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Committee on Foreign Affairs

STATEMENT OF REPRESENTATIVE CHARLES C. DIGGS, JR. (D-MICH)
CHAIRMAN, HOUSE SUBCOMMITTEE ON AFRICA
BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE
IN SUPPORT OF SENATE RESOLUTION 214

FEBRUARY 3, 1972

Mr. Chairman: I appreciate and welcome the opportunity to appear before the Senate Foreign Relations Committee in this hearing to evaluate the Case resolution that any agreement with Portugal or Bahrein for military bases or foreign assistance should be submitted as a treaty to the Senate for advice and consent. I wish to compliment the Committee for continuing to insist on a return to normal relationships between the Congress and the Executive on foreign policy, and specifically to the unique constitutional role of the Senate in ratifying treaties. I concur in the Committee's evaluation and to the extent that we have drifted away from this traditional relationship, we have lost an important ingredient in American foreign policy. One of the most noticeable and deplorable recent examples is the Azores Agreement. It was the announcement of the United States alliance with Portugal and of the concomitant enormous economic and political commitment to that country which compelled me to take the unprecedented step of submitting my resignation to the President from the U.S. Delegation to the 26th Session of the General Assembly. I would like to submit as an attachment to my statement here my statement of resignation of December 17 as well as the letter I and some 18 other congressmen sent to the President on the Azores Agreement. I believe that the latter raises some of the questions the Administration must be called upon to answer in connection with this Agreement.

It is interesting to note that the Administration cites Article 3 of the North Atlantic Treaty and also our 1951 Mutual Defense Assistance bilateral with Portugal as the basis for our defense relationship with Portugal, and specifically states that the "1971 Exchange of Notes," that is, the Azores Agreement, was entered into pursuant to Article 3 of the North Atlantic Treaty. I have just returned from a visit to Brussels for the purpose of discussing the Azores Agreement and its significance to NATO with the U.S. Mission to NATO. There I was categorically informed that there was no, and I repeat no, NATO direct interest in the Azores accords. Further, I was informed that there had been no kind of consultation with NATO on this matter, as it was purely a matter affecting U.S. interests and requirements in the Azores. It was startling to learn that the Azores

Agreement has no direct relationship to the objectives or interests of the NATO treaty. It is therefore hard to see how the Azores Agreement could be conceived of as directly implementing Article 3 of that treaty. That Article 3 does not require such a bilateral undertaking is indicated by the absence of any at all since 1962. Further, Senate advice and consent to the North Atlantic Treaty and the broad provisions of Article 3, namely that "the Parties jointly and separately will maintain and develop their individual and collective capacity to resist armed attack," cannot reasonably be construed as consent to any and all bilateral arrangements of a defense nature between the Parties.

The Administration is claiming that the Azores Agreement has no political implications for the United States, and certainly none which affects policy towards Portugal's colonies in Africa, and the wars being waged at this moment against the liberation movements. It seems to be apparent to the whole world that this is a political act, but not to the State Department. They have stated, in particular, that this bears "no relationship to the Portuguese territories in Africa."

In fact, of course, there is a very serious political commitment to Portugal implied in this treaty. To name a few of the reasons why this is obvious:

1. The short length of the lease, which is of very little value as it stands, offering only 25 months and with the implied threat of removal if the United States does not produce still better terms the next time around.
2. The decision to meet President Pompidou of France on Portuguese soil. This was the first visit to Portugal of an American President since the colonial wars started in Portugal's African colonies ten years ago.
3. Secretary of State Roger's letter of December 9 to the Portuguese Foreign Minister indicates that the purpose of the Agreement is "to enhance our political, economic and cultural relations" with Portugal. (Emphasis supplied).
4. In announcing the Agreement, there was a noticeable absence of the usual United States pro forma public statement in favor of self-determination in the colonies. This implies a distinct shift in policy. In his 1971 State of the World message, the

President said: "We cannot be indifferent to apartheid. Nor can we ignore the tensions created in Africa by the denial of political self-determination." Yet this is precisely what this Agreement does. It ignores the African implications, pretending that in this way they do not exist. This is a completely new, head-in-the-sand policy.

5. The absence of any regulations prohibiting goods furnished under the Agreement from being used in Africa in logistical support of the Portuguese forces. The assumption is that equipment will be used in Africa, unless otherwise specified by the donor.
6. The size of the quid pro quo is enormous and unprecedented.
7. The fact that the pact was completed as a package and announced shortly before the President's symbolic visit to the Azores, itself, a Portuguese colonial possession. It was presumably Portugal that preferred this, to make it appear an important propaganda victory as well as an economic coup for the government in its attempt to gain the external assistance, both moral and material, that she so badly needs. It has already been mentioned in these hearings, but is worth repeating, that the Portuguese Prime Minister, Dr. Caetano, announced the deal as a political victory for Portugal. I quote: "The treaty is a political act in which the solidarity of interests between the two countries is recognized and it is in the name of that solidarity that we put an instrument of action at the disposal of our American friends, who are also now allies." This "instrument of action" is in fact no more than we have had since the Second World War. What is new is the "solidarity of interests." Can the Administration seriously contend that there are no grounds for investigation, when the two parties to a treaty diverge so widely in their interpretation of it?

Since the early 1960's, Portugal has obdurately refused to recognize her international legal obligations under the United Nations Charter, and in particular Article 73 relating to the responsibilities of U.N. Member States administering non-self governing territories inter alia to "take due account of the political aspirations of the peoples, and to assist in the progressive development of their free political institutions."

Portugal has refused to recognize the right of the peoples of Angola, Mozambique, Guinea-Bissau and Cape Verde to self-determination.

Ted Szulc of the NEW YORK TIMES, has recalled in the January, 1972 NEW YORKER: "I remember interviewing Salazar at his Lisbon home in March of 1966 and listening to his bitter criticism of the American policies in Africa. Portugal would not expel the Americans from the Azores, he said, but it would not sign another formal agreement until Washington had altered its policies." The implication is that, so far as Portugal has been given to understand, Washington has effectively altered its policies on the question of Portugal's colonial wars.

Largely as a result of the emigration of the elite of Portugal's work-force, the population has fallen from 10 million to 8.5 million in the last decade. There is a crippling shortage of labor because of the burden of the wars. This, together with the general poverty of Portugal, with the lowest per capita income in western Europe, results in the total lack of economic development, or the facilities for education and other services for the people of Portugal. In light of this general poverty, the claim, by the Administration, that "no other country in the world is so well off" demonstrates an economic naivety by the State Department that casts doubts on their statements about the nature of the Ex-Im Bank loans and other forms of assistance.

We must also look a little deeper into the nature of Portugal's foreign exchange reserves. They are indeed high, and rising; from \$1.6 billion in July, 1971, they have reached \$1.8 billion now. How can this be squared with Portugal's trade deficit of almost \$500 million? The answer is revealing: the revenue is from the colonies in Africa. African peasants are literally forced to grow cotton, coffee and other export crops, frequently forcing them to the edge of starvation. As a result, Angola and Mozambique have a large surplus on trade with the world; however, owing to a manipulation of the rates of exchange, an insistence on the colonies supplying raw materials at cut prices, and the exclusive right to supply the colonies' imports of many commodities at very high prices, Portugal has a favorable balance with the colonies. This means that all the foreign exchange earnings are transferred to Portugal.

In view of the supposed wealth of this country and its colonies, it is remarkable to see that the most recent economic report on Angola and

Mozambique (in the NEW YORK TIMES of Monday, January 31, 1972) "There are serious economic problems - not only as a result of the guerrillas. The problems are the familiar ones of inflation, tight credit and shortages of hard currency." \$400 million of American export credits in hard currency should go far to alleviate the problems. And, in case there is any illusion about the participation of the colonies in these export credits, it is worth noting that in terms of the new Portuguese constitution, Lisbon still superintends provincial administration and finance in the colonies, and provides financial aid credits and guarantees.

Another of the misleading statements of the State Department also needs correction. I refer to the suggestion that, because the defense budget has allegedly fallen from 45% to 33% of the national budget, American economic assistance would have no effect on the conduct of the wars. In fact the figure of 33% is an artificial figure having no relation to the costs of the wars. There are three reasons why that figure has to be approached with caution. First, the enormous expense of building up communications networks, support facilities and administration for the war effort is concealed in other budgets.

Secondly, Portugal has a dual budgetary system with both an ordinary budget and an extraordinary budget. Between 1968 and 1971, the ordinary budget increased by 39% and defense expenditures thereunder by 25%, but the extraordinary budget provided for an increase for military expenditures of 10.5% over the previous years. For 1971, Portugal's official budgetary estimates even in the ordinary budget was for a total budget between 700 and 800 million escudos, with 390 million, or one-half, earmarked for defense. This was a 10.6% increase in the budgetary estimates for defense.

Third, the figure of 33% does not take into account the colonial budgets. The ratio of total military expenditures of the overseas territories for defense purposes has risen from 29% in 1967 to 47% in 1970. It is the complexity of the factual situation in this matter of critical foreign policy implications that reinforces the reasons for the submission of this Agreement to the Senate for ratification.

I should like to make some comments on the terms of the economic assistance provided to Portugal as quid pro quo for the continued use of the Azores. Firstly, the question of Ex-Im Bank facilities, which the Administration claims do not count as assistance in any way. I should

like to remind them that all the statistics for international "aid" flows take export credits into account. In fact, they are often similar in kind to the "tied" aid that is seen all too frequently, on somewhat similar concessionary terms to the credits -- so much so that many donor countries include export credits in their "aid" totals. The Development Assistance Committee of the OECD, which compiles the statistics of aid flows, includes export credits in its statistical analyses. The Pearson Report on aid included them in its detailed investigations, and they are assumed to be an integral part of the target set by the Report of 1% of the rich countries' GNP to be devoted to the developing countries in the form of aid, export credit investment and all other forms of capital movements. The United Nations Second Development Decade has also adopted this target - which I am sorry to say bears little relation to our own meager foreign aid record.

In referring to the Ex-Im credits, the Administration states that a certain amount of confusion has arisen concerning our assistance obligation under the Azores Agreement. The wording of the communication on this pursuant to the Agreement is relevant. Mr. Rogers states in his supplementary letter of December 9 to the Portuguese Minister of Foreign Affairs: "During the recent discussions between our two governments regarding possible participation by my government in the plans which your government has drawn up for the economic and social development of your country, Portuguese and American technicians have reviewed various Portuguese proposals with a total value of some \$400 million . . . I am pleased to inform you that the United States Government is willing to provide, through the Export-Import Bank of the United States, financing for U.S. goods and services to be used in these projects, in accordance with the usual loan criteria and practices of the Bank." (Emphasis supplied).

The only logical reading of this is an obligation on our part to extend these Ex-Im facilities . . . which I am informed by Ex-Im might involve \$200 million in loans and \$200 million in loan guarantees . . . to Portugal in accordance with the usual loan criteria and practices of the Bank.

The Political use of the Export-Import Bank facilities is obvious. There was the refusal to allow credits for Chile to buy Boeing planes. A similar refusal applied for a long time to all communist countries.

Export credits for Namibia, which we recognize as being under illegal occupation by South Africa, were also stopped in 1970 - clearly a political act, and a very welcome one. In addition to this, the disproportionate size of the credits being allowed to Portugal is blatantly political. For a start, it is roughly equivalent to Portugal's annual military budget. It also exceeds all Ex-Im Bank loans to Black Africa since the Second World War. Until this enormous increase, Portugal had received only \$50 million in credits, compared to Black Africa's \$358 million. No wonder Black Africa accuses us of reversing our priorities in Africa, and siding with Portugal against the cause of independence in Africa.

The terms of the assistance are suspiciously vague. The Agreement, while reciting a figure of \$5 million in drawing rights as being established for non-military excess equipment (a term which itself requires careful definition) goes on to state that "the figure of \$5 million is to be considered illustrative and not a maximum ceiling so that we may be free to exceed this figure if desired." We are thus left in the dark about the amount of free equipment, applicable to a military campaign against guerrilla fighters, to be given to Portugal in the guise of non-involvement in her African colonial wars. The value to Portugal will clearly be much more than the "acquisition cost" of the equipment. Even more important, the free gift of essential equipment will free Portuguese resources for the purchase of arms that they could not otherwise have afforded. The equipment is also of course of great importance in its own rights. There is no undertaking required that it will not be used in Africa to build roads, airfields and the two large and strategic ports of Nacala, costing \$15 million and Ponta Dabela, \$80 million, both in Mozambique. Even the so-called "development projects" in the colonies are in fact designed to preserve Portuguese rule. The Caborra Bassa dam in Mozambique will involve the removal of the entire African population of the area to make room for up to 1 million Portuguese settlers. Following African protests, Swedish, British, West German and Italian interests, both governmental and private, have withdrawn their participation in this scheme. For the United States to rush in with a free gift of equipment for building harbours, roads and other installations of obvious military importance would be folly.

Let us be under no illusion that the equipment will not be used to

support the colonial administration in Africa. As the Foreign Minister of Portugal, himself, Rui Patricio, said in reference to the Boeing aircraft supplied by the United States, which were immediately put to use as troop-carriers to Africa: "If I buy an American car, can Americans tell me how I can use it? If I want to drive it in Africa, I will drive it in Africa." It is of course possible that there are safeguards in a classified portion of this Agreement, except that I understood the Committee was assured that the entire Agreement is unclassified and that there are no supplementary agreements or related understandings.

A word about the \$1 million of aid to Portugal's so-called "educational reform." This is a plan to improve education for the Portuguese only. The Africans in the colonies do not have equal educational opportunities. There is nothing in the reform that offers them any advancement. In this, education is following the general pattern of Portuguese colonial rule.

All white Portuguese have political and civil rights which are denied to the overwhelming majority of Africans. In order to qualify for the vote, they have to have an education way above that of the average white. No significant difference will occur in the political power structure while the white minority determine the educational system. Having visited two of the so-called Portuguese territories in Africa - Angola and Mozambique in 1969 and having visited the other two - Guinea-Bissau and Cape Verde last August - I have seen first-hand the exploitation by the Portuguese of their African colonies and their subjugation of the people, and the inordinately low state of these territories for the majority of the people.

I believe the Administration's cryptic reference that a letter of explanation concerning support for the Military Advisory Assistance Group of Lisbon had been given to the Portuguese requires further comment. This Agreement waives support payments by Portugal for the MAAG for the next two years, thus providing a gift to Portugal worth \$350,000.

Added to the enormous quid pro quo made available to Portugal under the Agreement must be the economic value of the American base to Portugal. The best estimates of annual economic benefits accruing to the Azores economy total approximately \$4 million of which salaries account for \$3 million. The balance is made up of rent, local procurement, etc. Without the American presence, the economy of the islands would collapse. This

is why there can be no question of the Portuguese terminating the arrangement. In the case of Malta the British gave economic assistance to compensate for the loss of employment and revenue generated by the base. In the case of the Azores, the Portuguese get that benefit as well as massive aid.

Mr. Chairman, the third week of January, I attended a meeting of U.S. parliamentarians and African officials from some 10 countries in Lusaka, Zambia. There it was incontrovertibly demonstrated that the Africans regard the Azores Agreement as the most significant step of this Administration in regard to Africa. They see it as the crux of U.S. hypocrisy on African issues, as a forthright announcement of U.S. support for the white minority regimes and as a U.S. decision to jettison U.S. interests throughout Africa in favor of the minority ruled countries of southern Africa and Guinea-Bissau.

The damage which this Agreement has done and is doing to U.S. interests in Africa is incalculable.

You may ask what are these interests? Do they not lie in the geopolitics of Africa which is the enormous land mass in the southern Atlantic between the Eastern and Western hemispheres. A policy which not only ignores a continent so vast, so situated -- a continent of 300 million people -- but alienates this area is foolhardy. Indeed, it may be disastrous.

In the opening address at the Lusaka Conference on January 17, President Kenneth Kaunda of Zambia declared: "It is a matter of decision whether or not the interest of the United States in Portugal weighs more heavily than the interest of building peace."

The doubts raised by the nature of this Agreement, the grave foreign policy implications and the vast amount of money that may or may not be involved -- totally at the discretion of officials not subject to scrutiny -- make it imperative that there should be further scrutiny of the Agreement in the context of our whole relationship with Portugal. It is by ignoring this crucial factor in Portuguese life that the Administration is opening the door to a creeping involvement in it. I believe that this Agreement requires a full enquiry by this Committee into United States involvement with Portugal in Africa, and its effect on our standing in independent Black African countries. The investigation should cover the strategic implications

of Portugal's colonial wars in Africa for the United States in terms of our whole global policy particularly in a world where power relationships are changing. I, therefore, support Senate Resolution 214.