MOZAMBIQUE: ANNUAL REVIEW FOR 1974

Her Majesty’s Consul-General at Lourenço Marques to
Her Majesty’s Ambassador at Lisbon

SUMMARY

Perhaps the most significant year for Mozambique since 1498 (paragraph 1).

2. The first few weeks marked by frantic Portuguese efforts to combat the deteriorating security situation (paragraphs 2–5).

3. In negotiations with Portuguese representatives, FRELIMO leadership never waver in its demand to be recognised as sole representative of Mozambique people (paragraph 6).

4. Internal affairs drift dangerously between April and the military coup in Lisbon and September when a transitional Government is appointed (paragraph 7).

5. The lifting of the ban on political activity encourages the emergence of over 30 small, mostly unimportant, African and European political parties which collapse in the face of FRELIMO opposition and following the failure of the Free Mozambique Movement. Only the “Social” Democrats play their cards right; their reward is two Ministerial posts in the transitional Government (paragraphs 8–11).

6. The power vacuum between April and September permits lawlessness and further deterioration of the economy (paragraphs 12–13).

7. The transitional Government concentrates upon consolidating support for FRELIMO throughout the country and upon the serious problems to be overcome if the country is to be led out of bankruptcy (paragraphs 14–15).

8. Mozambique is probably to become a Socialist State on Tanzania model. Its present economic weakness and economic ties with hinterland countries will influence Mozambique’s political policies (paragraphs 16–17).

9. Portugal had little choice but to concede to the FRELIMO. Despite the anxieties and mismanagement of the past year there is room for optimism for the future (paragraphs 18–19).
(Confidential)

Sir,

This has been an eventful year in Mozambique’s long history and perhaps the most significant since 1498 when Vasco de Gama first landed here.

2. The early weeks of 1974 were marked by FRELIMO sabotage attacks on the railway system in Central Mozambique repeatedly cutting the lines from Beira to Malawi and Rhodesia. Guerilla activity spread to the white farming area around Vila Pery, to the railway town of Inhaiminga and to places within 50 miles of Beira, Mozambique’s second city. These incursions and the murder of a farmer’s wife on 14 January alarmed the European population and led to demonstrations against the army. Demonstrations were particularly virulent in demonstrations against the army. The army were not prepared to assume the role of scapegoats in a war which they knew they could not win and which in the view of many officers required a political solution. Their anger contributed to the discontent that led to the 25 April coup d’état in Lisbon.

3. The Portuguese made frantic efforts to contain the deteriorating situation in Central Mozambique. One result was the indiscriminate killings of Africans in the Vila Pery and Inhaiminga areas. An unusually vicious FRELIMO attack on a defended village (aldeamento) in Tete district in January resulting in 17 dead and 31 injured showed, however, that the slaughter of civilians was not the work of one side alone. To meet the FRELIMO challenge in the central areas the Portuguese were obliged to withdraw troops from Cabo Delgado district thus allowing the FRELIMO to step up the pressure also on that front.

4. The coup in Lisbon afforded Portuguese forces in Mozambique no respite and the following three months saw a substantial stepping up of FRELIMO pressure on all fronts. For the first time, according to Portuguese official figures, Portuguese losses were increasing while those of FRELIMO, though substantially higher, were decreasing.

5. The meeting between the Portuguese Foreign Minister, Dr. Mario Soares, and FRELIMO leaders in Lusaka on 5-6 June discouraged Portuguese troops from continuing the fight and thereafter fraternisation and local ceasefire became common. As the Portuguese military effort collapsed so the negotiating position of the Government became weaker. FRELIMO forces were poised to return to the attack at any stage; if they had done so probably only token opposition would have been offered.

6. FRELIMO leadership based in Dar-es-Salaam never wavered in its demand to be recognised as the sole representative of the Mozambique people and rejected proposals for an interim Government including representatives of other political groups; a referendum on the future of the country and elections before independence. President Spinola’s speech on 27 July conceding the right to independence for the overseas territories cleared the way for talks in Dar-es-Salaam on 16-18 August and Lusaka on 5-7 September. These resulted in the Portuguese Government conceding to FRELIMO demands and the announcement that a ceasefire was to become effective on 8 September and Mozambique independent on 25 June, 1975. So the War of Independence which began on 24 September, 1964, and lasted 10 years (but two weeks) ended.

7. During the period between the April coup in Lisbon and the assumption of office of the FRELIMO-dominated transitional Government in September, Mozambique’s internal affairs drifted dangerously. Immediately following the
coup Eng" Pimental dos Santos, the Governor-General (one of whose last formal acts had been to receive the leader of the visiting London Chamber of Commerce Trade Mission, Sir Robert Taylor, and the Consul-General) was dismissed. His deputy, Colonel Teixeira Ferreira, suspended sittings of the Legislative Assembly, a body later abolished by Government decree for being bogus and unrepresentative despite the hopes earlier invested in it. It was not, however, until seven weeks later on 15 June that a new Governor-General, the liberal lawyer Dr. Soares de Melo, took office and appointed some mildly Left-wing Secretaries of State. His ineffectual reign lasted only a few weeks. He submitted his resignation on 25 July following an announcement in Lisbon that a Governing Junta led by a member of the Armed Forces Movement was to be appointed to run the country. In the event because of objections raised by FRELIMO the Junta was not appointed and Dr. Soares de Melo remained in office until 19 August, when Dr. Ferro Ribeiro, Secretary of State for Territorial Administration, succeeded him as Head of the Government until the transitional Government was appointed on 20 September.

8. The lifting of the ban on political parties led to a frenzy of political activity in Mozambique. In the weeks following the Lisbon coup over 30 political parties announced themselves; many dropped from sight as quickly as they had emerged. None received more than token support but in terms of publicity two or three gained some prominence. The first, the Grupo Unido de Mozambique (GUMO), a predominantly African Party with a multi-racial executive committee, had been allowed a degree of activity prior to the coup. One of its leaders, Dra. Joana Simião, an African woman graduate, had been a member of COREMO (Revolutionary Committee of Mozambique) and had been imprisoned by the Portuguese. GUMO can claim to have held in May the first free political meeting in Mozambique. It was attended by 10,000 Africans. Tensions within GUMO soon developed between those who saw themselves as frontrunners for FRELIMO and those wanting to create a "Third Force" to counter FRELIMO influence. Those strains led to the party's early collapse. Some GUMO dissidents joined forces with COREMO, the only other liberation movement apart from FRELIMO to indulge in guerilla activity. COREMO leadership was drawn largely from those who had broken with FRELIMO in the internecine struggles following Dr. Eduardo Mondlane’s assassination in February 1969. It included the Rev. Uriah Simango (one-time joint head of FRELIMO with Samora Machel and Marcellino dos Santos) and Paulo Gumane. Based in Zambia COREMO had hesitated to re-enter Mozambique for fear of the Portuguese authorities. By delaying they fell foul of the Zambian Government who, early in June and at FRELIMO’s behest, arrested 50 of their members. COREMO did not recover from that setback nor from the fact that Dr. Mario Soares on his first visit to Lusaka had refused to meet them. Although Simango, with the backing of the Swaziland Government, eventually became politically active inside Mozambique and managed to unite most of the anti-FRELIMO African groups in a National Political Coalition (PCN) FRELIMO’s political bandwagon had by that time already gathered speed.

9. Also active were several largely European groups, FICO (meaning “I stay”) which later tried to change this rather provocative name to Ficar Convivendo (to remain living together); the Federalists (MFP); and the Mozambique Democratic Convergence (CDM) which later changed its name to the Social Democratic Party (PSDM). In broad terms FICO represented working-class Portuguese, the CDM Portuguese business interests and the Federalists supported
General Spinola. The leaders of Dr. Caetano’s old Government movement (ANP) were behind them. Their stated aims were modest. They wanted a say in the future of the country and did not want it handed over to FRELIMO without a referendum. They had sympathy but little active support from the 180,000 Europeans in Mozambique.

10. The small parties, black and white, might have survived in some form if they had chosen to work with FRELIMO rather than against it. The European groups in particular could have played a constructive role in steadying the white population and stemming the incipient exodus had it not been for the curious and unhappy episode which took place on 7-10 September. The almost accidental seizure of the radio station in Lourenço Marques by an irate group of young rowdies on 6 September led to a spontaneous uprising in sympathy by the European population of Lourenço Marques under the banner of the “Free Mozambique Movement”. The Movement collapsed three days later as the result of inter-racial disturbances, the determination of the Provisional Government to end the insurrection, the failure of large numbers of Portuguese ex-servicemen (particularly in South Africa) to rally to the cause, and the correct attitude of the South African Government in not coming to the rescue. The ending of the insurrection, which, according to official figures, cost 82 lives and 470 injured, marked the demise of the small parties whose leaders had put themselves at its head and who, thereafter, fled or were imprisoned.

11. Only one political group played its cards right in relation to FRELIMO: this was old “Social” Democratic Opposition to the previous régime. It was rewarded with two of the FRELIMO-nominated Ministerial posts in the transitional Government. This small group of Left-wing lawyers, journalists and other intellectuals campaigned strongly from the outset in favour of FRELIMO, dominating the news media which became as biased as that under the old régime. In their fervour the Social Democrats provoked rather than reassured the European population and must bear some responsibility for the insurrection and for the further outbreak of racial violence on 21 October in Lourenço Marques which resulted in a toll of 49 dead and some 200 injured.

12. The power vacuum which existed at Government level from April to September was also a cause of the abortive September insurrection. At a time of acute political uncertainty, it permitted disorders throughout the country, which in the north drove Europeans out of many rural areas. The lawlessness was brought under some control only as a result of progress on the political front which from September enabled Portuguese and FRELIMO forces to work together under the direction of the Mixed Military Commission, provided under the Lusaka Agreement.

13. The absence of decision-making also led to a deterioration in the economic situation. Labour unrest among workers, many receiving starvation-level wages, spread throughout the country. Worst hit by strikes and go-slow working was the port of Lourenço Marques and the railway to South Africa. Chaos reigned in the docks and shipping spent 30 days awaiting servicing as opposed to the customary 5-6 days. Rail freight traffic between Mozambique and South Africa, Rhodesia and Swaziland was severely disrupted.

14. Since September the transitional Government has assumed a dominant role. It is headed by the Portuguese High Commissioner, Vice-Admiral Victor Crespo, working in close co-operation with Prime Minister Joaquin Chissano, formerly FRELIMO Defence Secretary. Mr. Chissano is considered third in the
FRELIMO hierarchy after Samora Machel, who has remained in Dar-es-Salaam awaiting assumption of the Presidency of the new Republic next June, and Dr. Marcelino dos Santos, the FRELIMO External Affairs Secretary, who is probably to become Foreign Minister. Mr. Chissano heads a Government of nine Ministers, six nominated by FRELIMO (including one European) and three by the Portuguese Government. There are also four junior Ministers (two Europeans).

15. During the past three months the transitional Government has concentrated upon disseminating FRELIMO doctrine and the economic problems facing the country, in particular the bankrupt state in which Mozambique finds itself after 500 years of Portuguese rule. Past mismanagement of the economy has led to a recurrent and increasing balance of payments deficit, the creation of a massive external debt (in the terms of Mozambique's present economic weakness) and a scarcity of foreign exchange that threatens essential imports. These problems aggravated by the civil disorders and developments of the past few months, not excluding the high price of imported oil, have led to a sharp fall in trading confidence, inflation at the rate of 30 per cent per annum, the flight of Portuguese European management and technicians, growing unemployment, widespread black-marketing in currency, private hoarding of an estimated £60 million and serious illiquidity throughout the economy. Soft loans, generous credit and outright grants will be required to help Mozambique through the next few years.

16. From its pronouncements FRELIMO leadership appears dedicated to the setting up of a Socialist State on the Zambia/Tanzania model based on expanding agricultural development and aiming at self-sufficiency. It is to be hoped that FRELIMO's 10-year sojourn in Dar-es-Salaam will enable the leadership to avoid some of the mistakes made by their African friends.

17. It is against this background of Mozambique's weak economic position that the independent Government will have to view its external relations, particularly with South Africa and Rhodesia. South Africa contributes 45 per cent and Rhodesia 13 per cent of Mozambique's foreign exchange earnings. South Africa's contribution will increase with the purchase from mid-1975 of hydro-electric power from the Cabora Bassa Scheme. Income at this level cannot be lightly cast aside while the country lacks other sources, however much the Government may wish to do so. But whatever decisions may be taken the policies of an independent Mozambique will have a profound influence on the future of Southern Africa.

18. Now that a peaceful plateau has been reached and the troops are going home some claim that it was not necessary for the Portuguese to have surrendered so completely to FRELIMO; that a referendum or elections could have been insisted upon and that these would have shown that FRELIMO did not enjoy widespread popular support; that most Mozambicans wanted nothing more than to remain under the Portuguese flag. But this is wishful thinking. Given the weakness of the Portuguese position once they had conceded the possibility of early independence for Mozambique they were very much at the mercy of day-to-day events and had little scope for following any other path. A referendum would have exposed the Portuguese to an unnecessary humiliation. The mass of Mozambicans, black and white, wanted independence. And the majority of those Africans who were conscious of what was going on, indentified FRELIMO with "Uhuru". Whether what they have got—a tough, single-minded régime dedicated to austerity, discipline and hard work—is what they really wanted, is another question.
19. Despite anxiety and uncertainty during the past year it is still possible to feel optimistic about the future. The Portuguese could have done things much better and in a much more orderly fashion but considering the turmoil into which Portugal has herself been plunged for much of the year it is no mean achievement that in the end the right decisions were taken in time (if only just) to prevent a Congo-type situation developing in Mozambique. With the new year Mozambique faces independence and the problem of survival.

20. I am indebted to Mr. Consul-General Stanley Duncan for preliminary drafting of this despatch prior to his departure on home leave in October.

21. I am copying this despatch to Her Majesty’s Representatives at Cape Town, Mbabane, Lusaka, Blantyre, Dar-es-Salaam and Luanda.

I have, etc.,

A. L. FREE-GORE.

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**Enclosure**

**Calendar of events in 1974**

**January**

6  Alleged worst FRELIMO atrocities in an attack on Nhacambo Aldeia, Tete District, 17 dead, 31 injured.
9  FRELIMO attacks on Inhambinga railway water pumps—most easterly attacks in Beira District.
14  Guerrillas attack farm near Vila Manica, killing first Portuguese white woman and injuring youth aged 18 years.
16-17  Demonstrations by Portuguese civilians at Vila Pery, Vila Manica and Beira over farm attack.
18 Jan.−1 Feb.  General Costa Gomes, Chief of General Staff, visits Mozambique. Further civilian demonstrations in Beira (one soldier and eight civilians injured).
20  FRELIMO attack Mueda using 122-mm. cannon.
23  FRELIMO attack army barracks at Inhambinga.
27  Three FRELIMO groups simultaneously attack Inhambinga.

**February**

1  FRELIMO blow up train on Umtali-Vila railway.
3  Rhodesia night rail passenger service to Beira discontinued.
7  The most senior Portuguese army casualty, a Lieutenant-Colonel, killed in combat near Mueda.
8  Further FRELIMO attacks on Inhambinga.
16  Beira-Rhodesia railway mined and Malawi-Beira train machine-gunned.
17  FRELIMO attack Inhambinga railway workshops.
21  FRELIMO attack Malawi-Beira train. Railway staff strike for more protection.
25  Wives of railway workers lie on railway lines at Inhambinga to prevent trains running and in support of husbands’ demands for better protection.

**March**

6  Portuguese launch attacks against FRELIMO operating in Inhambinga District.
17  Sermon by Bishop Vieira Pinto of Nampula interpreted as sympathetic to FRELIMO and angers some parishioners.
21  Apostolic Nuncio Dom José Maria Sensi visits Mozambique.
23  Swedish Government increase aid to FRELIMO for 1974–75 to £1·4 million.
27  Worst train accident in Mozambique history at Manhiça, 10 killed, 47 injured.
April
12 Bishop of Nampula leaves after three days of demonstrations by parishioners.
19 Combonian priests at Nampula expelled from Mozambique.
21 First FRELIMO attack on vehicles on Beira-Lourenço Marques road 25 kms. south of Inchope.
23 Apr. 3 May
24 London-Chamber of Commerce Trade Mission visits Mozambique.
The Times newspaper publishes article by Portuguese army officers claiming there had evidence of Wiryamu massacre.
27 Secretary-General, Colonel Taixeira Ferreira, assumes charge of Government of Mozambique.
28 Rumours that FRELIMO possesses ground-to-air Strella missiles in Mozambique. General Spinola delivers policy speech on self-determination in the African territories and predicts plebiscite to decide their future.
29 FRELIMO announce rejection of General Spinola’s concept of a Portuguese Federation.
Major demonstration in Lourenço Marques by Social Democrats in support of Lisbon coup.
Acting Governor-General issues communiqué supporting Junta.
First ordinary session in 1974 of Legislative Assembly of Mozambique convened and immediately prorogued.
Rector of Lourenço Marques University dismissed by Junta.
Over 500 political prisoners released from Mozambique prisons.

May
2 Junta says FRELIMO can be accepted into political life of Mozambique provided there is a ceasefire.
3 Colonel Silva Sebastião, Inspector Superior of Overseas Administration, visits Mozambique.
Political meeting in Lourenço Marques suburb of Xipamanine organised by GUMO, 10,000 attend.
5 Rally in Lourenço Marques organised by European political party, FICO.
9 Admiral Moura da Fonseca, Navy Commander Mozambique, dismissed.
Military aircraft with Lisbon-based Defence Attaché’s aboard (including Naval Attaché, British Embassy) hit by Strella missile in Northern Mozambique but landed safely.
10 DGS military sections in Mozambique converted to Military Information Section; immigration activities placed under Guarda Fiscal; remaining activities discontinued.
10–13 General Costa Gomes, Commander-in-Chief Portugal, accompanied by General Diogo Neto, Chief of Mozambique Air Staff, visits Mozambique.
11 FRELIMO attack Vila Gouveia.
15 General António de Spinola appointed President of the Republic.
16 May–4 June
16 Group of Mozambique sympathisers visit FRELIMO in Tanzania.
Labour unrest spreads throughout country. FRELIMO attacks near Vila Pery and Vila Manica and Inhambinga.
17 Provisional Constitution published in Lisbon.
19 Additional 400 political prisoners released.
20 Dr. Almeida Santos, Minister for Interterritorial Co-ordination, visits Mozambique.
President of FRELIMO, Samora Machel, announces FRELIMO is prepared to discuss mechanism for independence.
24 General Basto Machado replaced as Commander-in-Chief in Mozambique by General Orlando Barbosa.
25 600 more political prisoners released.
25 May–10 June
25 UK Information Stand at Annual Agricultural, Commercial and Industrial Trade Fair in Lourenço Marques.
26 Further FRELIMO attacks near Inhambinga and Vila Gouveia.
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June
5-6 First meeting between FRELIMO leaders and Portuguese Government representatives held in Lusaka.
8 Embargo on private remittances from Mozambique.
11 Dr. Soares de Melo appointed Governor-General of Mozambique Provisional Government.
12 Secretaries of State appointed to Mozambique Provisional Government.
15 Dr. Soares de Melo arrives from Lisbon.
16 Import licences suspended because of foreign exchange shortages. Commodore Esteves Brinca arrives in Lourenço Marques to take up appointment as Navy Commander, Mozambique.
18 Warrant of arrest issued for Sr. Jorge Jardim.
23 Bomb explodes in car of a leading Social Democrat, Dr. Pereira Leite.
25 Twelfth anniversary of founding of FRELIMO.
27 Demonstrations by returning African mineworkers at Ressano Garcia border post, seven killed, six wounded.
28 FRELIMO troops enter Caldas Xavier.
29 Sonarep oil refinery in Lourenço Marques temporarily suspends operations because of lack of imported crude oil.

July
1 FRELIMO open “new front” by initiating activity in Zambezia district.
5 Uria Simango, COREMO guerilla leader, arrives in Beira from Malawi.
13 Grenade explosions in Lourenço Marques; no casualties. FRELIMO enters Inhambinga township.
17 FRELIMO asks Vila Pery farmers not to abandon their farms.
18 Further grenade explosions in Lourenço Marques; no casualties.
27 President Spinola’s speech conceding right to independence for Portugal’s overseas territories.
Crowds in Tete township welcome FRELIMO guerillas.

August
1 Portuguese military garrison at Omar on Tanzanian border duped and captured by FRELIMO.
4 Major rally of FRELIMO sympathisers in Lourenço Marques.
7 Papal Representative, Cardinal Mozoni, visits Mozambique to investigate state of the Catholic Church in the new situation.
11-14 Civil unrest in Nampula and in northern and central districts. European stores in rural areas looted and Portuguese property in Antonio Enes destroyed.
16-19 Secret discussions in Dar-es-Salaam between Portuguese authorities and FRELIMO leaders.
19 Governor-General hands over powers to Dr. Ferro Ribeiro, Secretary of State for Territorial Administration.
24 Formation of PCN (Corumo, Frecomo and other small parties). Army recruitment in Mozambique suspended.
26 Pope accepts resignation of Archbishop Custodio Alvim Pereira of Mozambique.
31 Sabotage of Cabo Bassa Power Transmission Lines to South Africa for first time. Last FRELIMO political prisoners released.

September
5-7 Talks in Lusaka between Portuguese authorities and FRELIMO leaders.
FRELIMO rallies in Lourenço Marques.
7 Signing of Lusaka agreement.
Sabotage of arsenal in Lourenço Marques.
7-10 “Free Mozambique Movement” takes possession of Radio Clube and other key point in Lourenço Marques. Major European demonstrations in Lourenço Marques and Beira.

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September

9 Delegation from President Spinola arrives in Lourenço Marques to investigate European insurrection.
9–13 Racial strife in Lourenço Marques.
10 Ritz Mozambique Movement collapses.
12 Rear-Admiral Vitor Crespo arrives in Lourenço Marques to take up appointment as High Commissioner.
16 Joaquim Chissano and other FRELIMO leaders arrive in Lourenço Marques accompanied by two Tanzanian Ministers.
18 The High Commissioner assumes functions of Commander-in-Chief of Mozambique forces.
20 Portuguese prisoners released from FRELIMO camp in Tanzania and returned to Mozambique. Inauguration of Transitional Government in Lourenço Marques.
21 Swaziland Minister for Industry, Mines and Tourism visits Mozambique.
23 Remaining Mozambique prisoners in Tanzania released by FRELIMO and returned to Mozambique.
25 Prof. Comandante Mario de Aguiar appointed Secretary-General.
30 Lesotho Ministers for Foreign Affairs and for Commerce and Industry visit Mozambique.

October

1 President Spinola resigns and General Costa Gomes elected as President of Portugal.
3 Agreement signed in Dar-es-Salaam for airlink between Mozambique, Zambia, Tanzania, Kenya, to be inaugurated in November.
4 Agreement signed in Dar-es-Salaam for DETA scheduled flights to operate regularly between Mozambique, Tanzania, Zambia, Kenya and Malawi.
21 Serious outbreak of racial violence in Lourenço Marques.
26 Round-up of 1,200 suspected agitators in Lourenço Marques.
28–30 The Prime Minister, Mr. Joaquim Chissano, visits Samora Machel at Dar-es-Salaam.
30 Mr. S. F. St. C. Duncan, Her Britannic Majesty’s Consul-General, departs for UK on long-leave.

November

3 Round-up of 80 suspected agitators in Lourenço Marques and Beira.
11 DETA (Mozambique Airlines) inaugural flight from Lourenço Marques to Dar-es-Salaam.
19–21 Mr. Donald Fassum, US Assistant Secretary of State for African Affairs, visits Mozambique.
26–5 Dec. Visit to Mozambique by Her Britannic Majesty’s Ambassador to Portugal Mr. N. C. C. Trench, C.M.G., accompanied by Mrs. Trench and Lieutenant-Colonel T. E. H. Huggan, Defence and Military Attaché.

December

3–21 Samora Machel, President of FRELIMO, accompanied by Mario Graça Machungo, Minister for Economic Co-ordination in the Transitional Government, and other FRELIMO representatives, visits East Germany, Bulgaria and Romania.
5 Cabora Bassa dam gates closed and artificial lake starts to fill.
16–19 Zambian Minister of Transport and Energy and Kenyan Minister for Foreign Affairs visit Lourenço Marques.
20 Round-up of 70 suspected agitators in Lourenço Marques.
PORTUGAL: ANNUAL REVIEW FOR 1974

Her Majesty's Ambassador at Lisbon to the
Secretary of State for Foreign and Commonwealth Affairs

SUMMARY

In April 1974 Dr. Caetano was overthrown by a group of army officers, known as the Armed Forces Movement, and acting partly out of democratic idealism, and partly as a result of professional grievances. Although he had had a measure of warning he proved unable to deal with the threat to his position (paragraphs 1–4).

2. The Corporate State gave way to an unstable free-for-all. By mid-May provisional institutions were set up pending the creation of a properly organised democratic constitution. General Spinola, who was an important catalyst in the fall of Caetano, became first provisional President, and a Government of all the talents took office. These arrangements proved unstable because too many disparate interests were involved. A Government crisis in July led to a more Left-oriented Cabinet with direct AFM participation. Continued tension between the young officers and General Spinola led to his replacement on 30 September by General Costa Gomes, who has subsequently promoted a more conciliatory atmosphere. The AFM gradually took a more dominant role in the Administration of the country. Despite conflict and uncertainty at the top the preparations for elections in spring 1975 are almost on schedule (paragraphs 5–12).

3. The key political topic was decolonisation. It was a principal factor in Caetano's fall, and a major source of friction between Spinola and the AFM. Rapid and complete Portuguese withdrawal from the overseas territories became accepted as the only viable solution. Agreements were reached for the independence of Guiné in September 1974, Mozambique in June 1975, S. Tomé and the Cape Verde Islands in July 1975. Macao and Timor were judged not yet ready, and at the end of the year there was some progress towards an agreement for the independence of Angola (paragraphs 13–16).

4. It was a bad year for the Portuguese economy. After the April coup a deteriorating situation became worse due to political uncertainties, industrial strife and the inability of the Government to decide what ought to be done. Emigrants' remittances and tourism did not (as formerly) cover the trade gap (paragraphs 17–20).

5. The change of régime was generally popular abroad, and Portugal began to emerge from her former isolation although this process proved less rapid and smooth than she would have liked. Her foreign policy options increased greatly; but she remains a member of NATO (paragraphs 21–22).

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6. The change of régime in Portugal has helped to put Anglo-
Portuguese relations on a more realistic and fruitful basis, but a
number of potential problems remain (paragraphs 23–24).

(Confidential)

Sir,

1974 was a cataclysmic year for Portugal. As it began, Dr. Caetano's régime
was under fire from both flanks, and the solidity of his position was more
apparent than real. His traditional balancing act between the various pressure
groups now failed to neutralise the forces opposing him, and on 25 April he was
overthrown by a military coup mounted by a group of the younger officers. To every-
one's surprise, and most people's relief, the Estoado Novo vanished overnight with
only token resistance.

2. The shock of release was great. There was virtually no violence; but
after half a century of submission to an authoritarian system, few of the new
rulers had any clear idea of how to operate the democratic system which they
advocated so enthusiastically. Caetano's successors (other than the Communist
Party—PCP) had, and continue to have, difficulty in coping with the political vacuum
left by the dismantling of the authoritarian Corporate State. They were also slow
to come to grips with Portugal's difficult economic predicament. The possibilities
opened up by the change of régime for ending the African wars resulted in an
uneven but accelerating process of decolonisation, which has had important repercus-
sions in Southern Africa. In her general foreign relations Portugal was at last
able to come in from the cold.

3. At the beginning of 1974 Dr. Caetano's political position had reached a
critical point. His earlier efforts to liberalise his régime and to deal on a gradualist
basis with the problem of the overseas territories had petered out; he had gone too
far for the liking of his hard-liners, but not far enough for the liberals. As a result
he was isolated politically. Apart from the effects of the oil embargo and price
rises the Portuguese economy was entering a difficult stage. Most important
of all, the Armed Forces Movement (AFM), whose original support came from
widespread discontent in the Regular Army over pay and conditions, had just
tasted blood by getting its most obvious grievances put right through group action.

4. The AFM—although not yet known by that name—had always contained
elements whose prime motivation was political, and their opposition to the sterile
policies of the Portuguese Government in Africa found more and more
sympathetic listeners. The Government consistently underestimated this threat
until it was too late. The publication of General Spinola's book "Portugal and the
Future" in February, expressing opinions on the overseas question and on the
Portuguese political system which appeared revolutionary in this country, though
no more than commonplace to those abroad, jolted the Government badly and set
in motion the chain of events which led to the coup. The abortive military rising
at Caldas da Rainha in March, in response to Caetano's dismissial of Generals
Spinola and Costa Gomes, was a warning of how badly the situation had deterior-
ated, but the fact that it ended in fiasco seems to have lulled the Government into
a sense of false security. It took little immediate counteraction, although more
was planned for early May.

5. It was pre-empted on 25 April. The coup, as I have recorded in another
despatch*, went like clockwork. It was greeted with euphoria, expressed most
movingly in massive demonstrations on 1 May. A National Salvation Junta, headed

*DR 302/74

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by General Spinola, was installed by the young officers, with a mandate to supervise the implementation of the Political Programme of the AFM. This Programme provided in general terms for the restoration of political freedom, the formation of a provisional Government, a series of limited reforms of Socialist inspiration and elections for new permanent institutions within one year. On the overseas territories, the Programme only went as far as recognising the need for a political, rather than a military, solution.

6. Immediately after the coup all political prisoners were released, exiles like Dr. Soares (the leader of the Portuguese Socialist Party — PSP) and Dr. Cunhal (the leader of the PCP) returned, censorship was abolished, and there was an explosion of political activity accompanied by a proliferation of parties, mostly insignificant or absurdly unrepresentative and short-lived, covering most of the political spectrum. As the only party with an effective clandestine organisation, the PCP emerged well ahead of the rest of the field, and with a strong foothold in the information media and the trade unions. By mid-May General Spinola was installed as Provisional President, and a Provisional Government was appointed, which was dominated by the three largest parties—the Communists, Socialists and Social-Democrats (PPD)—but which also contained some well-known technocrats, representatives of some of the minor parties and some independent figures including the Prime Minister, Professor Palma Carlos. Although it covered most of the political spectrum, its complexion appeared to be primarily Centre-Left.

7. The free-for-all which followed the abolition of most of the institutions and rules of the Corporate State put the new régime under considerable strain. Among other things there was a wave of strikes in May and June in support of unrealistically large wage claims; the abolition of censorship resulted in an orgy of self-indulgence by the Press, which has exhibited an extreme Left-wing slant ever since; and the lack of any political ground-rules led to constant misunderstandings. Much later, there was a serious disruption of the universities and high schools, causing the resignation of the respected Socialist Minister of Education (in November). The caretaker Government was unable to take decisive action on these problems because of the persistent lack of consensus between the various political groups of which it was composed, and the AFM initially did not assert its authority. A number of incidents, notably the Junta’s decision on 20 May to send Caetano and ex-President Thomaz into exile in Brazil, strained the relationship between the Junta and the AFM.

8. The frustrations and delays created by this state of affairs eventually prompted Spinola to try to take the helm himself. In the two crises which he helped to precipitate to this end he was outmanoeuvred. In July he encouraged the Centre-Left Prime Minister to seek a trial of strength against his more Left-wing colleagues, and also supported proposals for legitimising and strengthening the authority of the Presidency. The Communist and Socialist Ministers, backed by the AFM, rejected these proposals, and when the Prime Minister and his closest associates resigned they were eventually replaced by members of the Armed Forces Movement, including Brigadier Vasco Gonçalves as Prime Minister.

9. The second crisis occurred in September. Spinola, who had become by this time more and more out of sympathy with the trends of Government policy, especially towards the Overseas Territories, flirted with the nebulous conservative “silent majority”, in the hope that it might provide him with an opportunity to reassert his authority. The PCP and its allies quickly perceived that if this move succeeded their position would be greatly weakened. They therefore mobilised all their resources to prevent a demonstration in favour of Spinola, and when the
moment of crisis came, the President had neither the resolution to face the possibility of civil war nor, perhaps (accounts are contradictory), the necessary support in the armed forces. He therefore resigned on 30 September, being followed by his supporters in the Junta and the Council of State. Most of the newly resurgent Right-wing parties were then banned on the pretext of a highly unconvincing "counter-revolutionary plot", and a number of prominent Conservatives were arrested and held without trial for a time. Most of them have since been released with a minimum of publicity.

10. The new President, General Costa Gomes—once Spinola’s superior, as Chief of Defence Staff—was regarded as being more in tune with the Movement. The latter, for its part, had evidently determined to play a more overt role in the Government of the country, and new machinery was set up to institutionalise it. It not only revolutionised the three arms of service, which were at the same time purged, rejuvenated and streamlined, but also duplicated or short-circuited conventional Government channels. Despite, or perhaps because of, this reorganisation, rumours continued (and continue) to circulate about the anxiety felt by the majority of the AFM over the extremism of the leadership.

11. By the end of the year, preparations for elections to the Constituent Assembly were nearly on schedule and the main political parties were preparing for the electoral campaign. The only remaining Right-wing party, the CDS, had difficulty in managing to keep going in the face of continual intimidation from the extreme Left-wing. The Communists, who had been concentrating hard on building up a responsible constructive image for themselves (while consolidating their advantage in the unions and information media) continued to emphasise the desirability of a dynamic alliance between the armed forces and "democratic" parties. This seemed to strike a chord in the AFM, and the socialists and self-styled social democrats (PPD) both found themselves edging further leftwards at their Congresses, to take advantage of this mood.

Decolonisation

12. Dr. Caetano’s failure to offer any alternative to the demoralising war of attrition in Africa was more than anything else his undoing. The new régime was committed from the outset to a political solution, to be reached openly. One result of this was that the Portuguese troops in Africa, with very few exceptions, were patently unwilling to go on fighting for a cause which was already lost, and this made the Government’s bargaining position extremely weak. Spinola himself, true to the tenets of his book, strove for a formula which would enshrine the principle of self-determination—a worthy object in itself, but five or ten years too late. The younger officers of the AFM, however, supported by the PCP and the PSP (whose leader, Mario Soares, had become Foreign Minister) were plainly determined to extricate Portugal as rapidly as possible, and, if a few of them realised the complications involved, they were determined not to let these stand in their way.

13. The first item on the decolonisation agenda was Guinea-Bissau, and it soon became clear that the PAIGC (the independence movement of Guinea and the Cape Verde Islands) was willing to discuss only the modalities of a Portuguese withdrawal and transfer of sovereignty. Spinola’s reluctance to abandon his principles was eventually overcome on the grounds that Guinea-Bissau was a special case, because its independence had already been recognised by more than 80 States, and agreement was reached with the PAIGC in less than two months from the start of negotiations (though the Cape Verde Islands were set aside for future discussion).
14. This set the pace for future negotiations, and in early September the Portuguese concluded an agreement in Lusaka with FRELIMO for a joint transitional Government in Mozambique, pending complete independence in mid-1975. From Spinola's point of view this was objectionable on two grounds: first, because it conceded no rights or recognition to other political movements in Mozambique and, secondly, because it provided for the attainment of independence without prior consultation of the population. In order to prevent a repetition of this in Angola, Spinola took personal charge of the negotiations, but a few days later he was forced to resign.

15. The problem of Angola was recognised to be the most complicated and intractable of all, and it was part of Portuguese strategy to achieve a rapid decolonisation of Guinea-Bissau and Mozambique, so that they could then draw on a reservoir of international goodwill when dealing with Angola more slowly. But the momentum of events combined with problems of morale and discipline amongst their troops overseas, outbreaks of violence in the territory, and political pressures at home to impose an acceleration of their original time-table. It was, however, difficult for them to achieve this, because they had no single “interlocuteur valable” to deal with. The various liberation movements were at best representative only of sectional and local interests, were subject to internal disputes, and were moreover at loggerheads with each other as much as with the Portuguese. By the end of the year some superficial progress seemed to have been made, and in any case the advent of change in Mozambique and the prospect of it in Angola was already beginning to alter attitudes in the rest of Southern Africa.

16. The smaller Portuguese overseas territories presented fewer problems. Agreements were concluded providing for the independence of São Tomé and Príncipe and of the Cape Verde Islands in mid-1975. In each case the Minister for Inter-Territorial Co-ordination was able to secure agreement that elections should be held immediately preceding independence. The Portuguese treated Macao more cautiously, because they were aware of the implications of any developments there for Chinese relations with Hong Kong. Likewise in Timor the Portuguese presence will continue for the time being.

The economy

17. It was a bad year for the economy. After the coup the industrial and economic situation in Portugal deteriorated sharply. Let off the leash, at last, after nearly 50 years of strict control, industrial relations got out of hand and there was a wave of strikes and demonstrations in the early summer in support of exaggerated and unrealistic wage claims (the Communists appealed for moderation). Many firms gave in to inflated demands for minimum wages, prior to the imposition of a national industrial minimum wage, and went bankrupt or got into serious trouble as a result. Immediately after the coup the new régime took steps to prevent a flight of capital, and while these were mainly effective a serious liquidity shortage arose, largely because lack of confidence led to heavy withdrawals from bank accounts and also because of the general stagnation in business turnover. The major problem was, and still is, the massive loss of confidence in the business and industrial sectors resulting from the political uncertainty and lack of any clear economic policy on the part of the new rulers. This has resulted in a falling off of investment, aggravated by aggressive labour attitudes, increased labour costs and reduced order books. Foreign business interests in Portugal are, of course, as much the sufferers from this state of affairs as are purely Portuguese firms. Inflation rose to 30 per cent in the year and unemployment is estimated to have reached about 200,000, or 7 per cent of the labour force. In an effort to deal with this the Government announced substantial construction and housing projects. The Stock Exchange was closed on 25 April and remained shut for the rest of the year.
18. Although both exports and imports increased substantially in money terms, the already large trade gap widened further. The trade deficit in the first nine months of the year more than doubled in relation to the same period in 1973. Direct inward investment in industry and property declined; net receipts from tourism dropped by approximately 40 per cent due to political uncertainties, a prolonged epidemic of cholera, and a general decline in world tourism. Emigrants’ remittances dried up in the early summer but resumed later, though at a somewhat reduced level. The Portuguese were fortunate in having large reserves to draw on, but these have declined substantially now. There was talk of a devaluation, but there are good technical arguments against any such move, and it has not yet happened.

19. By the end of the year the Government had still not published its long awaited emergency economic guide-lines; the delay arose from controversy over reconciling anti-monopolistic measures and egalitarian redistribution of wealth with the need not to rock the boat too violently at a difficult time. A trend towards doing away with the old monopolistic structure and giving the State greater industrial and entreprenuerial control has, however, been established. The banks of issue were nationalised; a review was begun of public undertakings and industrial organisations in which the State already had a share, with a view to making State intervention more effective; and a decree law was published giving State powers to intervene in or nationalise firms for a wide range of reasons in the national interest. To show that they were in earnest, the Government also arrested a number of big businessmen in December for alleged irregularities and financial offences.

20. British exports to Portugal, while they have increased in value over the year, have not kept pace with the Portuguese import rate and our share of the market continues to fall.

Foreign relations

21. The change of régime in Portugal was almost universally acclaimed abroad and put an end to the country’s diplomatic isolation, as well as providing it with new foreign policy options. In the context of East-West relations, Portugal moved away from a position of implacable anti-Communism and quickly established diplomatic relations with the Soviet bloc. By the end of the year trade, cultural and transport agreements had been concluded with a number of these countries. The Government continued, however, to assert their loyalty to the Atlantic Alliance. This was no longer a source of embarrassment to other members of NATO, but it is clear that among the new rulers in Lisbon there are differences of opinion about the value of membership. The Portuguese Left were unenthusiastic or even hostile, although the Communist Party has not yet made an issue out of it. The exclusion of Portugal from some NATO activities because of the Communist presence in the Provisional Government has been the subject of comment and could cause difficulty later. Relations with the US became strained for a time, and continuously hostile reporting in the Portuguese Press did nothing to relieve the situation. There was in any case a streak of anti-Americanism in the new régime, and the Americans made no secret of their misgivings about the inclusion of Communists in the Government. A focal point in their relations was the Azores base, over which the Portuguese adopted a more hard-headed approach than before. Towards the end of the year Portuguese-US relations took a more constructive turn, partly as a result of Senator Kennedy’s successful efforts to persuade the Senate to vote immediate financial aid.
22. As a result of her decolonisation policies Portugal's standing in the UN improved overnight, and she was readmitted to other international organisations such as UNESCO and the specialised agencies. A number of African and Arab States, however, made the re-establishment of diplomatic relations conditional on the completion of decolonisation, though the Arab oil embargo was lifted. Further East, Portugal took steps to put an end to the 20-year old breach of relations with India, and the year closed with Dr. Soares signing an agreement which ceded sovereignty over Goa to the Indian Union. Closer to home, Spain and Portugal eyed each other with distaste but their relations were scrupulously correct. Portugal expressed her desire to strengthen her relations with the EEC and talks to this end began; the Portuguese acknowledged, however, that there was no question of attaining full membership in the near future, on account of the low state of development of the economy. Meanwhile they looked forward to taking their place in a Lusitanian commonwealth of Portuguese-speaking countries—though the traditional relationship with Brazil is going through a difficult period since the change of régime in Portugal.

Anglo-Portuguese relations

23. The UK was one of the first countries to be visited by Dr. Soares when he became Foreign Minister, and the Portuguese Government have often turned to us for help in practical matters connected with their negotiations with the African liberation movements. Dr. Soares' position as leader of the PSP, and the presence of other Socialist Ministers in the Government, have provided a natural affinity with Her Majesty's Government. It is a matter of regret in Lisbon that, for reasons beyond our control, no senior British Minister has yet been able to visit Portugal, and Dr. Soares is, as you know, particularly anxious that you, Sir, should come here as soon as your programme permits.

24. Other Ministers, and members of the AFM, often refer in cordial tones to the relationship between our two countries, but it must be recognised that the future is not wholly devoid of problems. The extent of Portugal's continued participation in NATO, the treatment accorded to British business interests, and a recently apparent tendency here towards the infringement of the liberty of the individual all represent possible sources of friction. We must hope that the elections due to be held in 1975 will help to provide solutions to at least some of the problems and provide a foundation for a more positive and fruitful relationship than has been possible for many years past.

25. I am sending copies of this despatch to Luanda, Lourenço Marques, Lusaka, Kinshasa, Pretoria/ Capetown, UKDEL NATO, Madrid and Washington.

I have, etc.,

N. C. C. TRENCH.

Enclosure

Calendar of events in 1974

January
17 General Spinola took office as Deputy Chief of Staff of the Armed Forces.
20–26 Official visit of the Portuguese Minister of Education, Dr. Veiga Simão to Britain.
24 The US State Department announced the resumption of talks with the Portuguese Government over the renewal of the Azores bases lease.

February
2 Petrol, oil and gas prices increased by 50 per cent.
6 The Prime Minister, Dr. Caetano, called for greater austerity in the face of a difficult economic situation.
22 Publication of General Spinola's book "Portugal and the Future".
September
16 The Government banned the Right-wing "Portuguese Nationalist Party".
21 Formation of the joint transitional Government in Mozambique.
27 President Spinola announced a timetable for the independence of Angola.
28-29 Left-wingers erected barricades on roads into Lisbon to prevent a demonstration 
by the "silent majority" in support of President Spinola.
30 Resignation of President Spinola.

October
1 Appointment of General Costa Gomes as President.
6 National Day of Labour.
6-22 Visit of the Minister for Interterritorial Co-ordination, Dr. Almeida Santos, to 
Hong Kong, Macao, Timor, Australia and Indonesia.
10 Visit of a Portuguese team to Britain to observe the general election.
16 A Portuguese delegation was received by President Mobutu in Zaire.
16-19 Visit of President Costa Gomes to the UN, where he addressed the General Assembly, 
and to Washington for talks with President Ford and Dr. Kissinger.
17 Appointment of General Carlos Fabião as Army Chief of Staff, and of General 
Mendes Dias as Air Force Chief of Staff.
19 A massive security operation was mounted by the police in northern Portugal.
21 Completion of the Portuguese military withdrawal from Guinea-Bissau.
19-21 Visit of Herr Willy Brandt to Portugal.
20 PCP Congress held in Lisbon.
22 The Ministry of Justice denied publicly that there were any political prisoners in 
Portugal.
24 Withdrawal of Portugal from the OECD Development Aid Committee.
25 Formation of the Higher Council of the AFM.
26-28 Visit to Portugal of Mr. Olof Palme, the Swedish Prime Minister, and of the 
Norwegian Foreign Minister.
27 The Communist dominated MDP/CDE announced its transformation into a 
political party.
Expresso published extracts from Dr. Caetano's book "Depoimento" (published in 
Brazil, but not Portugal).
31 Promulgation of new laws on political parties and associations.

November
4 Serious disturbances took place in Lisbon between police and Left-wing demonstra 
tors who sacked the CDS Party headquarters.
4-15 Major Vitor Alves, Minister without Portfolio, toured several European countries, 
including Britain.
6 Promulgation of Part I of the Electoral Law.
6-12 Visit of the Portuguese Foreign Minister, Dr. Soares, to Tunisia and Libya, during 
which he met Dr. Kissinger.
7-8 Visit to Lisbon of Mr. Robert McCloskey, US roving Ambassador.
10-12 Visit of M. Georges Marchais, General-Secretary of PCF.
11 The Bulletin of the AFM strongly criticised the Ministry of Economy.
13 An AFM statement reaffirmed support for the Provisional Government.
14 Visit of the Portuguese Minister for the Economy, Dr. Rui Vilar, to Brussels.
19-20 Visit of Senator Edward Kennedy.
21 The Prime Minister denied rumours that he was about to resign because of poor 
health.
23-24 PPD Congress held in Lisbon.
25-26 Talks held in Lisbon between Portugal and EEC representatives.
26 Signature in Algiers of an agreement providing for the independence of São Tomé 
and Principe in 1975, preceded by elections for a Constituent Assembly.
27 Promulgation of a decree law providing for extensive State intervention in business 
and industry.
Visit of Dr. Soares to Kinshasa.
30 Resignation of the Minister of Education, Dr. Magalhães Godinho, following 
serious trouble amongst students in Lisbon.
Visit to Portugal of the Brazilian Foreign Minister.
Publication of the law disqualifying certain categories of persons from voting or standing for election to the Constituent Assembly for political reasons.
First Plenary Meeting of Delegates of the AFM held in Lisbon.
Several Socialist television personalities tendered their resignations in protest at the extent of Communist influence in the television organisation.
Beginning of period for registration of voters.
Taxes on motor vehicles were increased steeply.
Police, troops and GNR conducted another major crime suppression operation.
Signature of a commercial aviation agreement between Portugal and the Soviet Union.
Valedictory visit to Lisbon of General Goodpaster, outgoing Supreme Commander of NATO forces in Europe.
Portuguese Socialist Party Congress held in Lisbon and attended by representatives of the British Labour Party.
Announcement of a US aid programme for Portugal.
Arrest by COPCON of senior businessmen and industrialists.
In an interview President Costa Gomes expressed his opposition to the participation of members of the AFM in the Constituent Assembly.
Deadline for the registration of voters postponed.
New High Commissioners for São Tomé/Príncipe and Cape Verde took office.
Signature in Lisbon of the protocol of the agreement between Portugal and the PAIGC providing for the independence of Cape Verde in 1975.
Conclusion of a Portuguese-Soviet Commercial Agreement.
Dr. Soares left for a tour of India, Somalia, Romania, Yugoslavia and the Soviet Union.
Extraordinary meeting of the Assembly of AFM Delegates to consider the "emergency" economic plan.
First Press conference of the Co-ordinating Committee of the AFM.
Re-establishment of diplomatic relations with India.