*, PM261449 Barcelona LA VANGUARDIA in Spanish 22 May 83 pp 18 19, translated in FBIS WEU, 27 May 83, p M2.

The Air Force has perhaps the least justification to complain about its level of governmental support. As of 1989 it had the largest number of four star flag officers with four, outdistancing both the Army (3) and the Navy (1), and it has typically been represented at the highest levels of government and the military. In terms of equipment, the Air Force, which until recently was the only service with pilots, received the newest equipment with the FMS purchase of A-7s in 1983 and the receipt of P-3 Orions (formerly belonging to the Australian Air Force) in 1986. Furthermore, although the deal is running into complications, the United States approved the sale of block 15 F-16s with an expected delivery date beginning in 1991. These interceptors are the most modern block of the F-16s and have consistently been assured priority one status on Portugal's modernization list. Most recently, the Air Force pulled a major inter-service coup with the selection of General Mendes Dias as deputy chief of the Armed Forces General Staff, effectively frustrating the Navy's aspirations for greater representation among the services. According to one despondent Navy source,

> We don't want to think that this situation has something to do with an exchange of favors, which might be the case since General Mendes Dias was not even on the list of six names submitted for the post for which he has just been picked. But we consider this appointment odd, since he is the youngest general currently on active duty.[7]

One possible explanation for General Dias' nomination may be precisely his age. The government appears interested in introducing new thinking in the Armed Forces.

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[7]*Unrest Seen at Top, Bottom of Armed Forces*, 35420095b Lisbon O DIABO in Portuguese 18 April 89 p 7, translated in FBIS-WEU-89-107-S, 6 June 1989, p 24.

The Army's struggle with civilian authority seems more problematic, despite the recent selection of Army General Soares Carneiro as Commander in Chief of the Armed Forces General Staff. Cavaco Silva's government caused a major uproar with its proposal to implement a cutback in ground troops not to exceed 30,000 men. The outspoken Army Chief of Staff General Firmino Miguel openly criticized the reduction and claimed that such a move would make the Portuguese Army, in relation to the country's population and size, "the smallest force in any of the Western states."[8] Relations between General Miguel, a holdover from 1974, and Minister of Defense Eurico de Melo were far from cordial. Both de Melo and Prime Minister Silva were critical of Miguel's apparent unwillingness to restructure the Army. Despite popular sentiment, he was not replaced.[9] The Army's frustration today is understandable, given the overall decline in prestige it has suffered since the end of the African wars. Its total commitment to NATO consists primarily of one mixed brigade - certainly not a pivotal contribution. The Army is looking for a justification for its existence.

It could be argued that the Portuguese Navy is the most overlooked of the three services in terms of both amounts of modern equipment and political clout. The Navy's few frigates and even fewer submarines are 1960-vintage; minesweeping forces are nonexistent; and only in the past year, and after a bitter fight with the Air Force, was the decision made to give the Navy its own helicopter

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[8]*Army Discontent Seen in Cavaco-Fermino 'War,'* 35420144c Lisbon O JORNAL in Portuguese 15-21 Sep 89 p 36, translated in FBIS-WEU-89-205, 25 October 1989, p 24 and Army Chief Criticizes Pace of Modernization, 35420124b Lisbon DIARIO DE LISBOA in Portuguese 26 Jul 80 p 2, translated in FBIS-WEU-89-181, 20 September 1989, p 15.

[9]*Reconfirmation of Chief of Staff Reported*, 90ES0420B Lisbon O JORNAL in Portuguese 5-11 Jan 90 p 13, translated in FBIS-WEU 90-041-S, 1 March 1990, p 46.

squadron with naval aviators. As it stands today, the Navy is incapable of performing its primary NATO mission of patrol and control of the "strategic triangle" between the mainland, Azores, and Madeira. The immediate future holds a dim outlook for improvement, despite modernization plans for the Joao Belo class frigates and the delivery later this year of the first of three NATO-funded MEKO frigates.

After ten years of negotiations it appears that the frigates will finally make it to Portugal, and with their helicopter capability they will certainly enhance the present afloat force posture. But it is doubtful that the addition of these three ships will solve Portugal's maritime problems, given their small number and the vast expanse of the Navy's operating area. A more realistic program would include the development of a viable conventional submarine fleet to replace the obsolete Albacora, Barracuda, and Delfim. This is precisely the path advocated by Navy Chief of Staff Admiral Andrade e Silva. In June of 1989 he stated that submarines

> ...are the only naval vessels capable of operating successfully in areas where surface capability does not exist, since they create the atmosphere of uncertainty which is essential to deterrence...because of their cost-effectiveness ratio, submarines provide countries having limited naval power with the best means of denying an opponent use of the sea.[10]

Given a blank check, perhaps this is the direction in which the Portuguese Navy would direct itself, especially since there is little need for force projection and because submarines can arguably fill the ASW role equally, if not more, effectively. The frigates' selling points include a more visible platform to patrol

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[10]*Purchase of Conventional Submarines Studied*, 35420095c Lisbon DIARIO DE NOTICIAS in Portuguese 16 April 89 p 4, article by Eduardo Mascarenhas, translated in FBIS-WEU-89-017-S, 6 June 1989, p 23.

the EEZ (Economic Exclusion Zone) and consistency with the tradition among maritime nations of having a surface fleet in being. However, the P-3s can arguably fill the mission of patrolling the EEZ. The Portuguese surface fleet is thus left with a mission that could be done more effectively by other platforms.

The political leadership has been criticized for its handling of military matters. The general theme is that the government appears either unwilling or unable to make some hard choices over the future of the Armed Forces. In the recent past the government allowed the future of nearly all of its military modernization efforts to ride on the annual American and West German foreign aid packages. The number one priority of the 1980s was economic recovery, which did not allow for large military appropriations. In fact, the defense budget actually decreased from 1980 through 1984 and up until 1986 its failed to keep up with the annual rate of inflation. Despite modest increases in the defense budget since 1986,[11] the government still displays a certain lack of sensitivity toward military matters.

This insensitivity was displayed most recently in the search for a successor to deputy prime minister and minister of defense Eurico de Melo. de Melo's tenure was beset with problems ranging from friction between himself and Army Chief of Staff General Fermino Miguel, to becoming enmeshed in the Air Force/Navy battle over who would have operational control over the new Lynx helicopters that were purchased to be deployed on the MEKO frigates. Even the choice of helicopters was an issue and resulted in Portugal losing face with the United States by

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[11]Facts on inflation and defese budgets (NATO defined) are taken from the past ten years of *The Military Balance* (London: Published by Brassey's for the International Institute for Strategic Studies).

defaulting on a previously approved sale of Kaman SH-2Fs. The end result was a reported lack of confidence in de Melo by Prime Minister Silva and his subsequent request to to be relieved.[12]

What made matters worse between the government and the military was de Melo's chosen successor - Carlos Brito. Remarks attributed to military sources by EXPRESSO objected strongly to the nomination of a man who "lacks any experience in the military area" and thereby perceived as "another insult to the Portuguese Armed Forces."[13] (emphasis added) Whatever was the reasoning behind this choice, it only deepened the military's distrust of Cavaco Silva and his cabinet, especially with sensitive base negotiations currently underway with West Germany and soon to begin with the United States. It is certainly understandable that the military would expect to see an individual well versed in military affairs representing them. This does not appear to be their perception of Carlos Brito. On the other hand, the military's frustration with the government does not apparently include President Mario Soares. In fact, Soares has aligned himself with the military in their quest for fairer compensation.[14] Perhaps Soares sees this as his duty as supreme commander of the Armed Forces or maybe it is purely a political move, but whatever the case may be, it is apparent that the level of dialogue between Soares and the service chiefs exceeds that of Silva. The widening political-military schism is exacerbated by the general apathy by the majority of

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[12]*Defense Minister Resigns*, LD0201185890 Lisbon Radio Renascenca in Portuguese to Europe 1800 GMT 2 Jan 90, translated in FBIS-WEU-90-002, 3 January 1990, p 12.

[13]*Military 'Negative' on Defense Ministry Changes*, 90ES0420A Lisbon EXPRESSO in Portuguese 6 Jan 90 p 14, translated in FBIS-WEU-90-041-S, 1 March 1990, p 44.

[14]*Presidential Intervention*, 90ES0463B Lisbon EXPRESSO in Portuguese 20 Jan 90 p A20, translated in FBIS-WEU-90-041-S, 1 March 1990, p 43.

Portuguese on matters regarding international security issues. An isolationist attitude is still pervasive throughout the majority of society, and it is recognized that the public is more indifferent towards international issues than any of its European counterparts.[15]

D. STRATEGIC MISSION OF THE PORTUGUESE ARMED FORCES

One of the most vexing and unresolved questions troubling of the Portuguese Armed Forces is what exactly are their strategic missions. For centuries, the preservation of overseas possessions was the Armed Forces' strategic mission. With the Army's withdrawal from the colonies and the subsequent large-scale demobilization, NATO allowed a viable option. However, the Portuguese Army was ill-equipped to carry out a NATO mission, and therefore military hardware was far different from that presently in Portuguese inventories. Equipment used in Africa against insurgents did not translate well to that needed against the Red Army in northern Italy. Therefore, Portugal's Armed Forces remained largely incapable of carrying out these duties and responsibilities, both from a national and a collective security standpoint. It appears that there is still some question as to the military's strategic mission. A recent article in O DIABO likened the unrest in the military to a "hot potato," the dimensions of which the political power ought not realize too late. The interesting point of the article was the lead cause of this

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[15]Alvaro Vasconcelos, "Portugal in Atlantic - Mediterranean Security," in *Politics and Security in the Southern Region of the Atlantic Alliance*, edited by Douglas T. Stuart (Baltimore: The Johns Hopkins University Press, 1988), p 128.

unrest; a decline in motivation in the military establishment following the termination of its strategic mission.[16]

It is natural enough for the Portuguese to view events 15 years ago as if they happened yesterday, but that nevertheless leaves behind an enduring problem of morale and motivation. There is little debate that the greater percentage of Portuguese are conservative in their political outlook and display much more patriotic tendencies than their European neighbors. However, a disturbing trend is evident among the young who, despite espousing these nationalistic virtues, are increasingly uninterested in serving in the Armed Forces. A prevalent belief is that a military career holds no real future. A recent poll organized by the Portuguese Association for Economic Development (ELO) found civilian service to be a preferred option to military service by the majority of Portuguese youths (Current law allows civil service in place of compulsory military duty for conscientious objectors). In this survey, 73.3 percent of those queried responded in favor of the civil service option.[17]

E. UNREST IN THE RANKS

A movement is afoot to right the perceived injustices to which military personnel are being increasingly subjected, and it cuts across all services, affecting both officers and enlisted personnel. This is a step down from the flag officer level and the political infighting described earlier, but it is nonetheless important. The

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[16]*Troubles Among Military Seen as 'Hot Potato,'* 35420105 Lisbon O DIABO in Portuguese 13 Jun 89 p 3, translated in FBIS-WEU-89-152, 9 August 1989, p 21.

[17]*Poll Results on Military Service Alternatives*, 90ES0647A Lisbon DIARIO DE NOTICIAS in Portuguese 14 Feb 90 p 4, translated in FBIS-WEU-90-055, 21 March 1990, p 15.

first public display of unrest by the enlisted community occurred in the winter of 1988 when approximately 200 Navy petty officers passed a motion to create a joint representative body among the three services that would result in a list of grievances being placed before the Assembly of the Republic. (It must be stressed from the start that the NCOs are wary of actions that may be interpreted as breaches of discipline and their complaints are not directed against the military services, per se, but at the "insensitive" government.)

The key grievance was lack of pay. Military pay is failing to keep up with the rate of inflation.[18] There are many other sources of friction, the most prominent of which are: minimum time period in each post, access to officers' training courses, and early retirement. The Navy's discontent took the lead again in August 1989 by sponsoring a "Day of Protest" in which approximately 2,000 sergeants refused to leave their individual units after the 1700 call to quarters and remained there until after evening colors.[19]

This mild form of rebellion was repeated in August by all branches of the Armed Forces, a move supported at the first general assembly of the newly formed National Association of Sergeants (ANS) - a legal body.[20] The degree of unrest appears to be increasing. It is only natural that the lower echelons of the military would want to blunt attempts to streamline the military through necessary force

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[18]*NCO's Establish Representative Body*, 35420007b Lisbon DIARIO DE NOTICIAS in Portuguese 8 Oct 88 p 2, translated in FBIS WEU-88-224, 21 November 1988, p 11.

[19]*Sergeants' Strike Possible*, 35420116 Lisbon EXPRESSO in Portuguese 15 Jul 89 p 11, translated in FBIS-WEU-89 160, 21 August 1989, p 24.

[20]*Controversy Seen in Military Over Pay, Status*, 90ES0328B Lisbon O JORNAL in Portuguese 15-21 Dec 89 p 23, translated in FBIS-WEU-90-018, 26 January 1990, p 18.

reductions and freezes in pay, because, as in the past, they will be the ones most affected.

Responsibility for defusing the Sergeants' Movement is being tossed back in forth between the military and the government, with neither side taking a firm stand. The most that the military has done is to state the official policy that "military personnel in the permanent cadres, on active duty or in the reserve, may not be members of associations of a political, party, or trade union nature."[21] The governments' official policy is even more difficult to pinpoint. One indication is the following, rather terse paragraph cited in EXPRESSO and reproduced in its entirety.

> The "concerns to ensure equivalency" between the military and other state employees are among the topics dealt with in the proposals being discussed, as is the "modernization and Europeanization of the Portuguese Armed Forces." But since the structure in question, being derived from the still-recent colonial wars, is regarded as excessive and includes military men from various strata who are considered more or less "surplus" and even "poorly trained and unlikely to qualify for promotion in the hierarchy," the task does not appear to be an easy one.[22]

So long as the military remains a bothersome appendage to the governments' budget, there is little reason to believe that the problems will go away on their own. The friction between the government and the military is even more acute at the mid-grade officer level, particularly in the Air Force. The issue concerns the lack of bonuses to pilots. The scenario is certainly not unfamiliar to most Western

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[21]*General Staff Criticizes Sergeants' Moves*, 35420120a Lisbon EXPRESSO in Portuguese 22 Jul 89 p 10 [article by Rui Pereira], translated in FBIS-WEU-89-175, 12 September 1989, p 47.

[22]*Three Cadres Planned*, 35420149 Lisbon EXPRESSO in Portuguese 16 Sep 89 p 20, translated in FBIS-WEU-89-205, 25 October 1989, p 21.

nations who are forced to compete with the commercial airlines by offering their pilots annual bonuses to stay in. But to date, Portugal has declined to offer similar financial incentives to its pilots and the results are predictable; in 1987, 36 pilots switched from military to civilian occupations, 61 left the following year, and in the first half of 1989 another 30 pilots. Recently the Air Force has opted to sit on the requests of another 36 pilots who requested transfers to the reserves. The hope is that Parliament will approve the pending legislation concerning the implementation of flight bonuses. The Air Force cannot afford to see its pilot corps depleted any further, especially given the financial losses - it reportedly costs the military approximately 200,000 contos (or $1.3 million[23]) to train each pilot.[24]

However, the issue is not strictly limited to pay. While a mid-grade officer can nearly double his salary in the commercial market, it appears most pilots are equally frustrated by the lack of flight time they are getting in the military. While normal training reportedly requires that each pilot have no less than 20 flight hours per month, the average in the Portuguese Air Force has been less than 10 hours per month.[25] The causes behind these shortfalls in readiness are traceable once again, as in the case of the Navy, to declining operating budgets. Not only is there a lack of fuel, but also a lack of spare parts which, according to the

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[23]Based on a conversion rate of 153.79 escudos = $1, as listed in, *The Military Balance (1989-1990)* (London: Published by Brassey's for the International Institute for Strategic Studies, 1989), p 73.

[24]*Resignation of Air Force Pilots Discussed*, 90ES0547B Lisbon EXPRESSO in Portuguese 10 Feb 90 pp 18R 22R [Article by Jose Manuel Saraiva: "The Desire for Different Wings"], translated in FBIS-WEU-90 055, 21 March 1990, p 13.

[25]*Air Force Pilots Criticize Training Procedures*, 90ES0328D Lisbon O JORNAL in Portuguese 8 14 Dec 89 p 5 [Article by Herminio Santos], translated in FBIS-WEU-90-018, 26 January 1990, p 19.

disgruntled pilots, results in only half of a squadron of 12 A-7s to be in "ready to fly" condition.[26] The United States is apparently attempting to intervene in the matter by, according to a reputable source, "opening up the gates" with regard to spare A-7 engines to Portugal. Whether this contribution, or the tempting incentive of possibly piloting one of the F-16s that are on order, are enough to stem the flood of dissident pilots is uncertain. What is certain is that there is an undeniable need for major reforms to the Air Force's present policy on financial compensation.

The bottom line is that while most observers would agree that a restructuring of the Armed Forces is necessary, the political will is lacking. As Deputy Prime Minister and Defense Minister Rui Machete stated in 1985,

> Now I repeat that the restructuring of the Armed Forces has not yet been effected, because it requires something that has not yet been achieved, which is political stability and a political power capable of carrying it out, because this is done with costs. Restructuring means saying that there is no justification for the development of certain sectors of the Armed Forces, which should disappear or dwindle while at the same time others must be developed. All this requires determination and political authority, because in most instances those who are sacrificed will disagree with this solution.[27]

Hard choices certainly lie in Portugal's future. The picture looks gloomy given the degree of divergence between the government and the military and the inability of either side to make significant improvements to the present system. Indicative of this malaise is the fact that even with the strongest government since

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[26]*Pilot-Candidates Protest Air Force Delays*, 90ES0328A Lisbon O JORNAL in Portuguese 15-21 Dec 89 p 12 [Article by Jose Placido Junior], translated in FBIS-WEU-90-018-S, 26 January 1990, p 18.

[27]*Machete Discusses Various Defense Issues*, PM261621 Lisbon DIARIO DE NOTICIAS in Portuguese 12 Aug 85 pp 2, 5, translated in FBIS WEU, 28 Aug 85, p M3.

the Revolution, Cavaco Silva's outright majority, the military's shield against restructuring and reform held firm. Perhaps it will take the retirements of old stalwarts like Army Chief of Staff General Fermino Miguel before convergence between governmental and military defense priorities will be realized. More likely, however, inter-service rivalry will continue to trump the governments greater ambitions.

The recent "fraternal gathering" of over 2,000 Portuguese officers - the largest gathering of military officers since 25 April 1974 - is possibly cause for governmental concern. Although the only outcome of the gathering was the expressed interest in forming an association of Military Academy alumni, there is the fear that the group's members might take on a more politicized agenda.[28]

The first meeting of what eventually became the Captain's Movement began under similar pretenses in July 1973 . It is imperative for Portugal's democratic future that the military maintain its present degree of involvement in governmental affairs, yet there is also an undeniable need for increased levels of cooperation in long range planning. A prerequisite, therefore, to reducing the present friction is to increase the low level of dialogue between the military and the government.

F. PORTUGAL'S MILITARY AMBIGUITIES

Portugal appears both reluctant and unable to support the most basic defense need - a prepared force. The size of Portugal's contribution to NATO is acceptable

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[28]*Association Established*, 90ES0463A Lisbon TAL & QUAL in Portuguese 19 Jan 90 p 6, translated in FBIS-WEU-90-041 S, 1 March 1990, p 42.

given the present security environment, but it is troubling that readiness is being sacrificed. What Portuguese Defense Minister Adelino Amaro da Costa stated in 1980 is equally valid today:

> The options are clear: either we drastically reduce the volume and quality of duties entrusted to the military, or we must provide it with the minimum of means of ensure that its activity is not futile, unproductive or ineffective.[29]

This concise appraisal cuts to the heart of the matter. Without a reappraisal of national priorities there is sure to be a growth in disturbing trends such as conducting national exercises without using live ordinance. Orion-89 involved Army, Air Force, and Republican National Guard forces, but no training with live ammunition was allowed due to the "lack of financial resources."[30] The Navy is also finding the scope of its exercises increasingly constrained by budgetary restrictions. In the words of Captain Carneiro da Silva, the director of the Naval Tactical Training Center,

> The Armed Forces have been faced with increasing budget restrictions, and this situation is affecting the exercises which need to be carried out in order to test our ships, to give them the capacity to respond to the various demands...It has taken a great effort and commitment to its mission and to service in order for the Navy to adjust to the circumstances which are being imposed upon it, so as to be able to continue to respond effectively and to carry out the missions entrusted to it.[31]

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[29]*Minister Asks Parliament For Higher Defense Spending*, LD120825 Lisbon DIARIO DE NOTICIAS in Portuguese 30 April 80 p 3, translated in FBIS WEU, 14 May 80, p M4.

[30]*Ammunition Unavailable for Orion Manuevers*, 35420120b Lisbon JORNAL DE O DIA in Portuguese 14 Jul 89 p 28, from article by Revela Viana Baptista: "Orion-89 Exercise Will Involve No Actual Firing," translated in FBIS-WEU-89-174, 11 September 1989, p 25.

[31]*Budgetary Restrictions Affect Naval Manuevers*, 90ES0464B Lisbon DIARIO DE NOTICIAS in Portuguese 22 Jan 90 p 28, translated in FBIS-WEU-90-048-S, 12 March 1990, p 15.

Although much pride and emphasis has been placed on the Portuguese Navy's imminent receipt of three long awaited MEKO frigates (funded largely by NATO), their arrival will only exacerbate present operating costs that are already underfunded, rather than add substantially to Portugal's defensive capabilities. Additionally, the Portuguese have consistently failed to address their shortcoming in mine warfare capabilities. The Portuguese currently have virtually no mine warfare capabilities and no plans to construct or purchase minesweeping and minehunting ships, despite offers by both the Dutch and West Germans to assist them in any research and development efforts in the mine countermeasure (MCM) area.[32] The weakness is apparent given the fact that in an East-West scenario the main threats against Portugal are not only the interdiction of shipping by Soviet submarines, but also the closing of sea lanes and ports by mines deployed by these same platforms.[33] If a Soviet mining operation were successful then the ability to resupply and reinforce NATO's Central Front through the Iberian bridgehead would be lost.

G. THE WEU OPTION

There are reasons to believe that the modernization of Portugal's Armed Forces will not be fulfilled given the present strategy of relying on outside assistance primarily from the United States while holding down defense budgets. As discussed in Chapters III and VI, the domestic pressures may well force the

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[32]Information provided by Major Javier Garza, Jr., USAF, Assistant Air Attache in the Office of the Defense Attache, United States Embassy, Lisbon, letter dated 16 May 1990.

[33]Max G. Manwaring and Alan Ned Sabrosky, "Iberia's Role in NATO's Future: Strategic Reserve, Reinforcement, and Redoubt," in *Parameters*, Vol. XVI, No. 1, Spring 1986, p 49.

United States to sharply decrease it past levels of security assistance to foreign countries, including Portugal. At the same time it appears that the projected normalization of the Portuguese Armed Forces is far from being realized as even Portugal's recent economic recovery has failed to substantially raise their defense budgets. Given the government reluctance, the United States' unreliability, and the Armed Forces obvious needs, a prudent measure might be for Portugal to promote greater participation in the WEU as a long-term modernization strategy. According to Mr. Charles Goerens, President of the Western European Assembly, the three principal goals of the "reborn" WEU are,

- Improve its activities on out-of-area issues, particularly in the Persian Gulf.
- Improve armaments cooperation among its member countries.
- Coordinate European participation in the broader framework of the Atlantic Alliance.[34]

An expanded WEU, while still a distant goal, would be in Portugal's best interests for two reasons. First, active participation in out-of-area operations would give the military a greater role, serve as a justification for increased defense budgets, and improve the morale of the Armed Forces. A possible untapped mission area might be increased Portuguese participation in the United Nations Peacekeeping Forces. Troops from the 1st Mixed Brigade might well profit from this secondary international role. Second, Portugal's dependence on the United States' military assistance could be reduced if the WEU promoted greater

[34]Michael C. Radt, "Cooperation in the Western Mediterranean: a New Role for NATO's Southern Flank Allies," in *RUSI and Brassey's Defence Yearbook 1990*, London, 1990, p 165.

cooperation in research and development among its members (along the lines of the Dutch and West German MCM offers). It must be stressed that a military reorientation as described above would in no way constitute a step towards dissolution of present U.S.-Portuguese military ties. As Prime Minister Cavaco Silva explained in March of 1988,

> I believe it (WEU) is a political forum for the discussion of European defense but that the strengthening of this European NATO pillar should be done mainly within NATO....[35]

Instead, much like the WEU's stated policy of strengthening NATO's European pillar, it would allow Portugal to complement present and future U.S. assistance levels. The pursuit of such a policy would also be a step forward for the government towards achieving the normalization of the military as a content military requires both a clear mission and the capabilities to perform it. The long-term integration and advancement of the three WEU principles could go far towards satisfying these Portuguese military needs, conceivably even at reduced manpower levels.

H. CONCLUSION

Portugal's defense problems remain largely structural in nature. An inordinate amount of the defense budget continues to go towards personnel expenses rather than the operational and procurement portfolios. For example, the Army has more high- than low-ranking officers and the present distribution of

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[35]*Cavaco Silva Discusses NATO Summit, WEU Efforts*, LD041513 Lisbon International Service in Portuguese 1152 GMT 4 Mar 88, translated in FBIS-WEU-88-044, 7 March 1988, p 12.

the Army budget allows only nine percent for the acquisition of new material.[36] In order to reverse the growing unhealthy trend towards military dissatisfaction, the government needs to fully implement the National Defense Law and constrict the size of its military while at the same time improving both the quality of its equipment and the training of its personnel. Long-term successful normalization may well rest on the full participation and integration of Portugal into a "revitalized" WEU. It is understood that presently the WEU offers little such hope, and the United States will continue to be the primary supplier of military assistance up to the end of the century. But, it is in the United States' (as well as Portugal's) long-term best interests that Portugal diversify its military suppliers and thereby improve its defensive capabilities. Portugal needs to obtain an improved military capability not only for self defense and collective Western security, but also for political and social harmony. A reduced U.S. contribution towards Portugal's defense needs does not necessarily have to equate to a loss of political influence and prestige. Instead, and more importantly, it would signify the attainment of the United States longstanding goals of the successful consolidation of Portuguese democracy and the country's accession out of the U.S. security assistance program.

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[36]Alvaro Vasconcelos, "Portuguese Defence Policy: Internal Politics and Defence Commitments," in *NATO's Southern Allies, Internal and External Challenges*, edited by John Chipman (London and New York: Routledge, 1988), p 128.

VIII. CONCLUSION

The near future promises to unveil dramatic challenges to the international security environment. Events in Europe, in particular, will force NATO to reevaluate its collective defense function and in turn strain U.S. overseas basing interests. It seems in some ways that the future of the European continent stands before a crossroads similar to that contemplated by British Prime Minister Winston Churchill several days after the Yalta Conference, "What will lie between the white snows of Russia and the white cliffs of Dover?"[1] Will it be a continent of stable democracies or one of regional political instability as in the post-1919 period? Will the United States completely disengage from the continent after being its guarantor of freedom for over 40 years? Currently, few certainties exist. Unknown future changes in the international security environment warrant prudence as well as increased cooperation between the United States and its NATO allies because, in the words of Portuguese Prime Minister Cavaco Silva, "Nobody right now has a clear idea about Europe's final architecture."[2]

This thesis has explored the U.S.-Portuguese relationship in order to develop a prescription for increased consensus in future bilateral basing agreements

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[1]Churchill cited in Michael Stuermer, "Is NATO Still in Europe's Interest?," in *NATO in the 1990s*, edited by Stanley R Sloan (Washington: Pergamon-Brassey's International Defense Publishers, 1989), p 112.

[2]*Premier Discusses East Bloc Changes, Angola*, PM2203162190 Lisbon EXPRESSO in Portuguese 3 Feb 90 ("A Revista" section) pp 4-11, translated in FBIS-WEU-90-057, 23 March 1990, p 17, [Interview with Portuguese Prime Minister Anibal Cavaco Silva by Jose Antonio Saraiva and Joaquim Vieira; place and date not give].

between the two countries. Traditionally, such an approach would have focused on on the dominant area of mutual interest - bases and military assistance. While military-related matters represent a significant portion of the relationship, many other factors could significantly enhance or degrade U.S.-Portuguese relations. Therefore, this thesis has presented a comprehensive, albeit less detailed, analysis of the historical evolution of the political, economic, social, and military factors which define Luso-American relations. It is hoped that this widely defined approach has permitted a more accurate assessment of the relationship's vitality.

Uncertainty over the level of the Soviet threat will continue to complicate NATO's military planning requirements, especially if the United States adopts a doctrinal shift from forward defense to one of strategic reinforcement. A doctrinal shift like this would heighten the need for reliable and safe points of transit and debarkation between the U.S. eastern seaboard and Europe. The Azores, in particular, fills these requirements and allows the United States a strategic alternative to the northern resupply route going through Iceland and the United Kingdom. There will continue to be a need up into the next century for continued access to the facilities at Lajes in the Azores - not only in East-West scenarios, but in contingencies involving the Middle East. Owing to many factors, including ballistic missile and chemical weapons proliferation and U.S. ties with Israel and other countries in the region, future United States militarily involvement in the Middle East cannot be excluded. It is unlikely that any country besides Portugal would allow the United States access to its bases from which America could successfully intervene to end a crisis, as was demonstrated in the 1973 resupply of Israel by way of the Azores. The Lajes base is only 2,500 miles from the U.S. east

coast and 1,000 miles from Britain, while the Persian Gulf is 7,000 miles away from the United States. Given the flight range of heavy-airlift craft - 2,140 miles for the C-141, 3,250 for the C-5A[3] - access to this base is clearly vital to the United States. Another point is that regular deployments of U.S. carrier battle groups to the Indian Ocean may end, given cutbacks in the number of aircraft carriers that Congress is willing to fund. Where then will the readily available forces postured to intervene in the Middle East come from? Barring a major change in foreign policy by Spain, Greece, and / or Turkey, it is the author's contention that the Azores will remain our safest and surest way into this operational area. Lajes is the safest and most accessible base through which the United States can satisfy its future security requirements in Southern Europe. Therefore, the United States ought to be looking at how to solidify relations with Portugal and build upon areas of common interest.

The present security assistance program is flawed in two ways. First, there is no satisfactory mechanism to monitor an individual country's progress toward "graduating" from the program. In order to strike a balance between Portugal's legitimate security needs and U.S. budgetary realities, Congress might consider approving assistance packages for Portugal (and other countries) based on a given period of a years, say five years (with due allowances for unforeseen circumstances), complete with projected milestones. This would help Congress to track each country's progress and justify adjustments to that country's assistance levels. Not only would this ease the tension between the Executive and Legislative

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3Alvaro Vasconcelos, "Portuguese Defence Policy: Internal Politics and Defence Commitments," in *NATO's Southern Allies, Internal and External Challenges*, edited by John Chipman (London and New York: Routledge, 1988), p 116.

branches, but it would also promote greater harmony between the United States and recipients of foreign aid. The second shortcoming involves the earmarking of foreign aid. It is deleterious to the United States' national interests to constrain the Administration's management of foreign affairs by earmarking the majority of the foreign aid budget to a select few countries. Levels of security assistance should reflect the actual needs of foreign countries more than the level of lobbying and political moods of the Congress.

When critics in Congress chastise Portugal for requesting increasing levels of security assistance, they fail to fully appreciate the country's history. Portugal is still a very young democracy and only a relatively new recipient of U.S. security assistance. Its economy has only slowly evolved in the last couple of years to the point where it may be considered an industrialized country. U.S. assistance has proven to be instrumental in allowing Portugal to consolidate democracy while maintaining a modest defense budget. Unfortunately, Americans expect too much too quickly in terms of payoffs from foreign aid. Meaningful financial assistance cannot be absorbed overnight by recipient nations. Similarly, it is unfair to compare Portugal to Greece, Turkey, or even Spain. Each of these countries which allow the U.S. access to bases on its territory is unique, and any attempt to generalize policy considerations pertinent to all is ill-founded. For example, Portugal received no Marshall Plan aid, and the levels of assistance since then can in no way be compared to those massive levels allocated to Greece and Turkey. Furthermore, unlike the others, Portugal has consistently proven itself to be a reliable friend and ally of the United States. There is no reason to believe that Portugal enjoys being a major recipient of American security assistance, and if it

had the economic wherewithal it, like Spain, would prefer to distance itself from this dependency. It is only a matter of time before Portugal too evolves out of the security assistance program.

Portugal's consolidation of democracy can be labeled a success story. Now more than sixteen years after the 1974 revolution the country is well on its way toward economic recovery, thanks in part to EC membership and the Community's outpouring of development funds. As Antonio Jose Mendonca Pinto, a senior economist at the Bank of Portugal put it, "We have been given a rare opportunity, and we want to grab it with both hands."[4] While the immediate goals of the Revolution can be considered achieved, there are new challenges ahead.

Today, Portugal's three "Rs" - reequipping, reducing, and restructuring - have superseded the three "Ds" - decolonization, democracy, and development - of the immediate post-revolutionary period. In order for these goals to be achieved, the military will need to accept a reduced size, but it should be allocated modern equipment and the training to properly employ it. The emphasis needs to be on quality, not quantity. Additionally, outside, but secondary, mission areas such as increased participation with the United Nations Peacekeeping Forces and the training of combat troops in former African colonies will allow the Armed Forces to maintain a level of proficiency and expertise in small unit combat skills. Only by giving the Armed Forces a strategic mission and allowing them to contribute to society in a meaningful way can the government prevent unrest, keep the military

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[4]Alan Riding, "Portugal is Leaving its Poor Past Behind," *The New York Times*, 7 May 1990, p C7

out of government, actualize the approved military planning law, and thereby achieve complete normalization of the Armed Forces.

The three case studies analyzed in Chapters V and VI involving France, the Federal Republic of Germany, and the United States provided evidence for the following observations with regard to base rights negotiations.

First, long-term basing agreements with guaranteed levels of assistance cause the least amount of tension between nations. In the case of the United States, the lack of consistent foreign aid allocations hampers Portugal's efficient use of security assistance and, in turn, long-range strategic planning and force procurements suffer.

Secondly, the use of only military equipment as a quid pro quo in basing agreements is inherently unstable. This was demonstrated in the case of the Federal Republic of Germany. It appeared that whenever either the quality or amount of equipment received from the FRG declined, so did the relations between the two. Fortunately for the FRG, other non-military ties seem to have made up for these shortcomings.

Thirdly, the less visible the base, the easier the negotiations. This applied particularly to France whose remote base on the island of Flores sparks little controversy with Portuguese politicians.

Fourth, the potential uses that a base offers a foreign country are of greater consequence in negotiations than its size. Therefore, the perceived value of the base by the host nation dictates the level of compensation it requests. This is seen most visibly with Lajes and Beja. So long as both the United States and the FRG

have few other geographic options and a great deal of money already invested in the facilities, the Portuguese have some negotiating leverage.

A final important finding about these base relationships is the number of subtle linkages that exist between these four nations and which appear to contribute, both positively and negatively, to the final outcome of basing negotiations. American negotiators ought to be aware of (and well-briefed on) these non-military factors that affect Portuguese relations with France and the FRG in order to advance American positions that will ultimately produce a mutually beneficial basing agreement.

In the near future the United States must make some hard decisions over what overseas bases it should maintain. Lajes appears to be one base that is invaluable to preservation of United States overseas interests. Yet, it is in the national interests, and is fiscally imperative today, that access to overseas facilities be obtained free of any linkages to levels of U.S. security assistance. In order to meet this objective without alienating allies and friends, increasing the level and quality of social, cultural, political, and economic ties that the United States maintains with Portugal must be given the highest priority. For the short term, however, while monetary realities will not disappear, they perhaps can be downplayed through skillful diplomacy and a broadening of the current relationship into areas such as increased educational opportunities, cultural exchanges, technical and scientific cooperation, and capital investment.

Nations Receiving Base Permission Payments from the United States

Nation	Treaty / Agreement	DSAA	Media
Bahrain		X	
Djibouti		X	
Greece	X	X	X
Honduras			X
Iceland		X	
Kenya	X	X	X
Korea	X	X	
Liberia		X	
Malaysia		X	
Mauritius		X	
Morocco		X	
Oman		X	
Philippines		X	X
Portugal	X	X	X
Senegal		X	
Seychelles		X	
Singapore		X	
Somalia		X	
Spain	X	X	
Tunisia		X	
Turkey		X	

Source: James R. Blaker and Katherine T. Walter, U.S. Overseas Basing: An Anatomy of the Dilemma, p 126 (unpublished paper).

Figure 1: "Base Rights" Countries

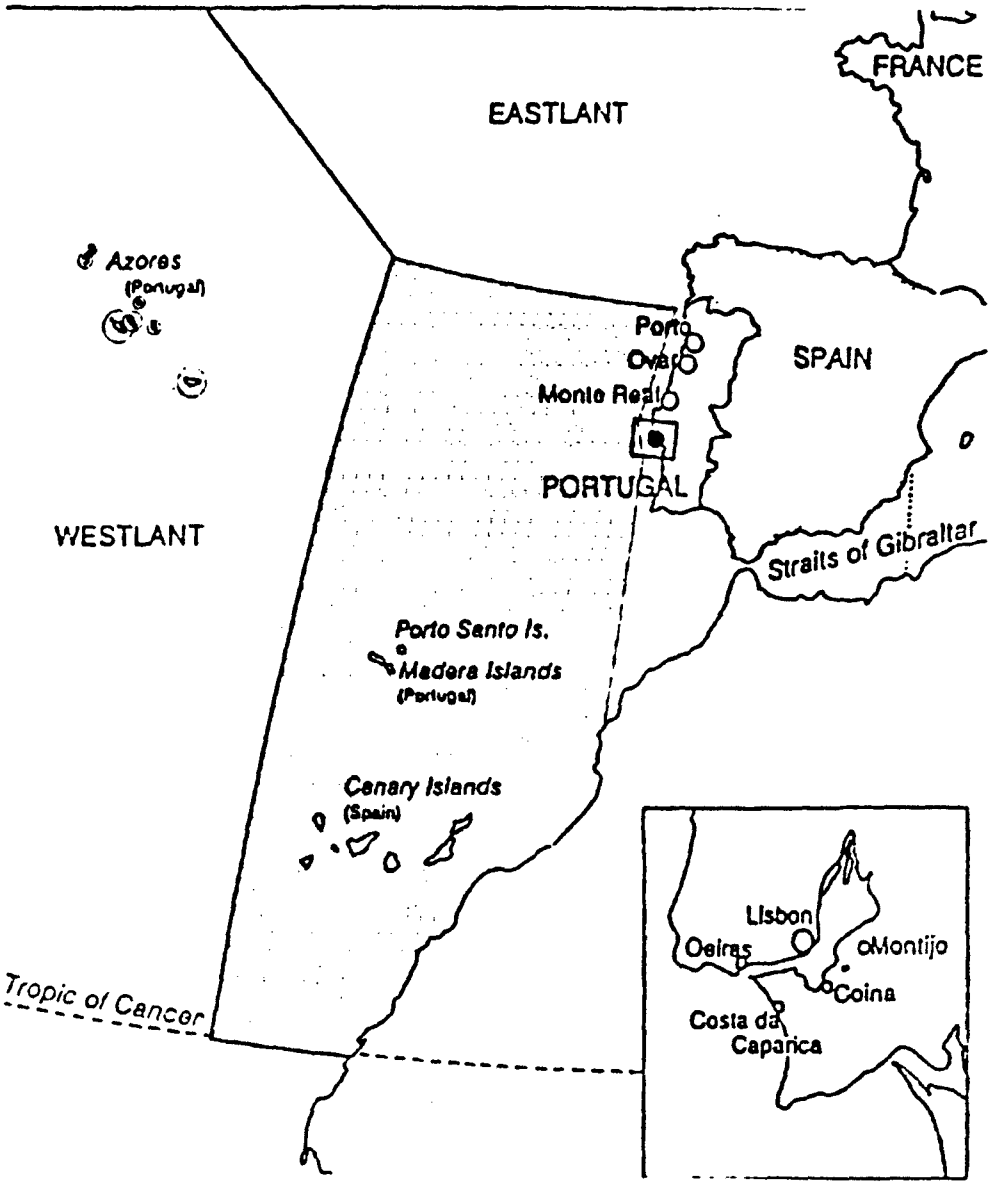

Figure 2: IBERLANT'S Strategic Triangle

Source: Thomas C. Bruneau, "Portugal Fifteen Years After the Revolution," in *CSFI Field Staff Reports*, 1989 90 / No. 1, Europe, p.4. (Updated to reflect resolution of the "boundary issue".)

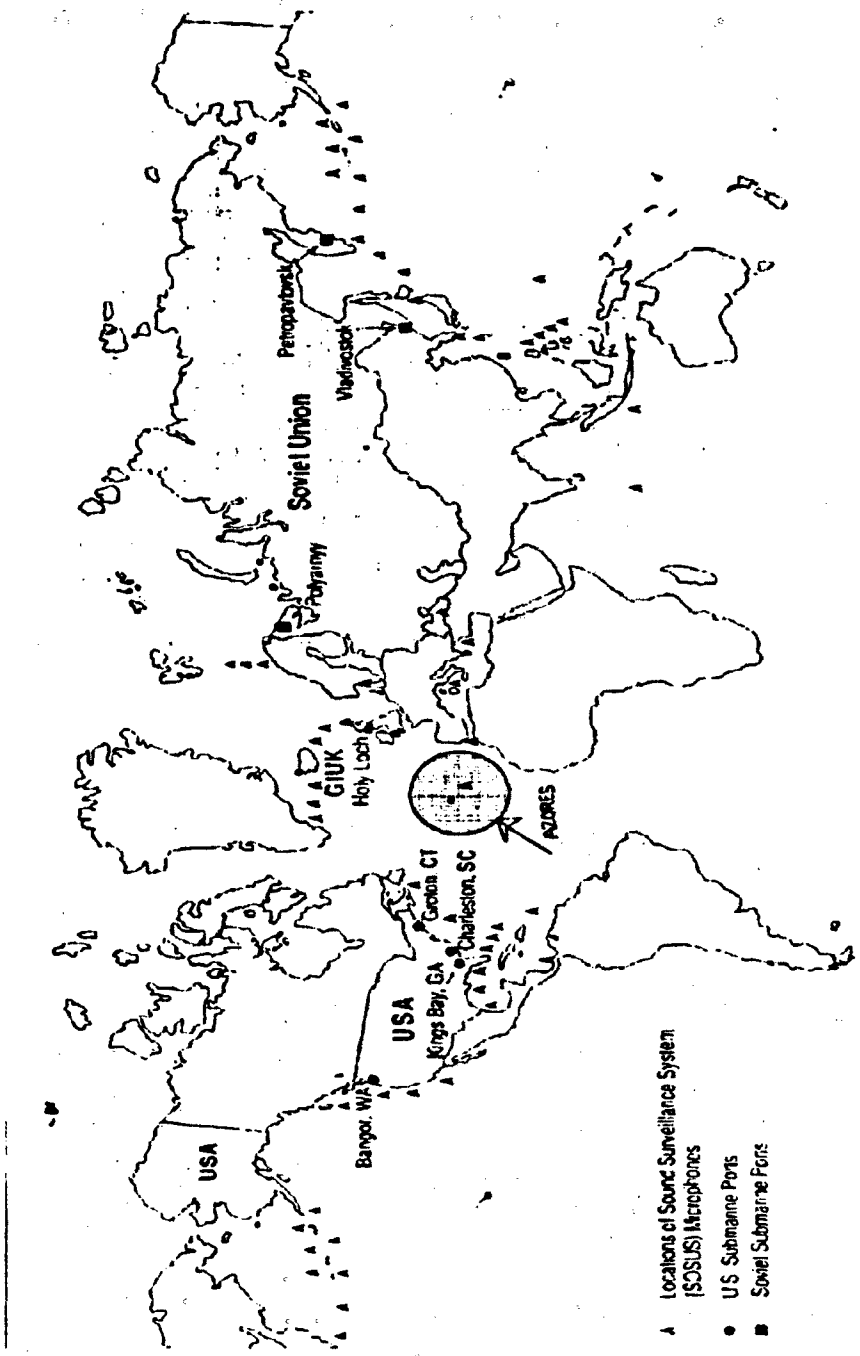

Figure 3: U.S. Worldwide SOSUS Facilities

Source: Robert E. Harkavy, *Bases Abroad. The Global Military Presence*, Stockholm International Peace Research Institute. New York: Oxford University Press. 1989. p 195.

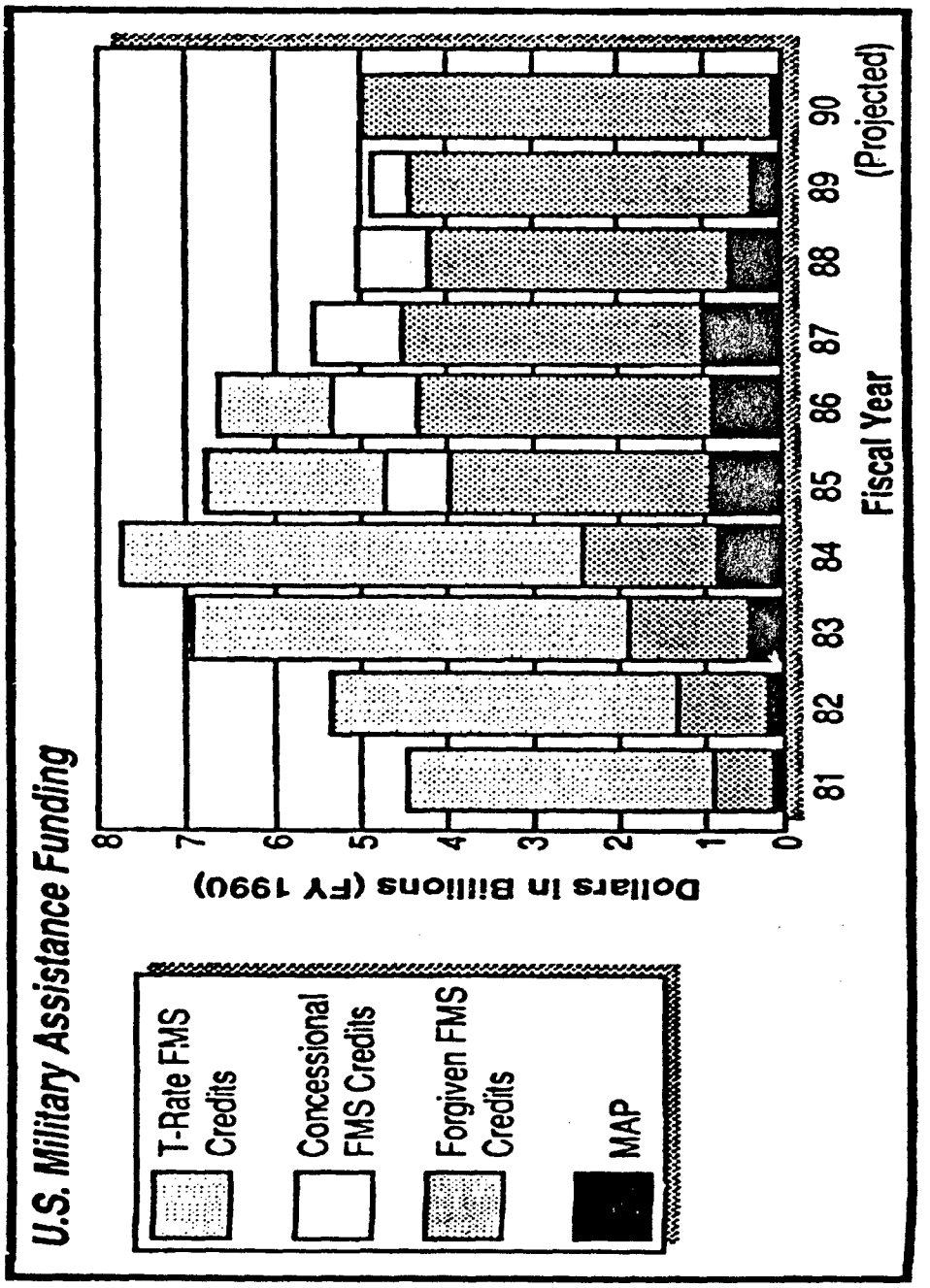

Figure 4: Trends in U.S. Military Assistance Funding

Source: Frank C. Carlucci, "Security Assistance and International Armaments Cooperation," in *The DISAM Journal*, Vol. 11, No. 4, Summer 1989, p 17

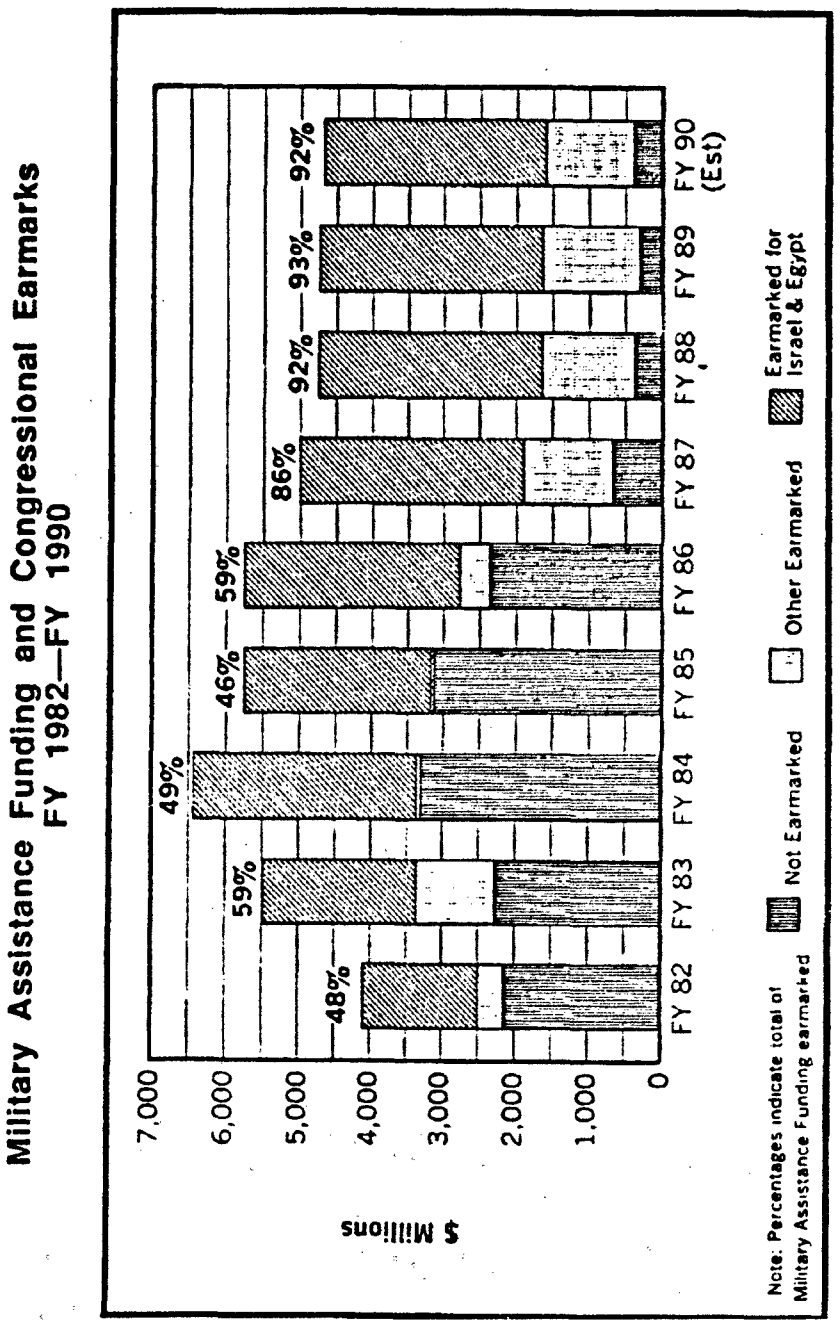

Figure 5: Growth of Earmarks in Military Assistance Funding

Source: Dick Cheney, "Collective Security: A First Principle of U.S. National Security Strategy," in *The DISAM Journal*, Vol. 12, No. 3, Spring, 1990, p 82.

Figure 6: FY 1990 Foreign Assistance Request

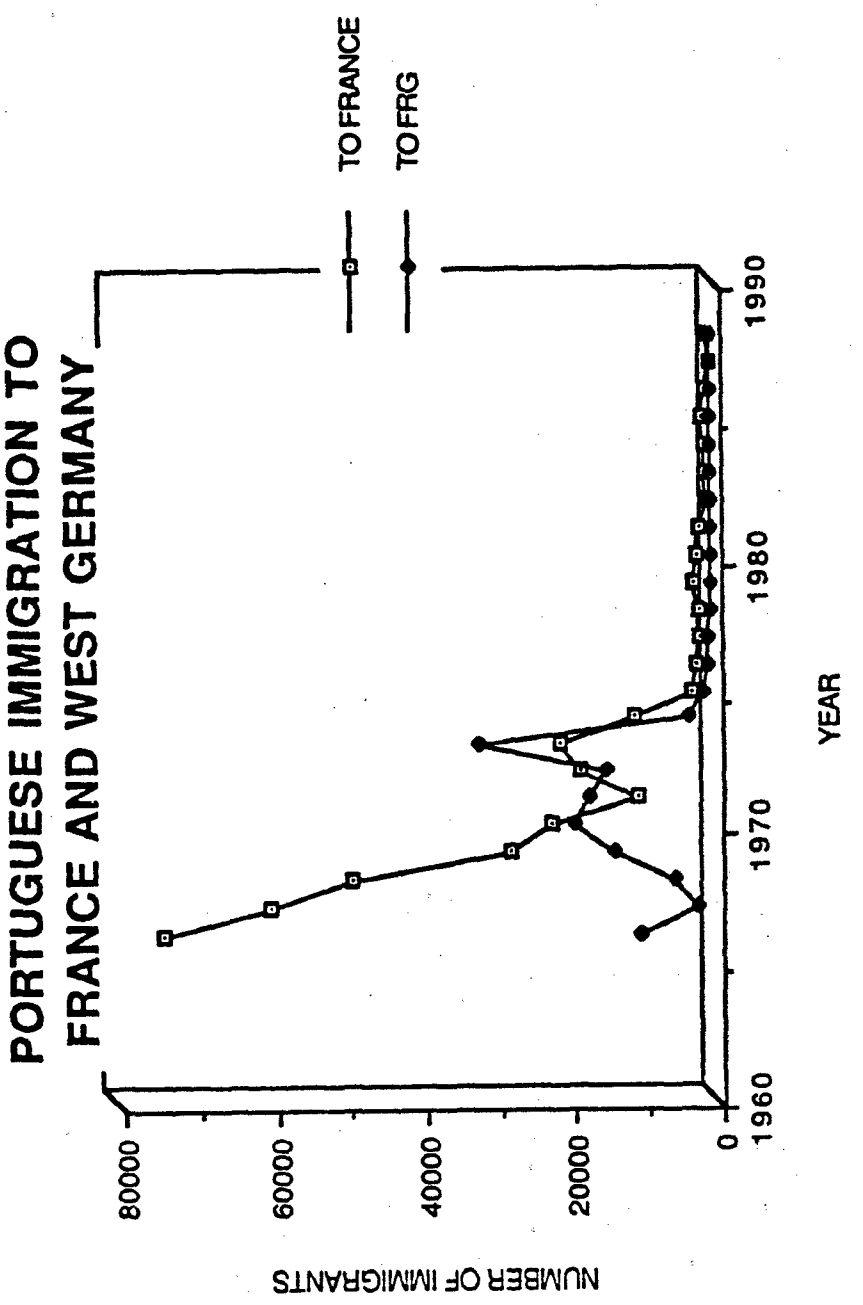

Figure 7: French and West German Immigration to Portugal

Source: *Banco de Portugal*

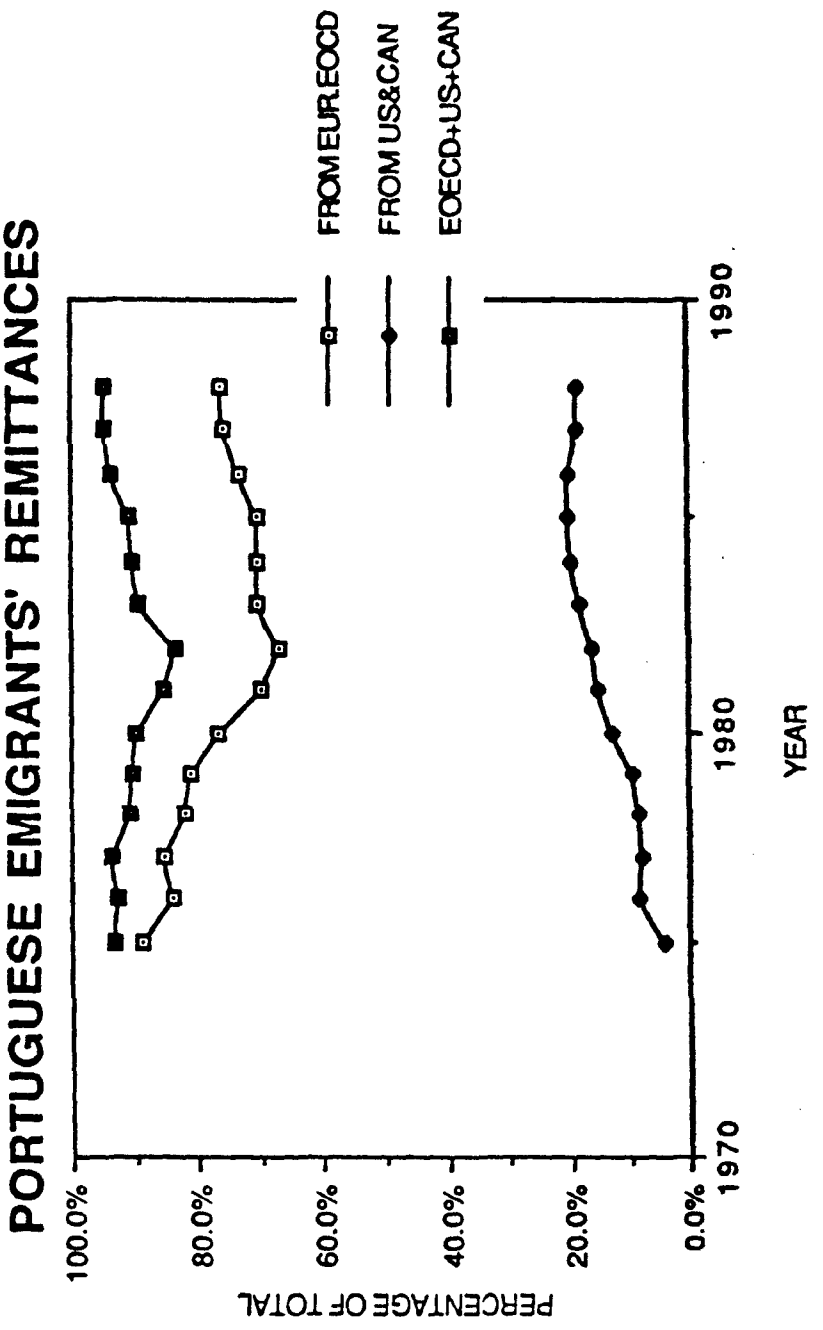

Figure 8: Portuguese Emigrants' Remittances from France and the FRG

Source: *Banco de Portugal*

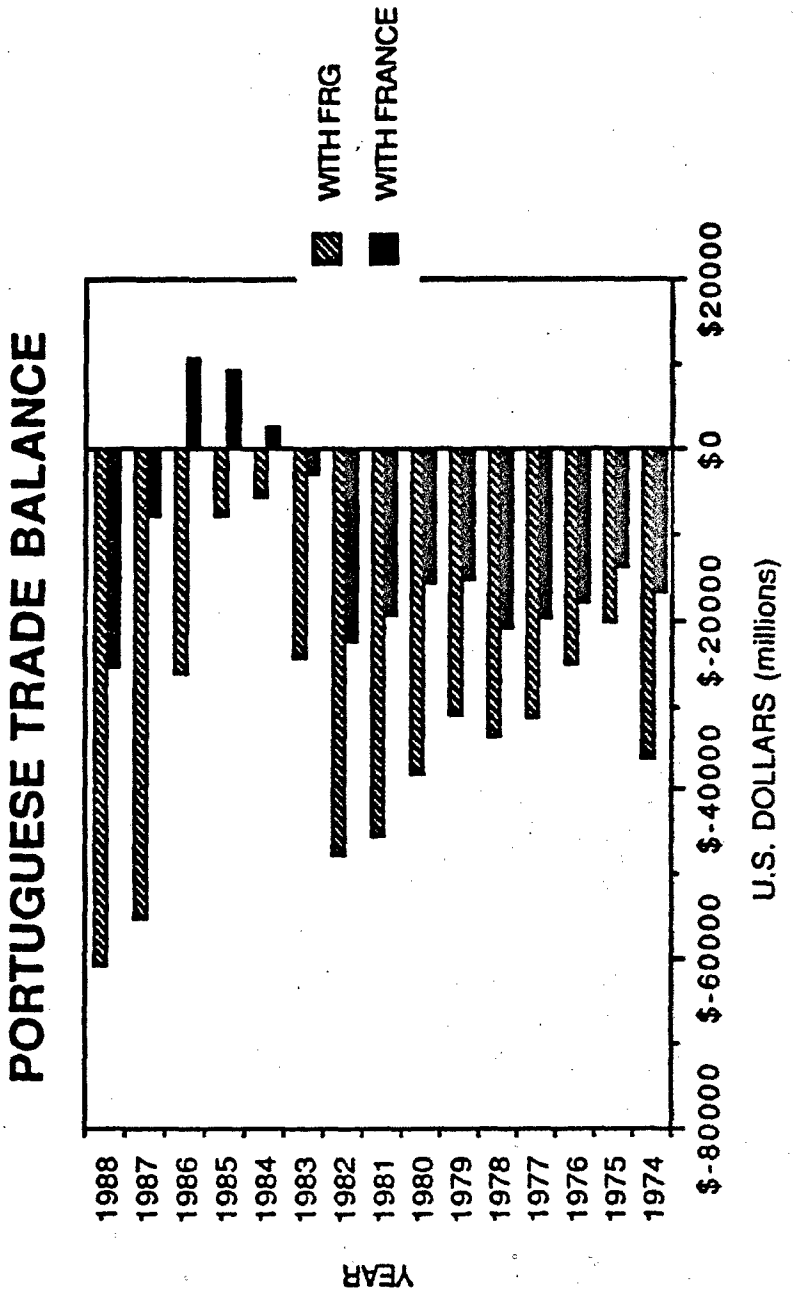

Figure 9: Portuguese Trade Balance with France and the FRG

Source: *OECD Monthly Statistics of Trade*, from 1974 - 1988, Paris, France

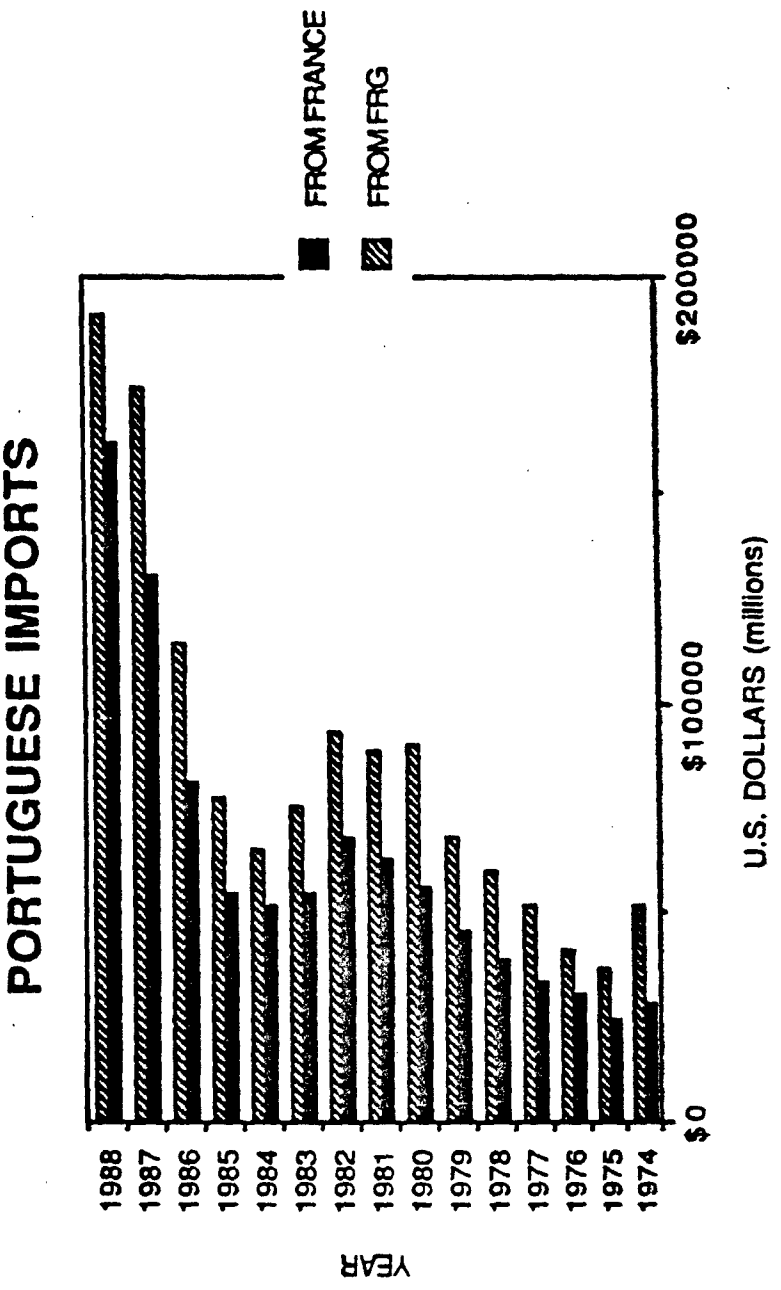

Figure 10: Portuguese Imports from France and the FRG

Source: *OECD Monthly Statistics of Trade*, from 1974 - 1988, Paris, France

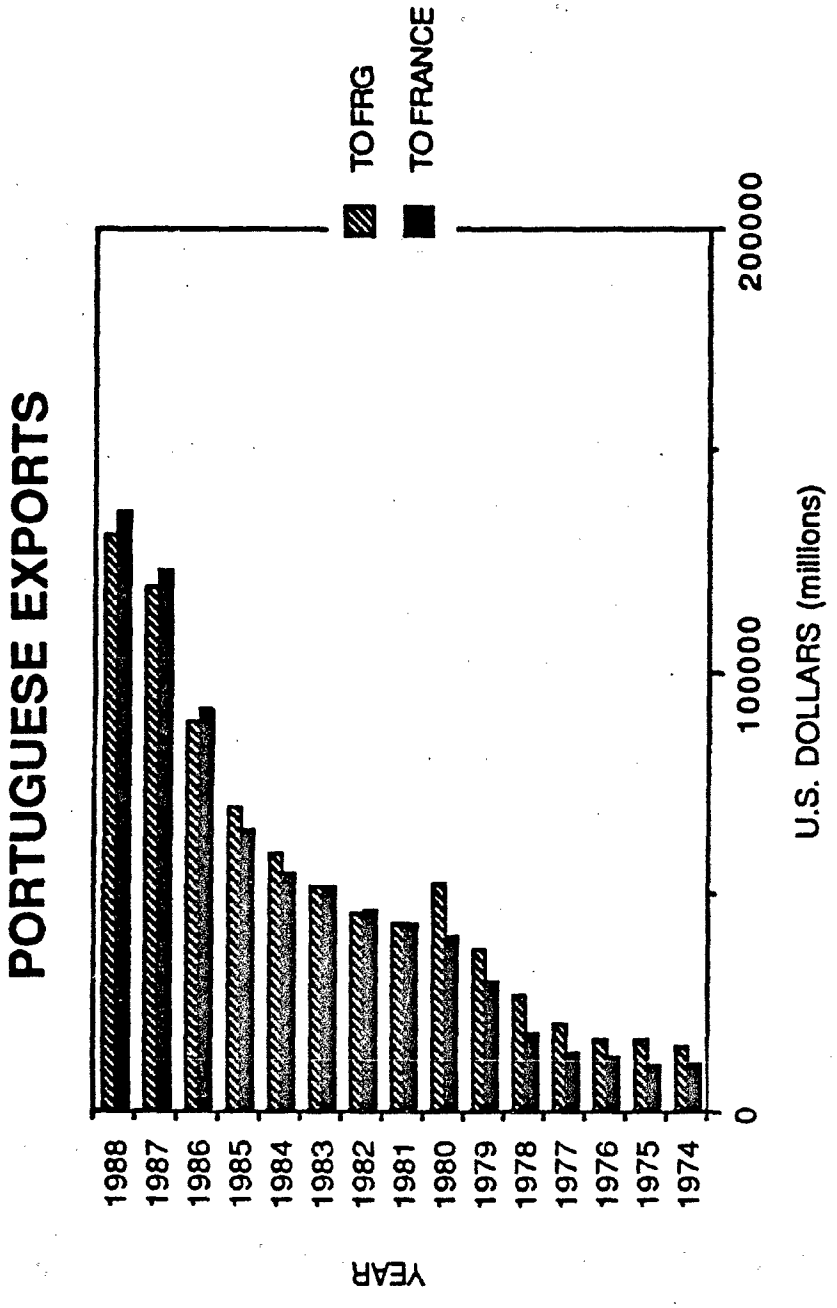

Figure 11: Portuguese Exports to France and the FRG

Source: *OECD Monthly Statistics of Trade*, from 1974 - 1988. Paris, France

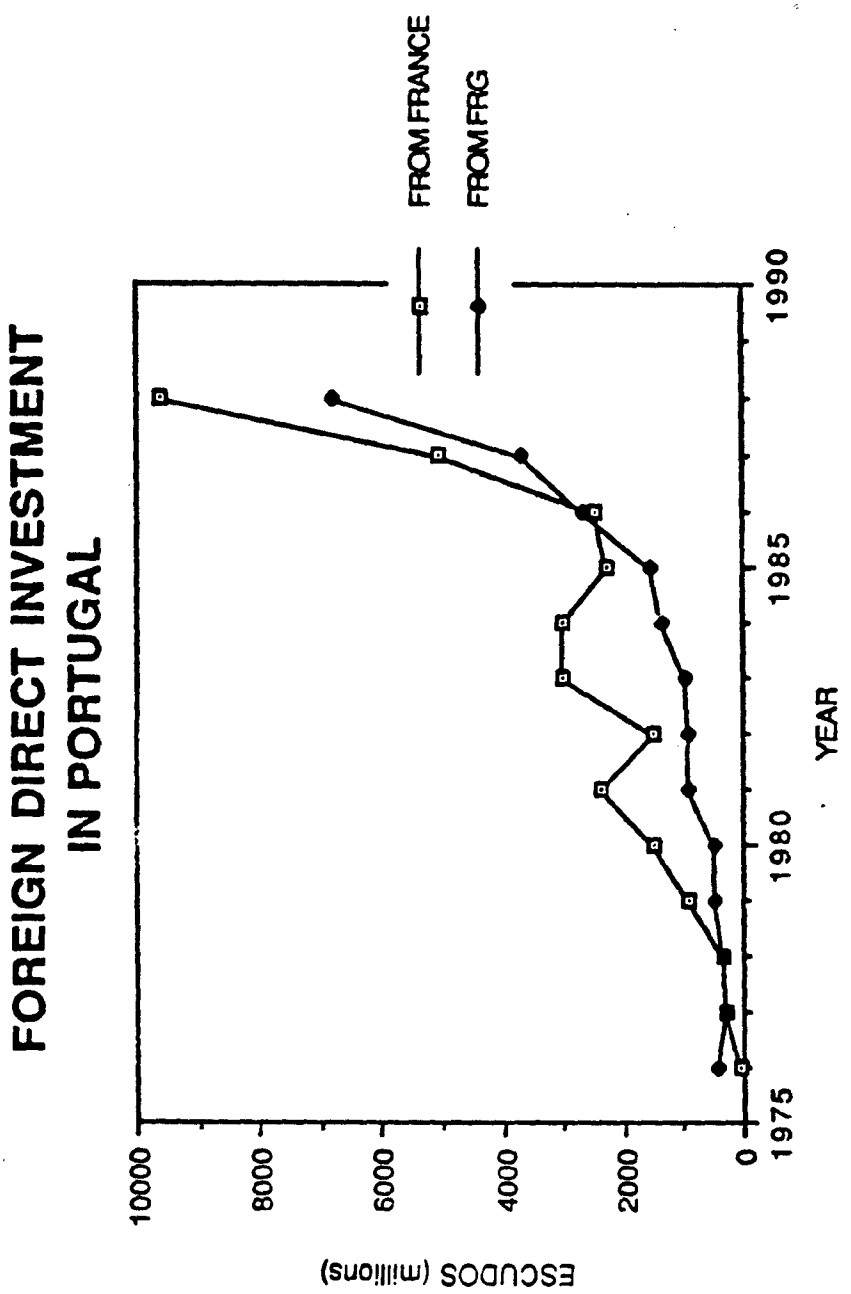

Figure 12: Foreign Direct Investment in Portugal by France and the FRG

Source: *Banco de Portugal*

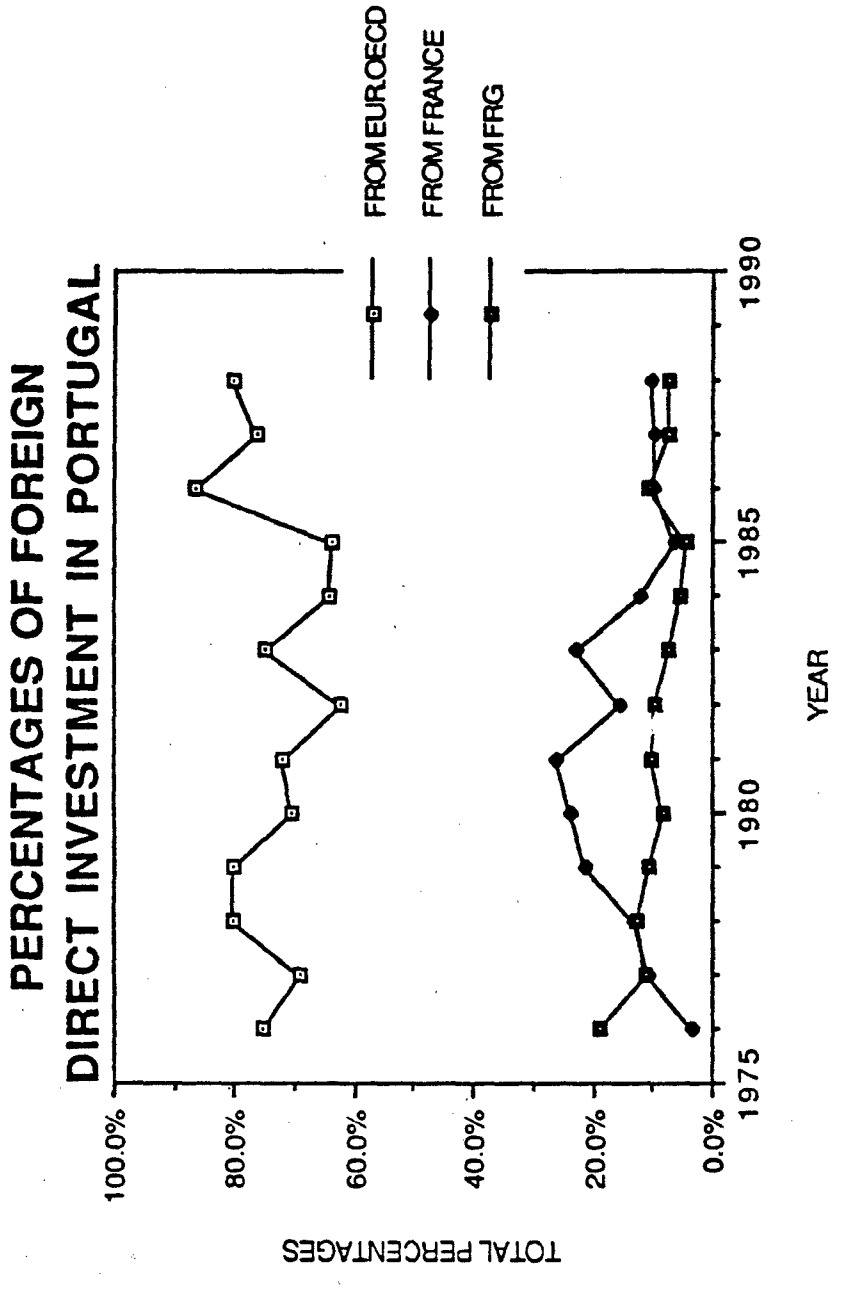

Figure 13: Percentages of Foreign Direct Investment in Portugal

Source: *Banco de Portugal*

Defense Assistance		
1st tranche 28/5/78	34.0 Million DM	(*59; **41 percent)
2d tranche 20/12/79 (1/1/80-30/6/81)	45.0 Million DM	(*80; **20 percent)
3d tranche 17/9/81 (1/7/81-31/12/82)	45.0 Million DM	(*80; **20 percent)
4th tranche 20/10/83 (1/1/83-30/6/84)	45.0 Million DM	(*80; **20 percent
5th tranche 7/12/84 (1/7/84-31/12/85)	45.0 Million DM	(*80, **20 percent)
6th tranche 28/7/86 (1/1/86-30/7/87)	45.0 Million DM	(*80; **20 percent of the 15 million DM remaining after 30 million DM is deducted for the frigate program)
7th tranche 13/10/87 (1/7/87-31/12/88)	45.0 Million DM	" "
Total	304.0 Million DM***	

* Percentage of new material

** Equipment deliveries from excess stocks of the Bundeswehr (translator's note: used material)

*** Including the contribution in the sum of 60 Million DM for the Portuguese frigate construction program (see 2 below)

Materiel Assistance		
I. Agreement of 15/8/78	about 5.0 Million DM	
- vehicles of the first generation of (Bundeswehr) vehicles		
II. Agreement of 15/12/80	about 87.4 Million DM	
- 74 Fiat G-91 aircraft and equipment for the weapon system		
Total	92.4 Million DM	

Figure 14: West German Military Aid to Portugal

Source: Information provided by Major Javier Garza, Jr., USAF, Assistant Air Attache in the Office of the Defense Attache, United States Embassy, Lisbon, letter dated 16 May 1990

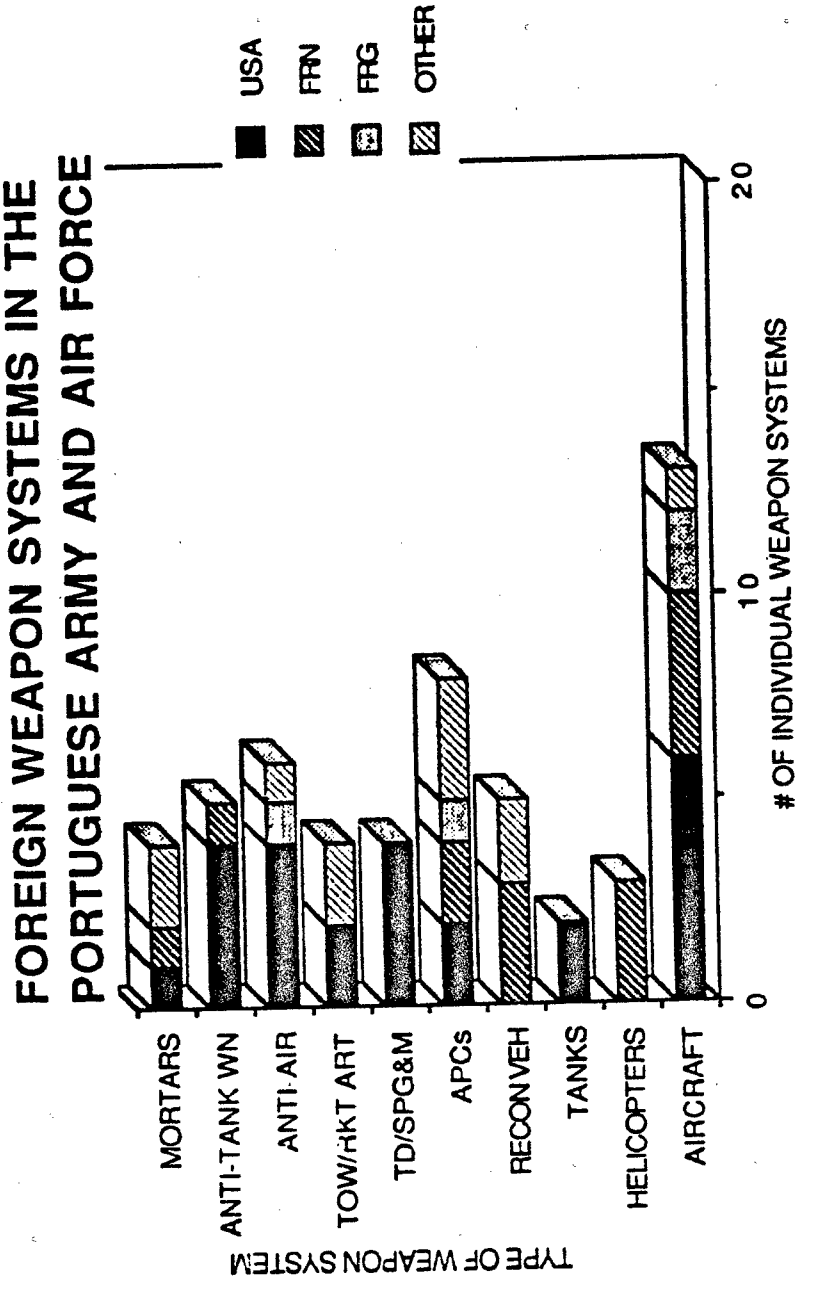

Figure 15: Foreign Weapon Systems in the Portuguese Army and Air Force

Source: *Jane's Armour and Artillery 1989-90, tenth edition*, edited by Christopher F. Foss, U.K.: Jane's Information Group, 1989. *Jane's Infantry Weapons 1989-90*, edited by Ian V. Hogg, U.K.: Jane's Information Group, 1989.

FINANCIAL IMPACT OF MILITARY BASES (PORTUGAL)

(ANNUAL AMOUNTS)

TOTAL PORTUGUESE NATIONALS HIRED (includes direct, nondirect, nonappropriated, etc.)	1,543
TOTAL WAGES PORTUGUESE NATIONALS	$11,931,056
LOCAL CONTRACT / ACQUISITION	$43,200,000
DEFENSE FUEL (servicing A/C bunker)	$ 600,000
WAGES OF US SERVICEMEN AND CIVILIANS	$40,665,307
+	
TOTAL	$93,936,363

Figures provided at a hearing before the House Appropriations Committee on 16 Mar 89, p 490.

Figure 16: Financial Impact of U.S. Military Bases in Portugal

[illegible] Subcommittee [illegible] Committee on Appropriations, Foreign Operations, Export Financing and Related Programs Appropriations for 1990: Hearing before the Subcommittee of the Committee on Appropriations, 101st Cong, 1st sess, 16 March 1989, p 490.

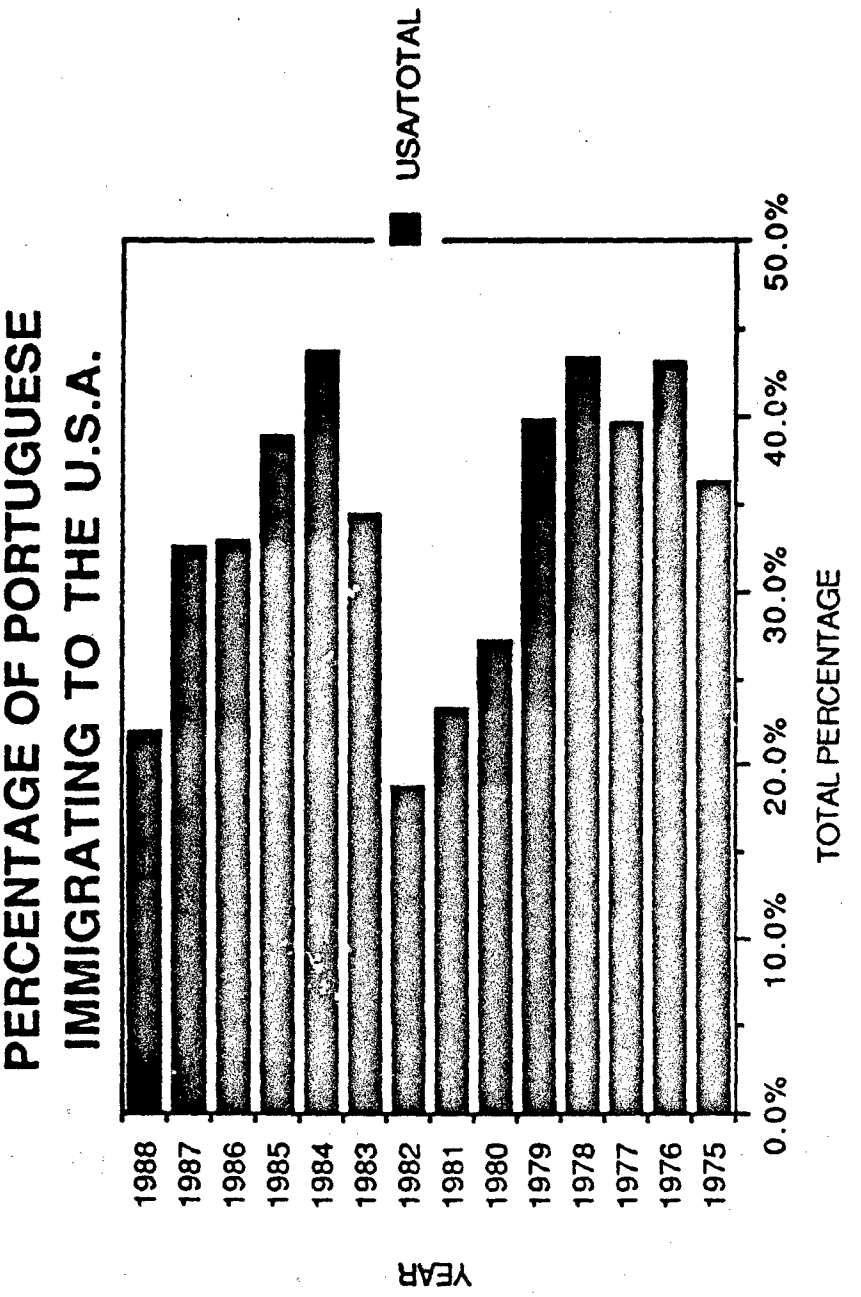

Figure 17: Percentage of Portuguese Immigrating to the United States

Source: *Banco de Portugal*

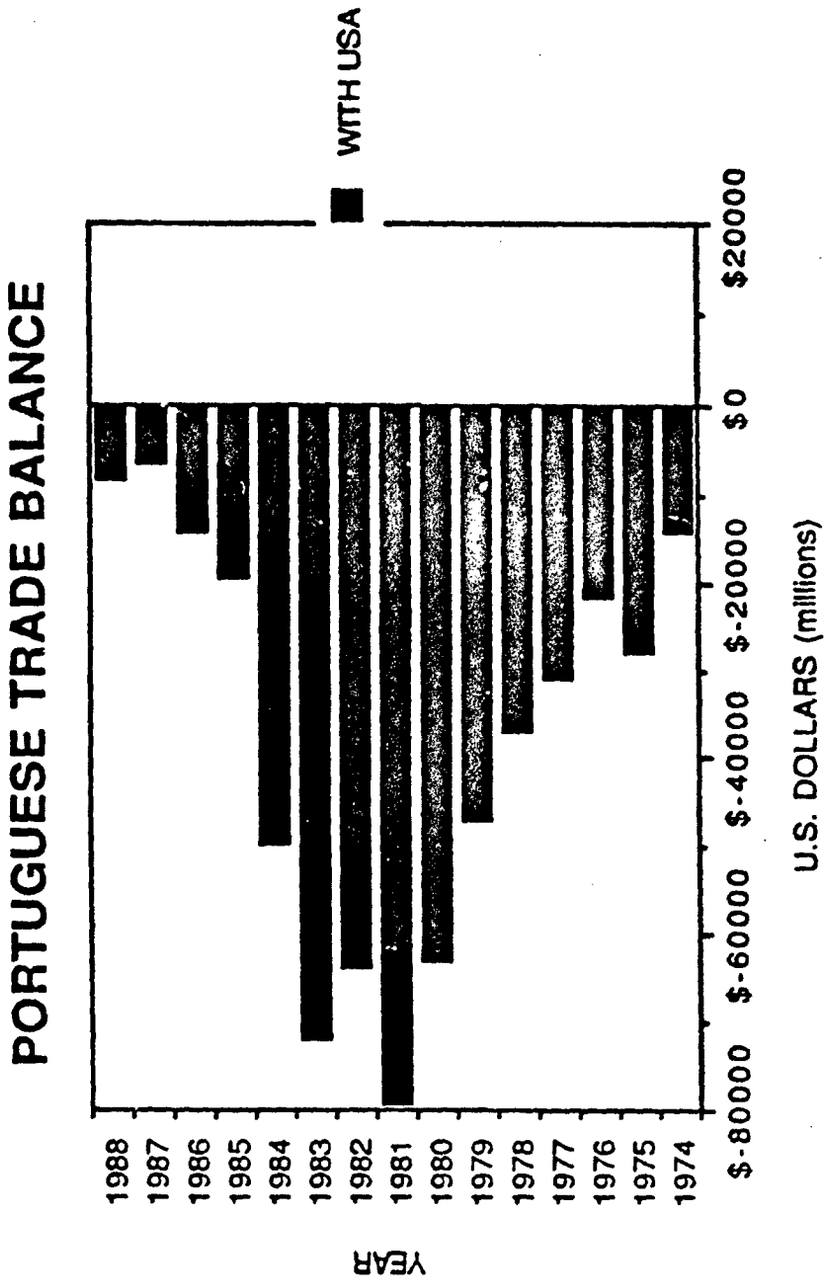

Figure 18: Portuguese Trade Balance with the United States

Source: *OECD Monthly Statistics of Trade*, from 1974 - 1988, Paris, France

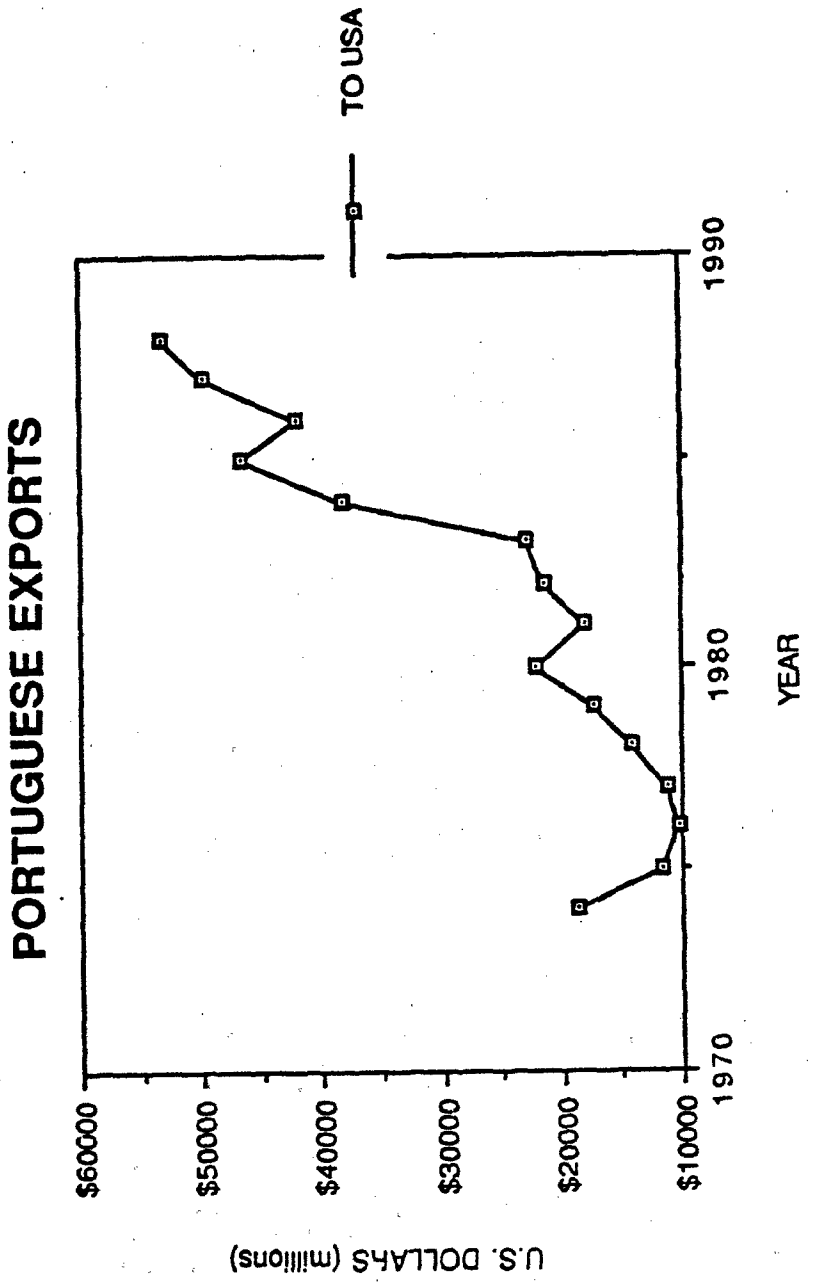

Figure 19: Portuguese Exports to the United States

Source: *OECD Monthly Statistics of Trade*, from 1974 1988. Paris, France

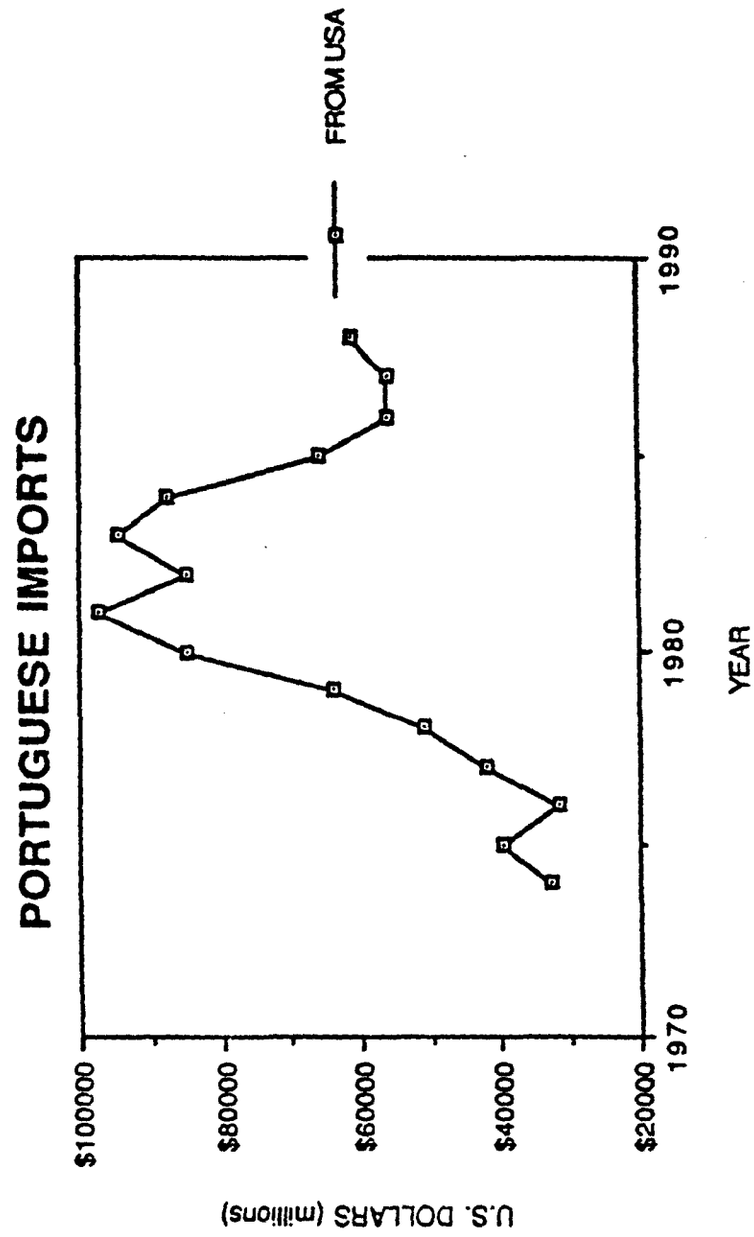

Figure 20: Portuguese Imports from the United States

Source: *OECD Monthly Statistics of Trade*, from 1974 - 1988, Paris, France

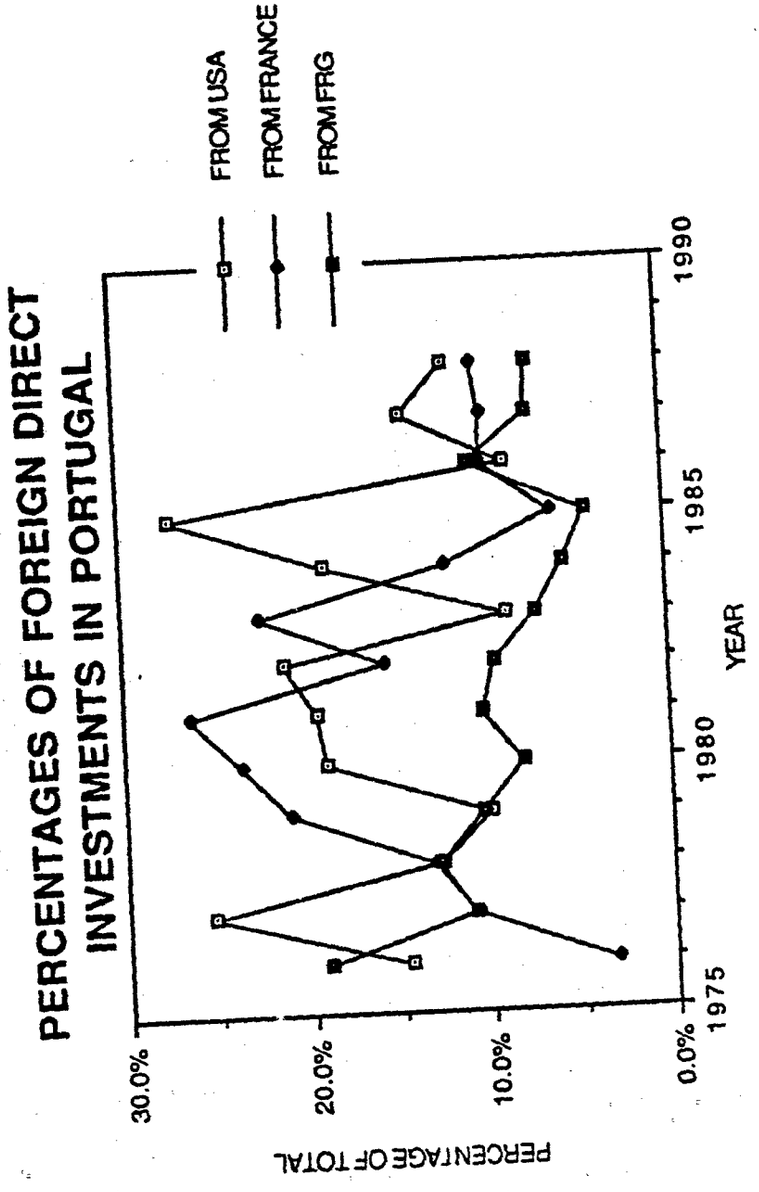

Figure 21: Percentages of Foreign Direct Investment in Portugal

Source: Banco de Portugal

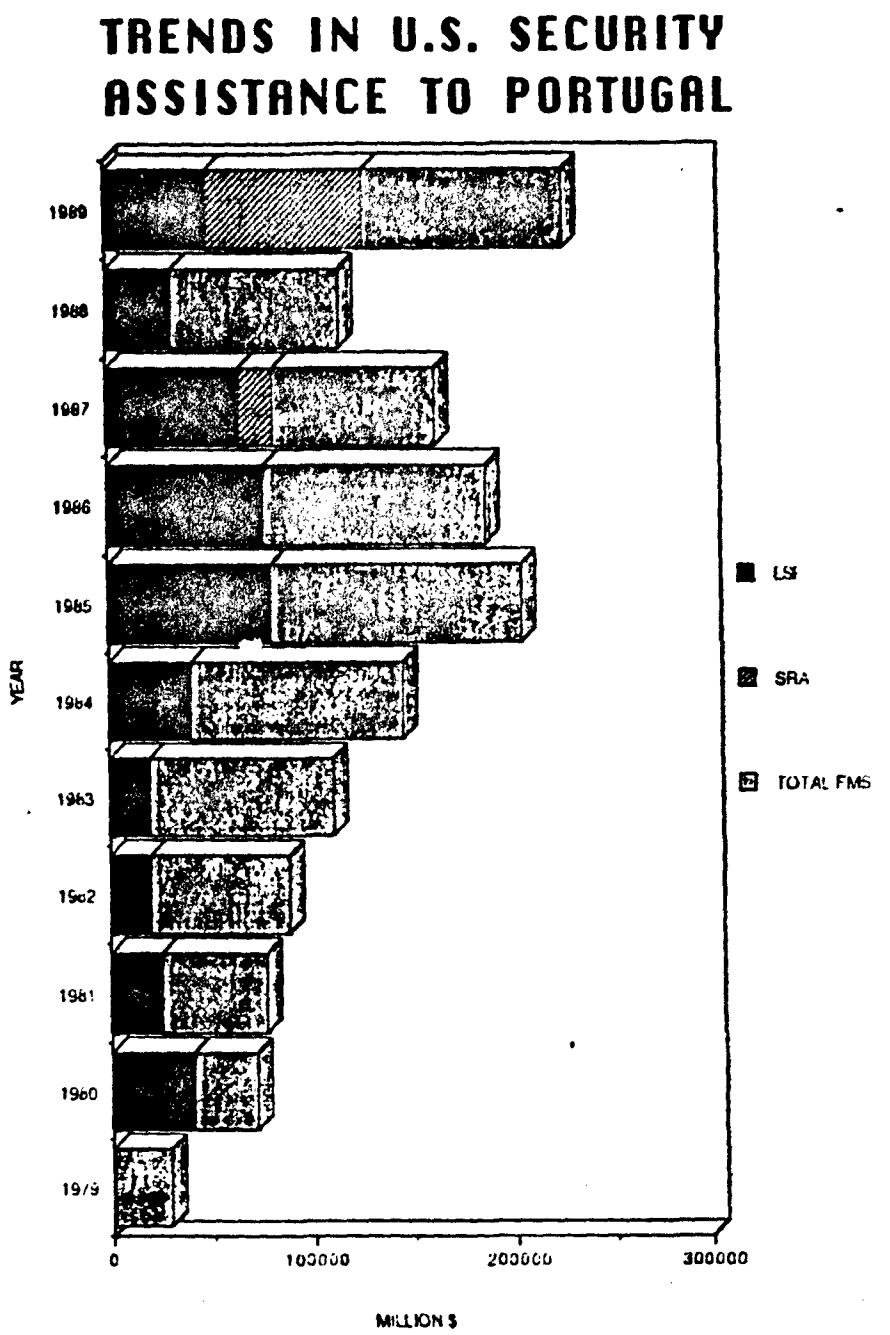

Figure 22: Trends in U.S. Security Assistance to Portugal

Source: Data collected from congressional testimonies referenced in Congress, House, Subcommittee of the Committee on Appropriations, *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990*: Hearing before the Subcommittee of the Committee of Appropriations, 101st Cong., 1st sess., 16 March 1989, pgs 575-704

The three MEKO frigates will be equipped in the following manner by contributing NATO allies:

System	Country
Cruesot-Loire 100mm (3.9 inch) rapid fire gun	France
Harpoon Surface-to-Surface missile	United States
NATO Sea Sparrow Surface-to-Air missile	United States
Vulcan / Phalanx Close-In Weapon System	United States
Communications Suite	Portugal
Search and Fire Control Radar	Netherlands
Sewaco-Daisy Tactical Data Computer	Netherlands
APECS II AR 700 Electronic Warfare Suite	United States
Super Rapid Blooming Offboard Chaff	United States
AN / SQS 505 Medium Range Sonar	Canada
MK 46 Antisubmarine Torpedo	United States
Helicopter	UK*
LM 2500 Gas Turbine Engines	United States
MTU Diesel Engines	Federal Republic of Germany

*Helicopter decision was decided following publication of this source.

Financing for the frigates is as follows:

Country	Million Dollars
U S	235
FRG	245 (Oct 1987 - - DM 490M)
Portugal	195
Canada	23
Netherlands	19
France	13
UK	7** (Oct 1987 - - 6.1M Pounds)
Norway	4 (Oct 1987 - - NKR.38.7M)
Denmark	0.6
Belgium	0.5
Luxembourg	0.3 (Oct 1987 - - FR.6M)
Total	+ 742.4

**Does not include purchase of Lnyx helicopters.
Source: Information Paper, Subject: Portuguese Frigate Program, Prepared by Captain J F Doyle, Chief Navy Section, MAAG-Portugal Typed by Carmen Ortiz, 8 January 1988.

Figure 23: NATO Contributions to the Portuguese Frigate Program

SOUTHERN REGION AMENDMENT (SRA)
OFFER NO 1 (27 JAN 87)
STATUS OF OFFER (DEC 89)

AIR FORCE

Equipment	Qty	Status
A-7 engines	42	16 delivered Jun-Sep 88, ~~15~~ 11 delivered due Dec 89
C-130A	2	No interest
T-33	10	"
UH-1F	4	"
A-7C	1	"

ARMY

M60A2 tank	10	8 delivered Feb 89, 2 due Jun 90 (AVLB conversion)
M48A5 tank	20	20 delivered Jan 89
M49 2-1/2T fuel trk	20	6 delivered Feb 89, 14 inspected by PA Sep 89 FRG, 8 accepted by PA Nov 89
M125-81mm mortar carrier	12	12 delivered Feb 89
M29-81mm mortar	12	12 delivered Feb 89
Bulldozers	10	PA interested, none identified excess
1/4t Trk M151	25	No interest
1/2t Trk M880	50	"
106mm recoilless rifle	30	"

NAVY

Hydrographic survey vessel	1	Delivered Feb 88
Docking fenders	2	Delivered Jun 88
Patrol ship	1	No interest
Med. Harbor Tug	1	"

Figure 24: SRA Offer #1

Source: Information provided by Major Javier Garza, Jr., USAF, Assistant Air Attache in the Office of the Defense Attache, United States Embassy, Lisbon, letter dated 16 May 1990

SOUTHERN REGION AMENDMENT (SRA)
OFFER NO 2 (5 AUG 87)
STATUS OF OFFER (DEC 89)

AIR FORCE

Equipment	Qty	Status
T-33	7	Delivery completed Jul 89
TF30-P-408 Eng Tools	numerous	Delivery ongoing
MD-3 Grd Pwr Unit	5	No interest
A-7P Supt Equip	4	"
R-1051/URR MF/HF recvr's	4	"
AN/URT-24MF/HF transmitters	4	"
AN/WRC-1 MF/HF tranceiver	4	"

ARMY

Chem prot overgarments	20,000	MAAG notified items may be available in UK Oct 89
M18A1 Claymore mines	5,000	Located in Hanau; PO working w/FRG on trans
Test & diagnostic equipment	250	11 pieces delivered Feb 89

DRMS OFFERINGS

Roadgraders	19	7 delivered POAF
Scrapers	10	7 delivered POAF
Tractors	10	7 delivered POAF
Loaders	7	2 delivered POAF
Flak vests	1,820	Delivery completed Oct 88
20t Crane	1	Awaiting trans at Hanau

DEFENSE MAPPING AGENCY

Mapping equip	1	Delivered Jun 88

Figure 25: SRA Offer #2

Source: Information provided by Major Javier Garza, Jr., USAF, Assistant Air Attache in the Office of the Defense Attache, United States Embassy, Lisbon, letter dated 16 May 1990.

SOUTHERN REGION AMENDMENT (SRA)
OFFER NO 3 (16 JUN 89)
STATUS OF OFFER (DEC 89)

AIR FORCE

Equipment	Qty	Status*
A-7Bs	28	Interest
A-7P Engines	35	"
A-7 Engine spare parts	various	"
J33-A-35 Engines	100	"
20mm A7-P ammo	2,000,000	"
P-408 Engine monitoring systems	5	"

ARMY

M49A2C 2.5t Fuel Trucks	5	Interest
M151A2 1/4t truck	25	"
M345 Flat Bed trailer	20	"
M416 Cargo trailer	40	"
M410A1 Cargo trailer	46	"
Truck Crane-shovel	1	"
105mm CTG, HEAT-T-, M456	5,000	"
105mm C518 HEP	10,000	"
105mm C503 TPT	5,000	"
105mm C510 TPT	5,000	"
105mm M392A2	5,000	"
Tanks M48A5	60	No interest
Helicopters UH-1H	40	"

NAVY

USNS Thompson	1	Interest (PON says no)
MK44 Torpedos	1,000	"
LST 1178	1	No interest
Recompression chambers	7	"

* DSAA/Services working to determine location of items

Figure 26: SRA Offer #3

Source: Information provided by Major Javier Garza, Jr., USAF, Assistant Air Attache in the Office of the Defense Attache, United States Embassy, Lisbon, letter dated 16 May 1990.

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