WESTERN ECONOMIC AND POLITICAL INVOLVEMENT IN PORTUGAL AND THE COLONIES IN THE 1970s

by

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The purpose of this paper is to present an analysis of Western involvement in Portugal and its colonies as a modest attempt to offer a perspective for the 1970s. We hope by offering such a perspective, to assist the struggle for total liberation in Angola, Mozambique and Guine, and to suggest lines of action for support groups based in the West. It is by no means an exhaustive analysis - time has not allowed for such a task - but we hope that it will stimulate discussion, and further stimulate analysis and research designed especially to present a strategy for action to end Western support for Portuguese colonialism, and thus help our comrades in the liberation struggle.

It is clear that the continuation of Portuguese colonialism in Africa is necessitated by Portugal's own neo-colonial status, and is perpetuated by Western economic and military support for the Portuguese state. It is now commonplace to argue that Portugal is unable to pursue a neo-colonial solution in the "overseas territories" because she herself is a dependency of Western capitalism, incapable of entering into any other neo-colonial economic relationship with the colonies than one of direct exploitation through the channeling of wealth, derived from the export of raw materials in the colonies, to metropolitan Portugal. However, this paper to some extent challenges the thesis of "ultracolonialism". Increasing foreign investment in Portugal and the colonies by U.S., British, German and other Western European capital has suggested the possibility of a "neo-colonial" solution being pursued by Western capital in the face of resistance by Portugal, herself prompted by the benefits to be derived from her new role as an administrative and military colonial state.

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It is further becoming clear that the external involvement in Portugal and the colonies becomes crucial when viewed against the background of the West's strategic interests. We shall argue that it is important for these interests that client regimes hold power along the eastern and western seaboard of Southern Africa, in order to protect the Cape sea routes and in particular to guarantee Middle East oil supplies. It is therefore to the "Nixon-doctrine" that we must look for a major part of the explanation of US strategy in Southern Africa. Portugal, South Africa and Rhodesia each have a role to play in maintaining control over the Southern Africa complex, and we argue that it is South Africa which will take on increasing responsibility for the defense of Western strategic interest there.

The continuing success of the liberation movements has forced even greater commitments from Portugal and constituted a serious threat to the execution of the large dam construction projects at Cabora Bassa in Mozambique and at Cunene in Angola. Even if these projects are completed, the industrial development they would ordinarily stimulate is not guaranteed because of the challenge from the liberation forces, particularly FRELIMO; and yet it is the completion of these projects and the subsequent developments which would complete the structural integration of the Portuguese colonies into South African and Western capitalism, already well under way in Angola. It is for these considerations that South African and other Western interests might push for a neo-colonial solution. Portugal remains basically intransigent, recently organizing elections in the colonies, only open to the small minority of African voters who could read, write and speak Portuguese. Universally recognized as a charade, the elections are the only "concessions" Portugal has made to the pressure for black rule.

The first section of this paper is concerned with an analysis of capital in the Portuguese territories and in Portugal itself. We are particularly concerned here with an examination of possible contradictions within Portuguese capital and the Portuguese state, and between Portuguese and foreign interests in both the metropolitan and the colonial areas. The second section is reserved for an analysis of Western strategic interests in Southern Africa, in particular the strategic position of the area in relation to oil supplies for Western capitalism. We then go on to examine the potential role of South Africa in this network of Western interests, and of Portugal's relationship with NATO. The concluding section suggests alternative scenarios for the 1970s and the likely response of the various interests involved, and ends with a discussion of the strategies revolutionary organizations and liberation support groups might follow to combat Western involvement.

Capital in Portugal and the Colonies:

Angola

Prior to 1965 when restrictions on direct non-Portuguese investment were lifted, capital in Angola was dominated by the mining company Diamang, (owned by British, French, Belgian and South African interests as well as Portuguese banks), by the concessionary companies which bought some of the agricultural raw materials, especially cotton, by the trading companies and by the European settlers who produced most of the coffee, sugar and sisal. Angola's production was almost totally export-oriented, though not solely to Portugal, which took only 30 percent of the value of total exports. Fifty percent of Angola's coffee went to the United States; diamonds were processed in South Africa. These two products accounted for 50 percent of Angola's import requirements - mainly consumer goods.

Since 1960, dramatic changes have taken place in the structure of capital in Angola. The inflow of foreign investment in search of raw materials has resulted in finds of oil, iron ore and sulphur, which have transformed Angola's export pattern and at the same time significantly altered the relationship with Portugal. The major transformation has taken place as a result of oil finds. Gulf Oil of the US has invested \$150 million dollars since 1966 in oil prospecting and production. The West German firm, Krupp, has exploited its monopoly of the iron ore concessions, and other investors, mainly American, are involved in oil and sulphur prospecting, with over \$120 million already invested. Diamang's monopoly concession ended in 1971 and concessions have now been given to a consortium formed by Diamang and De Beers, the South African based corporation, to another South African company, and to three US or US-backed firms. Thus the major extractive industries are in the hands of US, British, German and South African capital.

Portuguese and settler capital has meanwhile remained in its traditional spheres of activity although there have been some minor changes. For instance, the concessionary companies which bought cotton at low prices from peasant farmers forced by law to grow the crop, have (since forced growing was officially abolished in 1961) started their own plantations. The liberalization of the cotton market has stimulated the development of textile firms (probably backed by metropolitan Portuguese capital in Angola). More recently, the import restrictions placed by Angola on certain categories of goods (mainly consumer goods) have resulted in a flood of permit applications for new factories to make the goods locally.

Both the 1971 import restrictions and the longer term structural changes within the Angolan economy have resulted in less trade between Angola and Portugal. Portugal now supplies only 20 percent of Angola's imports compared with 50 percent before 1960. Europe and the United States have replaced Portugal as the pattern of imports has changed to allow for the machinery and transport equipment necessary to extract the mineral wealth of Angola. While in 1972 coffee remained the most important exportant, 28 percent of the total compared with 50 percent in 1960, oil (19%) has become the second export earner in place of diamonds (13 percent), with earnings from iron ore 8 percent of the total. Coffee and oil go mainly to the US, iron ore to Japan and West Germany, and diamonds to DeBeers.

These changes in the character of capital in Angola and in the trade patterns resulting have in turn changed the nature of Portugal's stake there. Angola no longer gains significant trade balances in foreign currency; the foreign exchange gains to Portugal now come from the capital inflows of foreign investors. Portugal also gains from the contributions made by foreign companies in royalties, profits tax and rents, which together make up a major part of the Angolan colonial administration's revenue. For example, Gulf alone was expected to transfer over $47 million in such payments to the Angolan administration in 1972, out of an Angolan budget which in 1971 amounted to $370 million. While Gulf has made the largest contribution to the Angolan exchequer, all other foreign firms have made similar payments.

Portugal has thus become the administrator and policeman of the international firms, giving them protection against the liberation forces, organizing the infrastructure necessary to the firm's operation, and providing the cheap labor (particularly for the diamond and iron mines) which allows the considerable profits to be made in these activities. Portugal would appear to be trying to strengthen her hold on the colonies, first, by encouraging white settlement (especially around the Cunene River Project being constructed on the border with Namibia in cooperation with South Africa) and, secondly, by creating opportunities, through import substitution, for locally based Portuguese capital. This strategy may be an attempt to counter the influence of the foreign firms, which might eventually push for a neo-colonial solution as the threat from the liberation forces to their investments increases. However, the contradiction in this policy is that a USI solution, rather than the colonial (or "administrative colonial") *status quo*, might result, as the settler and local capitalist interests increase and become worth defending against moves to give Angola a degree of political independence.

Mozambique

A review of the structure of the Mozambique economy reveals that extraction of the country's surplus by the Portuguese state and by Portuguese capital takes different forms from that in Angola. Nor has the degree to which Western capital has been brought into the economy in recent years reached the level of Angola. As a result, the forms of extraction from Mozambique are still essentially agricultural. Over 80% of exports are made up of crops, produced in one of three different systems; company estates, plantations and ranches, commercial family farms (many owned by Portuguese or Asian families) or peasant farms. Much of the capital employed in "settler" agriculture is Portuguese but there are other European interests in sugar and tea production, and in the related marketing and processing. Apart from cashews, which have a world-wide market, much of the production is for the Portuguese market.

The role of cotton is crucial in this context. Mozambique is almost the sole source for Portugal's textile industry -- by far the biggest domestic industry and the most important contributor to Portugal's exports. Portugal depends on very cheap supplies of cotton (not requiring foreign exchange) made possible through a high level of exploitation of forced peasant production, in order to make her textiles competitive in the much-coveted European market. In fact, the whole economy depends on extreme forms of exploitation of African labor. Labor laws which, despite some 1961 modifications, are still draconian have the effect of forcing Africans into wage employment for settlers and on estates (or in the towns) - some 155,000 were employed in agriculture for an average *annual* wage which in 1967 was about $75 - or, in the north, are forced to produce cotton on their own lands or to gather wild cashews for sale to plantation owners.

The administrative system which forces Africans to produce commodities in one form or other has further crucial consequences. It ensures a steady supply of docile and cheap migrant labor to the mines of South Africa. According to some estimates, perhaps as many as 400,000 men are away at work in Rhodesia and South Africa at any one time - perhaps 80 percent of the adult male labor force of the southern part of the country! But a measure of the importance of this labor supply to South African mining (which is mainly based on low grade ore and only viable given cheap labor) is indicated by the fact that about one-third of the labor originates from Mozambique. But the ties of Mozambique to the South African economy are the more complete because this labor supply is one side of a two-way deal.

In return for guaranteed labor supplies, almost half of the seaborne import traffic for the Johannesburg area is routed through the Mozambique port of Lourenco Marques. The metropolitan economy thus obtains foreign currency earnings from the transport charges and re-exports (sanction-breaking entrepots to Rhodesia have also contributed much since UDI) and from the remittances of the migrant laborers (half of their salaries being transferred direct to Mozambique by the agreement). Together with similar payments from Angola, these "invisible" earnings provide a payments surplus which goes a long way to cover Portugal's own large trade deficit.

The expansion of production in the non-agricultural sectors, associated with the penetration of foreign capital, is at a much more preliminary stage than in Angola. Despite much prospecting, the only significant mineral exports from Mozambique thus far have been some low-grade coal. Manufacturing industry is on a small scale, concentrating on the production of consumer goods, as a substitute for imports, for the sizeable European population and especially the army, and on the processing of agricultural raw materials. But it is still a somewhat more significant contributor to national product (9 percent) than in many African countries. These enterprises are in European and South African hands, but foreign capital does not yet have the same decisive commitments to the economic system that are seen in Angola. The possibility of this happening depends very much on developments that will be centered around the Cabora Bassa scheme.

In addition to the dam and the hydroelectric scheme, and the heavy commitment of South African and European capital in its construction, several related developments were planned including the settlement of a large (presumably white) population in the irrigated valley; but perhaps more significantly, the development of manufacturing and mining activities, using the scheme's abundant power in the area, and the construction of a Zambesi delta port. The main evidence of the success of FRELIMO's campaigns in Tete province is that, in the words of the South African *Financial Mail*, in the three years since the project got under way, and despite $150 m. injection of capital for infrastructure development, apart from the dam itself, little has really been achieved." A few prospecting options have been taken up in the vicinity in recent months, notably one by the German firm of Krupp, but the giants of Western monopoly capital cannot be said to have fully penetrated Mozambique; the liberation struggle continues to inhibit or make impossible the secondary investments around Cabora Bassa, and vital deposits of oil or other strategic minerals have still to be found. The same cannot be said of South African interests (increasingly hard to separate from those of the Western participants in the South African economy). Already heavily involved through investments in manufacturing and dependent on Mozambique labor and transport facilities, South Africa looks to the Cabora Bassa scheme for a source of cheap power; and, moreover, quite explicitly sees the Portuguese and Western investors as being commited to the provision of a "buffer" by the very fact of building the project.

If one were to hazard some political conclusions from this simplified assessment of foreign interests in Mozambique, they might be summed up in this way. The overall contribution to Portugal's reserves and the benefits that Portuguese capital gets from cheap cotton and from enterprises both in the metropolis and in Mozambique, dictates that without a shift in domestic power the Portuguese state will continue to fight for continued, direct colonial domination. South Africa's deep historical ties with the southern part of the country, as well as strategic considerations, argue that the Republic will back the Portuguese substantially, although under certain circumstances, such as an attempted UDI, they might try to engineer some partition of the country; but their new dependence on Cabora Bassa electricity argues that they (and Rhodesia) would want to retain Tete Province and the Beira area under white control. The degree of Western capital involvement depends to some extent on the outcome of the present situation in that same strategic area of Tete. It would seem however, that broader strategic calculations (to be dealt with below) rather than direct economic interests within the country are likely to determine Western governments' responses to the struggle.

Portugal

Any assessment of the prospects for change in Portugal's African colonies requires some analysis of the dynamic of capitalism in Portugal itself. The 1960s have seen not only a change in the structure of capital in the Portuguese colonies in favor of non-Portuguese capital, but also a significant increase in the extent of foreign capital within Portugal itself, such that by 1971 21% of all investment is by foreign companies. The extent of foreign capital involvement is probably much greater than this because prior to 1965 foreign investment could only take place in partnership with Portuguese capital and under strict controls, and thus what appears as Portuguese investment is often foreign-backed. The rapid growth in the importation of external capital in Portugal testifies to the backwardness of Portuguese capital itself. The latter is found in the food processing, textiles, clothing and other light manufacturing industries, and is a combination of bank, mercantile and local small industrial capital.

The failure of Portuguese capitalists to build capitalism can be traced to the stunting of Portuguese development partly as a result of the dependence relationship with industrial Europe and particularly Britain. The commercial treaty of Methuen concluded with Britain in 1703 left Portugal as an exporter of wine and an importer of cloth, ruining her own small textile industry. Later, the textile and clothing industries re-emerged, especially under Salazar, and these products together with food processing and wine accounted for nearly 50% of Portugal's exports in 1970. Britain has strengthened her position as Portugal's leading trading partner, taking 23% of her exports in 1971 and supplying 14% of her imports. Strong trading relationships have been developed with the U.S., West Germany, France and Sweden.

The failure to build an independent capitalism can, more importantly, be traced to the nature of the Portuguese ruling class, which after the Salazar military *coup* in 1926 was based on the pillars of army, land and church. It is only recently, with the demands of the educated technocrats for a "modern" industrial Portugal in which they can put their acquired skills to use and create their own base, that attempts have been made to boost capitalist development through foreign investment. While domestic capital has remained largely in traditional industries (textiles, wine, fishing), foreign capital has concentrated on the more advanced sectors - iron and steel, engineering, shipbuilding, electronics and chemicals. But there is even considerable foreign investment in textiles (for example, Swedish textile capital is increasingly involved here)

Yet because of the poverty of the Portuguese market, many of these products are simply added to Portuguese exports. The foreign firms are thus able to take advantage of the relatively cheap labor in Portugal and of course, of the unrestricted remission of profits - declared at $11 m. in 1971, nearly twice the 1968 figure.

The policy of encouraging foreign capital involvement is not without its contradictions for the old Portuguese ruling class which controls the state. The Portuguese state has its economic base in the alliance between the large feudal landowners of the south and the oligarchy of families which own the large conglomerate monopolies constituting Portuguese capital, associated through control of the banks and finance houses. The army and the Church make up the remaining powerful elements of the Portuguese ruling group and it is the former through which the Salazarist state in Perry Anderson's phrase "worked itself free of its social base" - at least to a limited extent. This old ruling class is increasingly being challenged by the educated technological and managerial stratum which has grown up in recent years as education has become more widely available and as foreign investment has brought in modern technology. This stratum sees Portugal's future in increasing state cooperation with foreign capital and, in the longer run, in some accommodation with the political opposition and with the working class organizations. They favor the reform of the backward agricultural sector and thus face opposition from the landed interests. They are anxious to import new technology and improve the education system. For them, greater involvement with the EEC is far more crucial than links with Africa.

Within the pillars of the ruling group, contradictions are emerging. The army, as we note below, is the backbone of the policy to retain the African colonies, but the Church no longer monolithically supports the fascist state, evidenced by the revelations and stand of the White Fathers on Mozambique. One of the large monopolies, the Companhia Unico Fabril (CUF) (which until recently, when driven out by the PAIGC, virtually owned Guine) is increasingly diversifying its interests in cooperation with foreign capital. Here, it is pursuing policies favored by the technocrats, but in the process losing its monopoly position in some products. We can perhaps foresee some conglomerates like CUF slowly shifting their base further into Europe, while others resist as their monopoly power is increasingly threatened, this fluidity within important sections of the ruling class being reflected in the debate about African involvement.

The contradiction in Western military and economic support for Portugal lies in the fact that the strategy of the state is, despite the fluidity noted above, still largely governed by the interests of the old ruling classes, especially the army. Military support for Portugal tends to reinforce opposition to foreign capital and its supporters in the new technocracy and in part of the old ruling group. And the new relationship with the EEC is double-edged. On the one hand, it provides Portugal with privileged access to a larger market for its "traditional" exports, while continuing the old relationship with the UK, and thus benefits even the backward sections of industry. On the other hand, when combined with the liberalised foreign investment legislation, it encourages further investment by Western European firms, especially in the manufacture of those goods for which Portuguese exporters are finding larger markets.

Of further concern to the old ruling class has been the effect of Portugal's increasing involvement in Europe on the traditional policy of stringent financial orthodoxy. For example, Portugal has earned substantially increased amounts of foreign exchange from remittances sent home to migrant workers - at least 800,000 have left in the last ten years. These earnings, together with those from tourism and inflows of foreign capital and official loans from the US and West Germany, keep Portugal's foreign payments in balance. But these inflows have largely contributed to an inflationary situation inside Portugal since her capacity to produce wage goods is insufficient to meet demand. For the new bureaucracy, the solution lies in basic industries developed by foreign capital, while for the old ruling class it lies in stricter financial control.

Recent reports from Portugal suggest that the class coalition of the "new state" is reasserting itself against the growing influence of the technocrats. The army particularly is acting to suppress any discussion of abandoning the African colonies, since it is the army which has a vested interest in continuing the wars. Military expenditure takes up at least 42 percent of the Portuguese budget and the war "employs" 150,000 men (who could otherwise be employed in productive industry) in a situation of increasing labor shortage, due to the war and to emigration.

The Portuguese state, as we noted in the Angolan case, is assuming the role of a manager and policeman for foreign capital in Portugal and the colonies - an administrative colonial ' 'power' that is itself locked into a neo-colonial relationship with Western European and US capitalism. But there is significant resistance to this role from the class base of the Salazarist state, and this is reflected in the apparently contradictory policies of the government. It would be desirable to attempt a more precise analysis of these contradictions between the Portuguese ruling classes so that a revolutionary strategy for exploiting them can be worked out.

Portugal's economic relationship with the colonies has also been subject to change. The essence of the "ultra colonial" relationship of Portugal with the colonies lay in the exploitation of cheap, forced labor to produce export cash crops which filled Portugal's foreign exchange reserves. She supplied the colonies with the necessary consumer goods for the settler managers and administrators, and some of the necessary equipment; the rest was bought from Britain or Western Europe. Portugal established the *escudo* as currency throughout these colonies and the foreign exchange earnings these colonies were channelled through the Bank of Portugal to Lisbon. In return, the colonies were credited with Portuguese currency with which they could buy imports from Portugal. Thus, while they had a surplus on their dealings with non *escudo* countries they were also contributing to Portuguese foreign exchange reserves. But as their non *escudo* import demands increased, especially during the 1960s, they were less able to build up sufficient credits with Lisbon and by 1966 these were exhausted. Thus Portugal was forced to transfer funds to the colonies so that they could pay for imports from Portugal, and these "arrears" amounted to 10 billion *escudos* by 1971. Portugal then imposed import restrictions in Angola and Mozambique, and these have resulted in lower imports by these territories of Portuguese goods. What Portugal gains from the colonial relationship is the inflow of foreign capital which contributes to the foreign exchange funds of the territories, the export of labor from Mozambique to South Africa which results in foreign exchange earnings in remittances sent back to Mozambique, and tourism.

A further area of changing relationships is Portugal's connection with Brazil. Since the military *coup* in 1964 the Brazilian regime has supported Portugal's retention of the African colonies both verbally and with arms supplies. Commercial exchanges between the two countries have increased eightfold between 1964 and 1972, and more recently trade missions have been sent from Brazil to both Portugal and the colonies. Brazil is interested in the Portuguese market as a point of entry to the larger EEC market for her manufactured goods, while her interest in the colonies extends to the establishment of joint ventures with Portugal - for example, the planned 80 million *escudo* porcelain and mosaic factory for Lorenco Marques.

But Brazil is also anxious to build up trading and investment relations with independent Africa and, to the extent that this becomes an increasing concern, the Portuguese connection may become too embarrassing to develop. The Portuguese government can be expected to try to expand this connection especially by pressing for the establishment of a Portuguese-speaking community, thus giving the cultural underpinnings of ruling class ideology a needed boost.

Western Strategic Interests in Southern Africa

The efforts of Western corporate interests and the possible reactions of Western government to the liberation struggle in the Portuguese colonies will be dictated only in part by the direct stake that European, American and South African capital has in Mozambique, and more crucially, in Angola. Broader regional and global calculations about the Southern Africa, Indian Ocean and South Atlantic areas are likely to assume greater weight than the protection of specific investments (although generally the two pressures will be reinforcing rather than conflicting).

Thus the stance of Western capital and their governments vis-a-vis the Portuguese territories will be conditioned not only by their involvement in Southern Africa, especially South Africa, but also by the extent that these broader regional interests are dependent on the *status quo* in Mozambique and Angola and how far that is being threatened. We have, in fact, noted the extent of economic interdependence between South Africa and the two Portuguese colonies. South African capital is importantly involved, especially in Mozambique, in the new capitalist penetration of these territories, and conversely South Africa is dependent on Angola and Mozambique for future cheap power and as a politico-military "buffer", and on the latter for transport routes and most crucially, for an abundant, cheap reserve army of labor. Conclusions about the possible degree of Western support for Portugal and South Africa in their confrontation with the liberation forces will, however, be made with reference to even more basic considerations than merely the stake of economic investments and trade with South Africa and the Southern African system as a whole. The crucial concern for the "stability" and "reliability" of southern Africa has intensified as a result of several changes that have affected the whole balance of power in the 1970s. The changes are clearest in relation to American involvement.

There was always an important element of US corporate interest that was concerned to preserve the significant stake in South Africa. This support was further enhanced by the ideological commitment to "internal colonialism" of certain southern politicians. But during the 1970s US global strategies have undergone some significant modifications in relation to the Indian Ocean and the South Atlantic. In particular, the growing "energy crises" mean that the USA must now join Western Europe in looking to Arabia and the Persian Gulf area for the major part of its oil supplies. Europe already gets 60 percent of its oil from that area (and Japan 90 percent); the US may well be importing half of its requirements by 1980 perhaps two-thirds of it from the Middle East. To give some order of the interests involved, import bills for oil are expected to be $20,000m for the US and $25,000 for Europe. And resources will be shipped mainly via the Cape, for supertankers would not make Suez even if it were opened. Thus US Admiral Elmo R. Zumwalt Jr. told the Senate in 1972 that "the quantities imported by sea will be vast - of the order of 12 million barrels a day. That will require from several hundred to over 1,000 tankers... fully committed to deliveries of oil to the United States. The potential for coersion of the US, with or without allies, inherent in this situation is ominous..." And in a similar vein, a *New York Times* columnist wrote recently that "while it is consonant with the tide of modern history that nationalism should erase imperial vestiges... such development should not be allowed to erupt into chaos or to interfere with the ever-increasing supertanker trade upon which the West as a whole depends." This comment was made principally with reference to developments in Madagascar, whose severed ties with France may threaten a proposed supertanker port on the Mozambique channel. There will thus be Western strategists who see the liberation struggle in the Portuguese colonies purely in terms of the effect on the Cape route of 2,500 miles of Indian Ocean shoreline being in the hands of progressive national regimes in Tanzania and Mozambique.

The other crucial new development which has involved the US more intimately in Southern Africa concerns strategic aspects of the whole Indian Ocean area. Britain's withdrawal from 'East of Suez' in the late 1960s has been followed by US attempts to move in against what they see as increased Soviet Naval involvement in the area. It has been suggested that this particular anti-Soviet scare in the Indian Ocean and Mediterranean has been used as a cover for a US buildup. A new base on the atoll of Diego Garcia has been built, an agreement for increased facilities has been concluded with Bahrain in the Persian Gulf, and somewhat connected with this new naval "confrontation" is the renewal of the lease of the Azores base in the Atlantic recently agreed upon with Portugal. It has also been suggested that the Indian "scare" had been manufactured by members of the British Conservative Party to justify a new British government policy towards South Africa. Whichever the original cause and which the affect, it is clear that the strategic interest in the Indian Ocean and the concern with the oil routes, are paralleled by a closing of the ranks between the West and the colonial and racist regimes of Southern Africa. Thus a US National Security Council memorandum of 1970 (NSSM 39) called for "deliberately expanded contacts and communication with the white governments of Southern Africa;" and the Chairman of Nixon's 1972 re-election committee Clark MacGregor, raised the possibility of US recognition of Rhodesia during a visit there in November 1972. Meanwhile, even as we write, not only is the Anglo-Portuguese Alliance being celebrated with much official pomp in Britain, but the Royal Navy is conducting "the biggest combined exercise for years with the South African Navy" (*The Times*, London, 13th June, 1973).

A final issue in relation to Western military, strategic and diplomatic involvement requires us to try and assess the possible forms of such involvement. The "Nixon Doctrine" which represents the clearest statement of US post-Vietnam strategies suggests that the massive intervention of US ground troops in any theatre is unlikely - but for calculations of expediency rather than as a result of changed objectives: it is cheaper and politically more acceptable to use some other country's troops and more machines. Based on a strategy of "regionalism" the Doctrine delegates a "deputy peace-keeper" role to a local power, and relies on the use of advanced technological methods of counter-insurgency and, more importantly, intervention. It is clear that the South African government (with support from Portugal) is cast in this role in Southern Africa; indeed, even the 1971 House Sub-Committee Hearings on the Indian Ocean were discussing just how far South Africa was already acting as a 'US proxy'. Another aspect of the Doctrine's application to the area is the notion of a South Atlantic Treaty Organisation now being canvassed, which would draw Portugal and South Africa into a US-controlled alliance with Brazil. These strategies are thus likely to involve, in the first instance, closer diplomatic and economic support for the white regimes (for instance, the recent enormous credit to finance Portugal's investments - and the increased supply of military technology - both in the form of actual equipment (defoliants, transport planes, helicopters, napalm) to Portugal, and in the form of know-how to Brazilian, South African and Portuguese industry and security forces. We shall now turn briefly to an examination of the deepening consolidation of the Southern African Alliance itself.

The Southern African Alliance

That the white-ruled states of Southern Africa should have drawn together in the aftermath of decolonisation, and set out to consolidate a sub-continental alliance in the face of the growing revolutionary challenge which each of the faced through the 1960s, was one of the more predictable consequences of the progressive threat to their power base. Yet the appearance of a unified strategic apparatus, aptly designated the"Unholy Alliance", focused on the immediate and overriding objective of the suppression of the liberation movement, conceals a more complex network of strategic interests whose analysis is important to the assessment of the contradictions confronting the backers of Portuguese colonisation.

For both of Portugal's allies, the fact that the state is controlled by class coalitions (in South Africa, the Afrikaaner manufacturing and agrarian bourgeoisie, and the white working class; in Rhodesia, all whites except the urban middle class and international capital) complicate the process of stragegy formation by which their interests are secured. For Rhodesia, however, the alternatives are starkly posed. With little direct interest in Mozambique - although the construction and expansion of Cabora Bassa may provide limited outlets for exports and local manufacturing capital - her policies are largely determined by her landlocked isolation. The links to Beira and Lourenco Marques are essential lifelines which South Africa alone could not easily replace. In addition Mozambique has proved an invaluable intermediary and ally in sanctions-busting, with the margins of survival never great. It is no surprise that the regime has been assiduously cultivating its relations with the colonial government, with a steady escalation of the frequency of visits by leading politicians and of the rhetoric of mutual solidarity.

Yet is is the confrontation in the armed struggle with the revolutionary movement - not sanctions - which is the crux of the relationship. While able to hold back FRELIMO in Tete the Portuguese army was directly aiding Rhodesian counter-insurgency by protecting the north-eastern border; with complete failure of Portuguese efforts, ZANU guerrillas have been able in recent months to make effective use of a new infiltration route. Furthermore, the road to Malawi is severely restricted, and more importantly the vital link to Beira is now threatened for the first time. That the regime is alive to the impending crisis is borne out by the fact that Rhodesian troops have arbitrarily used the area south of the Zambesi as a "free fire zone" for at least the last year, and by Smith's personal mission to Lisbon in 1972. Rhodesian criticism of Portugal's military performance has somewhat soured bilateral relations, however.

For South Africa, on the other hand, the context and criteria of strategic planning are far more complex. On the broadest level, there is, as we have already noted, the possible South Atlantic Treaty Organization. In this, the Influence Portugal could bring to bear in Latin America, particularly Brazil, would be crucial. But it is the bus-continental arena which is vital for South Africa; and here there are broadly two components of South African capital involved: the old network of mining corporations, to whom a stable colonialism is perhaps optimal, with a neo-colonial regime still acceptable, and more recent manufacturing and extractive interests, whose concern is investment privileges and protected export markets. It is on behalf of both, but particularly the latter that the "outward-looking policy" - South African neo-colonialism and its variant, the "Southern African Common Market" - has been pursued so consistently and so vigorously. In all this there are but two interests directly vital to the South African economy: the supply of migrant labor to the gold mine and the sub-continental power grid now being constructed around the Cunene and Cabora Bassa schemes; and both depend on Portuguese controlled territory.

It is at this point that the two basic trends in the South African strategy, and their latent contradictions, are most visible. These massive infrastructural projects, while providing privileged outlets for South African capital and industrial exports, have their primary function as an investment in the stabilisation of a system whose function is counter-revolution - the decision on Cabora Bassa was both seen and taken on that basis. The large scale "development" of the Zambezi valley below the dam seems by now at best problematical without it, the cornerstone of both South African economic and defence strategy - the band of "buffer states" behind a "front line", and the delegation of the ground fighting to the dependent states, thereby sparing hard-pressed resources of labor power - is left dangerously exposed. Thus it rests on the military capacity of the Portuguese which has been weakening before the liberation movement, dragging with it the political stability of the rest of the dependent-state system.

It would appear that Southern Africa is entering a transitional phase whose precise outcome is far from clear, and whose focal point is in Mozambique. Put at its simplest, point is near at which South Africa's basic strategic interests might find their optimal solution in a *black* neo-colonial state system. Yet both Rhodesia and Portugal can but fight for survival; and in doing so, destroy the social and political base - indeed create its opposite - for the necessary bureaucratic elite. In thus escalating the present phase of armed repression, all viable alternatives are destroyed at the point at which they become the more urgently desired. South Africa has exported relatively small quantities of troops and arms so far; like Rhodesia, she is caught in a second contradiction: that the prosecution of a lengthy and labor-intensive ground war seriously weakens the economic base which sustains it. Neither therefore has the means to support an alternative neo-colonial scenario: the UDI of the local settlers in Angola and Mozambique, who depend ultimately - and decisively - on the ever-weakening performance of the Portuguese army.

Portuguese Colonialism and NATO

However poor the performance of the Portuguese army against the liberation forces, it continues to be underpinned by support from NATO. The nature of the Portuguese involvement with NATO has been sufficiently well documented elsewhere (see especially the Dutch Angola Comite's report, *Portugal and NATO*) and there is no need for repetition here. The detailed evidence available shows that the present Western military involvement is the latest phase of a long period of cooperation between the two parties. Portugal has provided NATO with a Mid-Atlantic base in the Azores, a base which can be used to safeguard the Cape sea route. Portugal's membership in NATO has further supplied a base for Western control of the Mediterranean. In return, NATO member countries have, in the name of the "NATO commitment", supplied Portugal with aircraft, warships and armaments, which have then been used against the liberation forces in the colonies. The fact that Portugal, one of the poorest countries in Europe, can afford to divert her scarce resources to such a large defense budget can be explained by the official loans supplied by West Germany and the United States. The increasing economic involvement of the West in Portugal further allows the maintenance of this high level of expenditure on defense, and paradoxically shores up the very forces whose continuing power may, as we have suggested, be against the interests of foreign capital.

But, clearly, as it becomes increasingly important for the West to safeguard the Cape route and thus the South Atlantic seaboard, we can expect the indirect involvement of NATO against the liberation forces in the colonies to expand. It is presently very convenient for NATO to argue that it cannot be involved south of the Tropic of Cancer, when it effectively subcontracts military activity through Portugal. This subcontracting may be more difficult to disguise as the continuing success of FRELIMO, MPLA and PAIGC force Portugal into increasing its military commitment. It is for this reason that we may see mounting Western military involvement through South Africa's assumption of sub-imperial hegemony, rather than through Portugal.

Conclusion

We have already made reference in the various sections of this paper to the different scenarios which might develop out of this existing conjuncture in Southern Africa. The purpose of this concluding section is to draw these scenarios together and to suggest the most likely to occur, given our preceding analysis.

In the short run, Portugal is most likely to persist in her present strategy of attempting to maintain control over the colonies through large military, police and counter-insurgency operations. At the same time, there will be further attempts, as in the case of the recent elections, to defuse potential opposition within the colonies by appearing to move towards a form of "self-government". The contradictions of this latter ploy, which merely increases pressure from educated Africans rather than defuses it, ensure that it cannot go far enough to neutralize the appeal of the liberation movements to the mass of colonized peoples. Thus Portuguese military involvement will increase, as will support from South Africa, Rhodesia and the NATO countries in order that their investments and their sea routes be protected. That external military support will increase is clear from the poor performance of the Portuguese policing forces: they have ceded 90% of Guine and large areas of Angola and Mozambique; South Africa and the West cannot afford further losses, and the likely total defeat of the Portuguese forces in Guine in the near future will adversely affect Portugal's credibility in the other colonies.

However, increasing military involvement is not something deliberately sought out by South Africa or by NATO. So, a different longer-run scenario is suggested. Increased Western investment, particularly in Angola and Portugal itself, coupled with greater pressures within Portugal to liberalise the system, might push her into granting nominal "independence" to the three territories. This may be the price foreign investment is willing to pay for a removal of the threat to its interests in Mozambique and Angola by the liberation movements, and to its interests in independent Africa from more committed members of the OAU. However, it is not the price Portugal will pay, not at least until the contradictions within the Portuguese state result in the demise of the old ruling class. While we have suggested this latter is possible, we have also noted the obstacles to this; in particular, the vested interests of the armed forces.

Given the persistence of present Portuguese colonial strategy and increasing successes for the liberation movements in Angola and Mozambique, we may expect the West to channel more military aid to Portugal and indeed to sponsor the South African and Brazilian-based "South Atlantic Treaty Organization". Whatever else the history of the Indochinese war may have demonstrated, what has become clear is that the United States will not tolerate anti-imperialist governments in areas of strategic importance, and we have tried to show why Southern Africa is one such area. Thus, if the scenario is played through, the full panoply of imperialist warfare may be let loose on the liberated areas of Angola and Mozambique, with right-wing coups engineered in Tanzania and Zambia. While this may appear a somewhat overdramatic perspective at this time, it is clearly on the agenda as an option to be taken out in the future should the interests of global imperialism in Southern Africa become severely threatened.

But there is one other "solution" to the southern Africa complex which is predicated on the growing South African intervention in neighboring independent African states. South Africa's increasing involvement in Mozambique suggests a possible defusing of the liberation struggle by pushing for a local neo-colonial solution for that country, of the kind developed in Malawi. This would come up against opposition not only from the Portuguese state but also from the large local settler population. Thus the outcome might be resolved through a Rhodesia-type solution which would require increased South African backing of a settler regime against the liberation forces. It is not clear that South Africa would want that kind of involvement, although it is very probable that the West would underwrite it. The corollary in Angola is a neo-colonial rather than a "UDI" solution, but possibly under direct US sponsorship, as for example in Zaire, rather than through the mediation of South Africa which is much less involved in Angola than in Mozambique.

Thus, while the short run will see a continuation of present Portuguese policy, changes within the Portuguese state, and the consolidation of South African interests in the whole of the southern complex might create the pressures for neo-colonial regimes in Angola and Mozambique. However, the progress and consciousness to date of the major liberation movements has ensured that the anti-colonial challenge will not end there, but will enter a new phase.

Finally, what can we in the West do about the support which our governments and capital give to Portuguese fascism and colonialism? The nature of the involvement of Western capital and the details of the corporations involved are sufficiently well known to indicate where battle is to be joined at this end, even if we still need to discuss relevant tactics. We hope that this paper has helped to point out the areas where contradictions in Portuguese fascism have emerged. The British trade unions have recently utilised one of these in order to make demands for free trade unionism in Portugal in exchange for entry into the EEC. There are, we would suggest, many other ways in which the TUC lead could be followed; for example, different types of pressure on investors in Portugal, assistance to workers' struggles in Portugal, and action against arms supply.

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