CHAPTER II

Indo-Portuguese Relations during Cold War Years (1947-1990)

After the independence of India, Indo-Portuguese relations and the future of Portuguese settlements in India get new dimensions. After India’s independence from the British in 1947, Portugal refused to accede to India’s request to relinquish control of its Indian possessions. On 24 July 1954 an organization called “The United Front of Goans” took control of the enclave of Dadra. The remaining territory of Nagar Haveli was liberated by the Azad Gomantak Dal on 2 August 1954. The decision given by the International Court of Justice at The Hague, regarding access to Dadra and Nagar Haveli was an impasse. From 1954, peaceful Satyagrahis attempts from outside Goa at forcing the Portuguese to leave Goa were brutally suppressed. Many revolts were quelled by the use of force and leaders eliminated or jailed. As a result, India closed its consulate (which had operated in Panjim since 1947) and imposed an economic embargo against the territories of Portuguese Goa. The Indian Government adopted a “wait and watch” attitude from 1955 to 1961 with numerous representations to the Portuguese Salazar regime and attempts to highlight the issue before the international community. Eventually, in December 1961, Indian Military Force invaded Goa, Daman and Diu, where they were faced with insufficient Portuguese resistance. Portuguese armed forces had been instructed to either defeat the invaders or die. Only meager resistance was offered due to the Portuguese army's poor firepower and size (only 3,300 men), against a fully-armed Indian force of over 30,000 with full Air and Naval support. The Governor of Portuguese India signed the Instrument of Surrender on 19 December 1961. The territories were annexed by India.

2.1. International scenario during the Cold War years (1947-1991)

Cold War was a term which the governing elites of the major world powers believed accurately described the international system between 1947 and 1991. It signified an irreconcilable conflict between, and sometimes within, states. On the one hand were those who believed that the world economic system was unavoidably capitalist and, to a lesser extent, that the preferred political system was liberal democratic. On the other side were those who had imbibed the lessons of the Bolshevik revolution of 1917, that states would be ruled by small
self-selecting revolutionary elite, which could abandon capitalistic economic organization. Military victory in the Second World War ensured that the United States would lead those states, which took the former position, the Soviet Union the latter. At no time was the Cold War regarded as the sole component of the international system. In each state, there were leaders who favoured other views, championing, amongst others things, internal reform, national renewal, imperial consolidation or intra-capitalist competition. As the British intellectual historian, Isaiah Berlin wrote in 1953:

“There is a line among the fragments of the Greek poet Archilocus which says: ‘The fox knows many things, but the hedgehog knows one big thing’ . . . taken figuratively the words can be made to yield a sense in which they mark one of the deepest differences which divide writers and thinkers, and, it may be, human beings in general. For there exists a great chasm between those, on one side, who relate everything to a single central vision, one system, less or more coherent or articulate, in terms of which they understand, think and feel . . . and, on the other side, those who pursue many ends, often unrelated and even contradictory, connected, if at all, only in some de facto way.”

In each of the major powers, the Cold War paradigm dominated its competitors for the entire post-war period. Hedgehogs struggled against foxes and usually won. There already exist some quite clearly defined, mainly American, schools of thought about the origins of the Cold War. Between the 1950s and 1980s, historians in the United States and Europe developed four main approaches. Orthodox historians tended to argue that a mixture of Marxist-Leninist ideology, military victory, unjustified Stalinist paranoia about Western encirclement and traditional Russian expansionism made the Soviet Union an inherently aggressive power after 1945.

2.2 Portugal during 1945 to 1990
The Revolution of 1974 did not merely transform Portugal’s domestic politics, but led to a transformation of its foreign relations, as well. For centuries, Portugal’s foreign relations were directed away from Europe, first down the South Atlantic and to Africa, then to Brazil and the Orient. Lisbon’s relations with Europe were limited to an alliance dating from 1386 with Britain, another Atlantic country, which was intended to protect it from Spain and any other European power that might threaten
Portugal’s independence and its vast empire. Over the centuries, much of this empire was lost. Preserving what remained of this empire, the country’s African colonies and a few other small entities became the core of Portuguese foreign policy in the nineteenth and twentieth century. Moreover, the Portuguese saw themselves as a people with an “Atlantic vocation” rather than as an integral part of Europe.

Postwar developments for a time buttressed the traditional attitude that Portugal’s true concerns and interests lay in the South Atlantic, beyond, and away from Europe. Portugal became a founding member of the NATO not for what its army could do in Central Europe but for the importance of the Azores as a site for military bases. Other than permitting the United States access to these islands, Portugal’s contribution to the alliance was negligible.

The wave of anti-colonialism that swept through the Third World after the World War II sparked rebellion in Portugal’s African colonies. Lisbon’s great efforts to quell these struggles for independence intensified the metropole’s traditional interest in Africa. In the end, however, Portugal was not strong enough to put down these wars of independence. In fact, the great expenditure of manpower and revenue in the African wars was the main cause of the Revolution of 1974. The revolution brought to power members of the military who were determined to end the fighting, and within a matter of eighteen months Portugal’s empire was gone. Shorn of its colonies, Portugal was forced to concede that its future lay in Europe, a revolutionary change in the country’s view of its place in the world. It became a member of the EC in 1986, enjoyed the benefits, and endured the change that this membership entailed. Portugal’s most important foreign relationship, its relationship with the United States, changed only in degree, not in kind. In other respects, however, Portugal began a completely new era in its foreign policy.

Portugal’s empire in Asia made its monarchy the richest in Europe and made Lisbon the commercial capital of the world. This prosperity was more apparent than real, however, because the newfound wealth did not transform the social structure, nor was it used to lay the basis for further economic development. The country’s industry was weakened because the profits from Asian monopolies were used to import manufactured goods. As the empire in Asia was a state-run enterprise, no middle class or commercial sector independent of the crown of any consequence emerged as it had in other parts of Europe. Moreover, the persecution of the Jews, who possessed vital technical skills, robbed the country of an important force for modernity and reinforced
feudal elements. Adding to the drain on the economy was the large amount of money spent on sumptuous palaces and churches.

Because the wealth from the discoveries did not produce a middle class of competent, trained individuals to whom the affairs of state gradually fell, leadership in Portugal remained in the hands of the king and the military aristocracy. Moreover, the imperial system had intensified the already centralized system of government, which meant that the quality of national policy was closely tied to the abilities of the top leadership, especially the king himself. Unfortunately, the House of Avis did not produce a king of great merit after João II, and Portugal entered a long period of imperial decline. Under the dictatorship of António de Oliveira Salazar (1928-68), the church experienced a revival. Salazar was himself deeply religious and infused with Roman Catholic precepts. Before studying law, he had been a seminarian; his roommate at the University of Coimbra, Manuel Gonçalves Cerejeira, later became cardinal patriarch of Lisbon. In addition, Salazar’s corporative principles and his constitution and labor statute of 1933 were infused with Roman Catholic precepts from the papal encyclicals *Rerum Novarum* (1891) and *Quadragesimo Anno* (1931). Salazar’s state was established on the principles of traditional Roman Catholicism, with an emphasis on order, discipline, and authority. Class relations were supposed to be based on harmony rather than the Marxist concept of conflict. The family, the parish, and Christianity were said to be the foundations of the state. Salazar went considerably beyond these principles, however, and established a full-fledged dictatorship. His corporative state continued about equal blends of Roman Catholic principles and Mussolini-like fascism.

In 1940, a concordat governing church-state relations was signed between Portugal and the Vatican. The church was to be “separate” from the state but to enjoy a special position. The Concordat of 1940 reversed many of the anticlerical policies undertaken during the republic, and the Roman Catholic Church was given exclusive control over religious instruction in the public schools. Only Catholic clergy could serve as chaplains in the armed forces. Divorce, which had been legalized by the republic, was again made illegal for those married in a church service. The church was given formal “juridical personality,” enabling it to incorporate and hold property. Under Salazar, church and state in Portugal maintained a comfortable and mutually reinforcing relationship. While assisting the church in many ways, however, Salazar insisted that it stay out of politics unless it praised his regime. Dissent and
criticism were forbidden. Those clergy who stepped out of line, an occasional parish priest and once the bishop of Porto were silenced or forced to leave the country. In the Portuguese constitution of 1976, church and state were again formally separated. The church continues to have a special place in Portugal, but for the most part, it has been disestablished. Other religions are now free to organize and practice their beliefs.

In addition to constitutional changes, Portugal became a more secular society. Traditional Roman Catholicism flourished while Portugal was overwhelmingly poor, rural, and illiterate, but as the country became more urban, literate, and secular, the practice of religion declined. The number of men becoming priests fell, as did charitable offerings and attendance at mass. By the early 1990s, most Portuguese still considered themselves Roman Catholic in a vaguely cultural and religious sense, but only about one-third of them attended mass regularly. Indifference to religion was most likely among men and young people. Regular churchgoers were most often women and young children.

The church no longer had its former social influence. During the nineteenth century and on into the Salazar regime, the church was one of the most powerful institutions in the country along with the army and the economic elite. In fact, military, economic, governmental, and religious influences in Portugal were closely intertwined and interrelated, often literally so. Traditionally, the first son of elite families inherited land, the second went into the army, and the third became a bishop. By the early 1990s, however, the Roman Catholic Church no longer enjoyed this preeminence but had fallen to seventh or eighth place in power among Portuguese interest groups.

By the 1980s, the church seldom tried to influence how Portuguese voted, knowing such attempts would probably backfire. During the height of the revolutionary turmoil in the mid-1970s, the church urged its communicants to vote for centrist and conservative candidates and to repudiate communists, especially in northern Portugal, but after that the church refrained from such an overt political role. The church was not able to prevent the enactment of the Constitution of 1976, 8 which separated church and state, nor could it block legislation liberalizing divorce and abortion, issues it regarded as moral and within the realm of its responsibility.

Portugal’s First Republic (1910-26) became, in the words of historian Douglas L. Wheeler, 9 “midwife to Europe’s longest surviving authoritarian system.” Under the sixteen-year parliamentary regime of the republic with its forty-five governments,
growing fiscal deficits financed by money creation and foreign borrowing climaxed in hyper-inflation and a moratorium on Portugal's external debt service. The cost of living around 1926 was thirty times what it had been in 1914. Fiscal imprudence and accelerating inflation gave way to massive capital flight, crippling domestic investment. Burgeoning public sector employment during the First Republic was accompanied by a perverse shrinkage in the share of the industrial labor force in total employment. Although some headway was made toward increasing the level of literacy under the parliamentary regime, 68.1 percent of Portugal's population was still classified as illiterate by the 1930 census.

The First Republic was ended by a military coup in May 1926, but the newly installed government failed to solve the nation’s precarious financial situation. Instead, President António de Fragoso Carmona, invited António de Oliveira Salazar to head the Ministry of Finance, and the latter agreed to accept the position provided he would have veto power over all fiscal expenditures. At the time of his appointment as minister of finance in 1928, Salazar held the Chair of Economics at the University of Coimbra and was considered by his peers to be Portugal’s most distinguished authority on inflation. For forty years, first as minister of finance (1928-32) and then as prime minister (1932-68), Salazar’s political and economic doctrines were to shape the Portuguese destiny.

From the perspective of the financial chaos of the republican period, it was not surprising that Salazar considered the principles of a balanced budget and monetary stability as categorical imperatives. By restoring equilibrium both in the fiscal budget and in the balance of international payments, Salazar succeeded in restoring Portugal’s credit worthiness at home and abroad. Because Portugal’s fiscal accounts from the 1930s until the early 1960s almost always had a surplus in the current account, the state had the wherewithal to finance public infrastructure projects without resorting either to inflationary financing or to borrowing abroad.

At the bottom of the Great Depression, Premier Salazar laid the foundations for his Estado Novo, the “New State”. Neither capitalist nor communist, Portugal’s economy was cast into a quasi-traditional mold. The corporative framework within which the Portuguese economy evolved combined two salient characteristics: extensive state regulation and predominantly private ownership of the means of production. Leading financiers and industrialists accepted extensive bureaucratic
controls in return for assurances of minimal public ownership of economic enterprises and certain monopolistic (or restricted-competition) privileges.

Within this framework, the state exercised extensive de facto authority regarding private investment decisions and the level of wages. A system of industrial licensing (*condicionamento industrial*), introduced by law in 1931, required prior authorization from the state for setting up or relocating an industrial plant. Investment in machinery and equipment designed to increase the capacity of an existing firm also required government approval. Although the political system was ostensibly corporatist, as political scientist Howard J. Wiarda\(^\text{11}\) makes clear, “In reality both labor and capital--and indeed the entire corporate institutional network were subordinate to the central state apparatus.”

Under the old regime, Portugal’s private sector was dominated by some forty great families. These industrial dynasties were allied by marriage with the large, traditional landowning families of the nobility, who held most of the arable land in the southern part of the country in great estates. Many of these dynasties had business interests in Portuguese Africa. Within this elite group, the top ten families owned all the important commercial banks, which in turn controlled a disproportionate share of the national economy. Because bank officials were often members of the boards of directors of borrowing firms in whose stock the banks participated, the influence of the large banks extended to a host of commercial, industrial, and service enterprises.

In the late 1950’s Portugal’s shift toward a moderately outward looking trade and financial strategy gained momentum during the early 1960s. A growing number of industrialists, as well as government technocrats, favored greater Portuguese integration with the industrial countries to the north as a badly needed stimulus to Portugal’s economy. The rising influence of the Europe-oriented technocrats within Salazar’s cabinet was confirmed by the substantial increase in the foreign investment component in projected capital formation between the first (1953-58) and second (1959-64) economic development plans. The first plan called for a foreign investment component of less than six percent, but the plan for the 1959-64 period envisioned a twenty five percent contribution. The newly influential Europe-oriented industrial and technical groups persuaded Salazar that Portugal should become a charter member of the European Free Trade Association (EFTA)\(^\text{12}\) when it was organized in 1959. In the following year, Portugal also added its membership in the General Agreement on
Tariffs and Trade (GATT), the International Monetary Fund (IMF), and the World Bank.

In 1958 when the Portuguese government announced the (1959-64) Six-Year Plan for National Development, a decision had been reached to accelerate the country’s rate of economic growth a decision whose urgency grew with the outbreak of guerrilla warfare in Angola in 1961 and in Portugal’s other African territories thereafter. Salazar and his policy advisers recognized that additional claims by the state on national output for military expenditures, as well as for increased transfers of official investment to the “overseas provinces,” could only be met by a sharp rise in the country’s productive capacity. Salazar’s commitment to preserving Portugal’s “multiracial, pluricontinental” state led him reluctantly to seek external credits beginning in 1962, an action from which the Portuguese treasury had abstained for several decades.

Beyond military measures, the official Portuguese response to the “winds of change” in the African colonies was to integrate them administratively and economically more closely with Portugal through population and capital transfers, trade liberalization, and the creation of a common currency the so called Escudo Area. The integration program established in 1961 provided for the removal of Portugal’s duties on imports from its overseas territories by January 1964. The latter, on the other hand, were permitted to continue to levy duties on goods imported from Portugal but at a preferential rate, in most cases 50 percent of the normal duties levied by the territories on goods originating outside the Escudo Area. The effect of this two-tier tariff system was to give Portugal’s exports preferential access to its colonial markets.

Despite the opposition of protectionist interests, the Portuguese government succeeded in bringing about some liberalization of the industrial licensing system, as well as in reducing trade barriers to conform to EFTA and GATT agreements. The last years of the Salazar era witnessed the creation of important privately organized ventures, including an integrated iron and steel mill, a modern ship repair and shipbuilding complex, vehicle assembly plants, oil refineries, petrochemical plants, pulp and paper mills, and electronic plants. As economist Valentina Xavier Pintado observed, “Behind the facade of an aged Salazar, Portugal knew deep and lasting changes during the 1960s.”
The liberalization of the Portuguese economy continued under Salazar’s successor, Prime Marcelo José das Neves Alves Caetano (1968-74), whose administration abolished industrial licensing requirements for firms in most sectors and in 1972 signed a free trade agreement with the newly enlarged EC. Under the agreement, which took effect at the beginning of 1973, Portugal was given until 1980 to abolish its restrictions on most community goods and until 1985 on certain sensitive products amounting to some 10 percent of the EC’s total exports to Portugal. EFTA membership and a growing foreign investor presence contributed to Portugal’s industrial modernization and export diversification between 1960 and 1973.

Notwithstanding the concentration of the means of production in the hands of a small number of family-based financial-industrial groups, Portuguese business culture permitted a surprising upward mobility of university-educated individuals with middleclass backgrounds into professional management careers.

The Portuguese economy had changed significantly by 1973, compared with its position in 1961. Total output (GDP at factor cost) grew by 120 percent in real terms. The industrial sector was three times greater, and the size of the services sector doubled; but agriculture, forestry, and fishing advanced by only 16 percent. Manufacturing, the major component of the secondary sector, was three times as large at the end of the period. Industrial expansion was concentrated in large scale enterprises using modern technology.

The composition of GDP also changed markedly from 1961 to 1973. The share of the primary sector (agriculture, forestry, and fishing) in GDP shrank from 23 percent in 1961 to 16.8 percent in 1973, and the contribution of the secondary (or industrial) sector (manufacturing, construction, mining, and electricity, gas and water) increased from 37 percent to forty four percent during the period. The services sector’s share in GDP remained constant at thirty nine point four (39.4%) percent between 1961 and 1973. Within the industrial sector, the contribution of manufacturing advanced from thirty percent to thirty five percent and that of construction from 4.6 percent to six point four (6.4%) percent.

The progressive “opening” of Portugal to the world economy was reflected in the growing shares of exports and imports (both visible and invisible) in national output and income. Further, the composition of Portugal’s balance of international payments altered substantially. From 1960 to 1973, the merchandise trade deficit widened, but owing to a growing surplus on invisibles including tourist receipts and
emigrant worker remittances the deficit in the current account gave way to a surplus from 1965 onward. Beginning with that year, the long-term capital account typically registered a deficit, the counterpart of the current account surplus. Even though the nation attracted a rising level of capital from abroad (both direct investments and loans), official and private Portuguese investments in the “overseas territories” were still greater. Hence there was a net outflow on the long-term capital account. The growth rate of Portuguese merchandise exports during the period 1959 to 1973 was eleven percent per annum. In 1960 the bulk of exports was accounted for by a few products like canned fish, raw and manufactured cork, cotton textiles, and wine. By contrast, in the early 1970s, Portugal’s export list reflected significant product diversification, including both consumer and capital goods. Several branches of Portuguese industry became export-oriented, and in 1973 over one-fifth of Portuguese manufactured output was exported.

The radical nationalization expropriation measures in the mid 1970s were initially accompanied by a policy induced redistribution of national income from property owners, entrepreneurs, and private managers and professionals to industrial and agricultural workers. This wage explosion favoring workers with a high propensity to consume had a dramatic impact on the nation’s economic growth and pattern of expenditures. Private and public consumption combined rose from eighty one percent of domestic expenditure in 1973 to nearly one hundred and two percent in 1975. The counterpart of over consumption in the face of declining national output was a contraction in both savings and fixed capital formation, depletion of stocks, and a huge balance-of-payments deficit. The rapid increase in production costs associated with the surge in unit labor costs between 1973 and 1975 contributed significantly to the decline in Portugal's ability to compete in foreign markets. Real exports fell between 1973 and 1976, and their share in total expenditures declined from nearly twenty six percent to sixteen point five (16.5%) percent.

The economic dislocations of metropolitan Portugal associated with the income leveling and nationalization-expropriation measures were exacerbated by the sudden loss of the nation’s African colonies in 1974 and 1975 and the reabsorption of overseas settlers (the so-called retornados), the global recession, and, as well, the international energy crisis. Over the longer period, 1973-90, the composition of Portugal’s GDP at factor cost changed significantly. The contribution of agriculture,
forestry, and fishing as a share of total production continued its inexorable decline, to 6.1 percent in 1990 from 12.2 percent in 1973. In contrast to the prerevolutionary period, 1961-73, when the industrial sector grew by nine percent annually and its contribution to GDP expanded, industry’s share narrowed to thirty eight point four (38.4%) percent of GDP in 1990 from forty four percent in 1973. Manufacturing, the major component of the industrial sector, contributed relatively less to GDP in 1990 (28%) than in 1973 (35%). Most striking was the sixteen percent point increase in the participation of the services sector from thirty nine percent of GDP in 1973 to 55.5 percent in 1990. Most of this growth reflected the proliferation of civil service employment and the associated cost of public administration, together with the dynamic contribution of tourism services during the 1980s.

2.2.1 Nationalization in Portugal
A study by the economists Maria Belmira Martins\textsuperscript{17} and José Chávez de la Rosa showed that a total of two hundred forty four private enterprises were directly nationalized during the sixteen-month interval from March 14, 1975 to July 29, 1976. Nationalization was followed by the consolidation of the several private firms in each industry into state monopolies. As an example, Quimigal, the chemical and fertilizer entity, represented a merger of five firms. Four large companies were integrated to form the national oil company, Petroleos de Portugal (Petrogal). Portucel brought together five pulp and paper companies. The fourteen private electric power enterprises were joined into a single power generation and transmission monopoly, Electricidade de Portugal (EDP). With the nationalization and amalgamation of the three tobacco firms under Tabaqueira, the state gained complete control of this industry. The several breweries and beer distribution companies were integrated into two state firms, Central de Cervejas (Centralcer) and Unicer; and a single state enterprise, Rodoviaria, were created by joining the ninety-three nationalized trucking and bus lines. The forty-seven cement plants, formerly controlled by the Champalimaud interests, were integrated into Cimentos de Portugal (Cimpor). The government also acquired a dominant position in the export-oriented shipbuilding and ship repair industry. Former private monopolies retained their company designations following nationalization. Included among these were the iron and steel company, Siderurgia Nacional; the railway, Caminhos de Ferro Portugueses (CP);\textsuperscript{18} and the national airline, Transportes Aéreos Portugueses (TAP).\textsuperscript{19}
2.2.2 The Brain Drain in Portugal

Compounding the problem of massive nationalizations was the heavy drain of managerial and technical expertise away from the public enterprises. The income-leveling measures of the MFA revolutionary regime, together with the “antifascist” purges in factories, offices, and large agricultural estates, induced an exodus of human capital, mainly to Brazil. This loss of managers, technicians, and business people inspired a popular Lisbon saying, “Portugal used to send its legs to Brazil, but now we are sending our heads.”

The constitution of 1976 confirmed the large and interventionist role of the state in the economy. Its Marxist character before the 1989 revisions was revealed in a number of its articles, which pointed to a “classless society” and the “socialization of the means of production” and proclaimed all nationalizations made after April 25, 1974 as “irreversible conquests of the working classes.” The constitution also defined new power relationships between labor and management, with a strong bias in labor’s favor. All regulations with reference to layoffs, including collective redundancy, were circumscribed by Article 53.

After the revolution, the Portuguese economy experienced a rapid, and often uncontrollable, expansion of public expenditures both in the general government and in public enterprises. The lag in public sector receipts resulted in large public enterprise and general government deficits. In 1982 the borrowing requirement of the consolidated public sector reached 24 percent of GDP, its peak level; it was subsequently reduced to 9 percent of GDP in 1990. To rein in domestic demand growth, the Portuguese government was obliged to pursue IMF-monitored stabilization programs in 1977-78 and 1983-85. The large negative savings of the public sector (including the state-owned enterprises) became a structural feature of Portugal’s political economy after the revolution. After 1974, other official impediments to rapid economic growth included all-pervasive price regulation as well as heavy-handed intervention in factor markets and the distribution of income.

In 1989 Prime Minister Antonio Cavaco Silva succeeded in mobilizing the required two-thirds vote in the National Assembly to amend the constitution, thereby permitting the denationalization of the state-owned banks and other public enterprises. Privatization, economic deregulation, and tax reform became the salient concerns of public policy as Portugal prepared itself for the challenges and opportunities of membership in the EC’s single market in the 1990s.
2.3 The Salazar regime in Portugal

The provisional military government was shortly taken over by General Antonio Oscar de Fragoso Carmona, who favoured sweeping changes. In 1928, in the face of financial crisis, Carmona appointed Antonio de Oliveira Salazar minister of finance with full powers over expenditure. A prominent professor of economics at the University of Coimbra, Salazar assembled civilian elite of intellectuals and bureaucrats to steer the course of recovery. Budgetary surpluses became the hallmark of his regime, making possible large expenditures for social programs, rearmament, and infrastructure development. This progress, coupled with personal austerity and hard work, won Salazar the grudging collaboration of diverse parties and interest groups that included monarchists, conservative republicans, fascists, pseudo fascists, nationalists, the church, business leaders, land barons, and the military establishment. As minister of colonies in 1930, he prepared the Colonial Act, assimilating the administration of the overseas territories to his system. In July 1932, Salazar became prime minister, a post he was to hold until 1968.

The new constitution of 1933 declared Portugal a “unitary, corporatist republic.” Salazar’s New State (i.e. Estado Novo) provided for a National Assembly, with deputies elected quadrennially as a bloc, and a Corporative Chamber comprising representatives of occupations. All seats in the assembly went to government supporters; the Corporative Chamber was not established until employers and workers syndicates were formed. The government regulated labour-management relations, banned strikes and lockouts, and monitored social welfare planning. Political parties were prohibited, and all eligible voters were encouraged to join the National Union, an approved loyalist movement. Ever mindful of the confusion that preceded it; the New State emphasized order over freedom and attempted to “neutralize” society through the use of censorship, propaganda, and political imprisonment. On the other hand, it partially restored the pre-1910 privileges of the church in law, society, and education.

During the Spanish Civil War (1936–39), Salazar backed the Nationalists led by General Francis Franco, who triumphed and controlled all of Spain by the spring of 1939. In World War II, Portugal maintained official neutrality (while quietly favoring Britain) until Britain invoked the ancient Anglo-Portuguese alliance to obtain bases in the Azores. Portugal joined the North Atlantic Treaty Organization (NATO)
as a founding member in 1949 but did not gain admission to the United Nations until 1955.

Portugal’s foreign and colonial policies met with increasing difficulty both at home and abroad beginning in the 1950s. In the presidential election of 1958, General Humberto Delgado \(^2^2\) generated political heat after challenging the regime’s candidate, Admiral Américo Tomás. Internationally, the tensions of the Cold War gave Portugal’s largely undeveloped overseas empire a new significance. The determination of the Indian government to annex Portuguese India led to a severing of diplomatic relations (August 1955) and to mass invasions of the Portuguese possessions by Indian passive resisters. Portugal disputed but effectively lost the enclaves of Dadra and Nagar Haveli to India despite a ruling by the International Court of Justice in April 1960 favoring Portugal, and on December 19, 1961, India took over Goa, Diu, and Daman. Salazar had made it clear that he did not favour decolonization, and, when in early 1961 Angola was the scene of disturbances, he reinforced the troops in the African territories and took over the Ministry of Defense. Nevertheless, colonial wars erupted in Angola, Mozambique, and Portuguese Guinea between 1961 and 1964.

Despite its failure to rejuvenate agriculture and its reluctance to industrialize, perhaps the most important contribution of the New State was to the economy. Development plans, closely monitored by the demanding Salazar, were conservative but consistent. The government significantly reduced its debt, diminished its economic dependence on British investment, and tightly controlled foreign investment and did not openly encourage it until the mid-1960s, when expensive wars in Angola, Mozambique, and Portuguese Guinea prompted a revision of the investment code. The government also supported industry, though not massively, and emphasized infrastructure development over health, education, and welfare. From about 1960 until the inflation surge and energy crisis of 1973, Portugal experienced economic growth at an annual rate of 5 to 7 percent, which constituted a boom for Western Europe’s poorest country.

Salazar developed the “Estado Novo” (New State). The basis of his regime was a platform of stability. Salazar’s early reforms allowed financial stability and therefore economic growth. After the chaotic years of the Portuguese First Republic (1910–1926) \(^2^3\) when not even public order was achieved, this looked like an impressive breakthrough to most of the population; Salazar achieved then his height
in popularity. This transfiguration of Portugal was then known as “A Lição de Salazar” – Salazar’s Lesson.

Education was not seen as a priority and was not heavily invested in. Nevertheless, basic education was granted to all citizens, even if literacy levels were at a very low level for Western Europe. There was substantial investment in educational infrastructure. Many of the schools he created are still active today.

Salazar relied on the secret policies for fighting the communists and other political movements that opposed the regime. At first the secret police was called PVDE i.e. Polícia de Vigilância e Defesa do Estado. It had a Gestapo-inspired organization, and became better known by the name adapted from 1945 to 1969, Polícia Internacional e de Defesa do Estado (PIDE). The secret police carried out the repression and elimination of dissidents especially those related to the international communist movement or the USSR. Constant references to the near-chaos that prevailed before 1926 served to keep the opposition in check until the 1950s.

Salazar’s regime was authoritarian. He based his political philosophy around a selective and regressive interpretation of Catholic Social Doctrine, much like the contemporary regime of Engelbert Dollfus in Austria. The economic system, known as corporatism, was based on a similar interpretation of the papal encyclicals Rerum Novarum and Quadragesimo Anno, which was supposed to prevent class struggle and supremacy of economics. Salazar himself banned Portugal’s National Syndicalists, a much more unambiguously Fascist party, for being, in his words, a “Pagan” and “Totalitarian” party. Salazar’s own party, the National Union, was formed as a subservient umbrella organization to support the regime itself, and was therefore lacking in any ideology independent of the regime. At the time many European countries feared the destructive potential of communism. Many neutral states in World War II, from the Baltic to the Atlantic, at least in principle, sympathized with any state that would wage war on the Soviet Union. Salazar forbade Marxist parties, but also revolutionary fascist-syndicalist parties.

During World War II western Allied naval bases in Portuguese territory were granted to the United Kingdom, and later also to the United States. Large numbers of Jews and political dissidents, including Abwehr personnel after the 20 July plot of 1944, sought refuge in Portugal, although until late 1942 immigration was very restricted.
2.3.1 Neutrality during World War II in Portugal

Nobel Prize winner Maurice Maeterlinck\(^\text{26}\) was in Portugal on the eve of World War II under the protection of Salazar and in 1937 he wrote the introduction to the French translation of a work by the Portuguese politician ("Une revolution dans la paix"). During World War II, Salazar steered Portugal down a middle path. He did not officially side with any of the contenders in the war though a dictator and supporter of the Nationalist Spanish State. Salazar allowed General Sanjurjo,\(^\text{27}\) the rebel leader; to fly from a non-military airport in Portugal and Salazar sent aid to the Nationalists. Salazar initiated the Iberian Pact in 1939.\(^\text{28}\) Indeed, Salazar provided aid to the Allies, letting them use Terceira Island in the Azores as a military base, although he only agreed to this after the alternative of an American takeover by force of the islands was made clear to him by the British. Portugal, particularly Lisbon, was one of the last European exit points to the U.S., and a huge number of refugees found shelter in Portugal, many of them with the help from the Portuguese consul general in Bordeaux, Aristides de Sousa Mendes,\(^\text{29}\) who issued visas against Salazar’s orders. Siding with the Axis would have meant that Portugal would have been at war with Britain, which would have threatened Portuguese colonies, while siding with the Allies might prove to be a threat to Portugal itself. There is some evidence that Spanish dictator Francisco Franco\(^\text{30}\) planned to invade both Portugal and Gibraltar, together with the Nazis if Portugal was to side with the Allies against Spain (in the event that Spain could side with Germany). Portugal continued to export tungsten and other goods to both the Axis (partly via Switzerland) and Allied countries.

In 1945, Portugal had an extensive colonial Empire, including Cape Verde Islands, São Tomé e Principe, Angola (including Cabinda), Portuguese Guinea, and Mozambique in Africa; Goa, Damão (including Dadra and Nagar Haveli), and Diu in India; Macau in China; and Portuguese Timor in South East Asia. Salazar, a fierce integralist, was determined to retain control of Portugal’s territories.

2.3.2 The Post-war Portugal

Salazar wanted Portugal to be relevant internationally, and the country’s overseas provinces made this possible, while Salazar himself refused to be overawed by the Americans. Portugal was the only non-democracy among the founding members of NATO in 1949, which reflected Portugal’s role as an ally against communism during the Cold War. Portugal was offered help from the Marshall Plan because of the aid it
gave to the Allies during the final stages of World War II; aid was initially refused but eventually accepted.

Throughout the 1950s, Salazar maintained the same import substitution approach to economic policy that had ensured Portugal’s neutral status during World War II. The rise of the “new technocrats” in the early 1960s, however, led to a new period of economic opening up, with Portugal as an attractive country for international investment. Industrial development and economic growth would continue all throughout the 1960s. During Salazar’s tenure, Portugal also participated in the founding of OECD and EFTA.

The colonies were under a constant state of disarray after the war. The Indian possessions were the first to fall. After the Indian Union was formed on 15th of August 1947, the nationalists in Goa continued their struggle to join Goa to India. This resulted in a detailed operation which included both civilian and military phases. The civilian phase involved a series of strikes and other protest movements by local people against the administration in Goa. The military phase included the role of the Indian Armed Forces, which invaded Portuguese India and wrested control of Goa, Daman and Diu in Operation Vijay in 1961. The overseas provinces were a continual source of trouble and wealth for Portugal, especially during the Portuguese Colonial War. Portugal became increasingly isolated on the world stage as other European nations with African colonies gradually granted them independence.

In the 1960s, armed revolutionary movements and scattered guerilla activity had reached Mozambique, Angola, and Portuguese Guinea. Except in Portuguese Guinea, the Portuguese army and naval forces were able to effectively suppress most of these insurgencies through a well-planned counter-insurgency campaign using light infantry, militia, and special operations forces. Most of the world ostracized the Portuguese government because of its colonial policy, especially the newly-independent African nations.

At home, Salazar’s regime remained as rigidly authoritarian as ever. He was able to hold onto power with reminders of the instability that had characterized Portuguese political life before 1926. However, these tactics fell on increasingly deaf ears as a new generation was born who had no memory of this instability. In the 1960s, Salazar’s opposition to decolonization and gradual freedom of press created friction with the Franco dictatorship.
Financial stability was Salazar’s highest priority. In order to balance the Portuguese budget and pay off external debts, the dictator instituted numerous taxes. In the meantime, Salazar adopted a policy of neutrality during World War II, taking advantage of this neutrality to simultaneously loan the Base das Lages in the Azores to the Allies and export military equipment and metals to the Axis powers.

2.3.3 Colonialist ideology in Portugal

His reluctance to travel abroad, his increasing stubbornness against delivering the colonies to the Marxist movements endorsed by the Organization of African Unity, his will to fight the so-called “winds of change” sponsored by the superpowers, and his refusal to grasp the impossibility of his regime outliving him, marked the final years of his tenure. “Proudly alone” was the motto of his final decade. For the Portuguese ruling regime, the overseas empire was a matter of national interest.

In order to support his colonial policies, Salazar adopted Gilberto Freyere’s31 notion of ‘Lusotropicalism’, maintaining that since Portugal had been a multicultural, multiracial and ‘pluricontinental’ nation since the fifteenth century, if the country were to be dismembered by losing its overseas territories that would spell the end for Portuguese independence. In geopolitical terms, no critical mass would then be available to guarantee self-sufficiency to the Portuguese State. Salazar had strongly resisted Freyre’s ideas throughout the 1930s, partly because Freyre claimed the Portuguese were more prone than other European nations to miscegenation, and only adopted Lusotropicalism after sponsoring Freyre on a visit to Portugal and its colonies in 1951-2. Freyre’s work “Aventura e Rotina” was a result of this trip.

Salazar was a close friend of Rhodesian Prime Minister Ian Smith.32 After Rhodesia proclaimed its Unilateral Declaration of Independence from Great Britain, Portugal - though not officially recognizing the new Rhodesian state - supported Rhodesia economically and militarily through the neighbouring Portuguese colony of Mozambique until 1975, when FRELIMO33 took over Mozambique after negotiations with the new Portuguese regime which had taken over after the Carnation Revolution. Ian Smith later wrote in his memoirs that had Salazar lasted longer than he did, Rhodesia would still be in existence today, ruled by a moderate black majority government under the name of “Zimbabwe-Rhodesia”.

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2.4 The Nehru India

Nehru had a profound belief in India’s destiny as a moral and stabilizing force in inter-state relations. He had faith in the Indian people and an equally strong hope that their maturity and civilization wisdom would ensure for India an important role in the world. His education in the West, and his exposure to the political movements of Europe in the first three decades of this century, combined with his eclectic sense of history, made him realize that science, technology and economic modernization and development were essential pre-requisites to fulfill the vision of a free India that he had in mind and to which he devoted three-fourths of his life.

Nehru presided over the introduction of a modified, “Indian” version of state planning and control over the economy. Creating the Planning Commission of India, Nehru drew up the first Five Year Plan in 1951, which charted the government’s investments in industries and agriculture. Increasing business and income taxes, Nehru envisaged a mixed economy in which the government would manage strategic industries such as mining, electricity and heavy industries, serving public interest and a check to private enterprise. Nehru pursued land redistribution and launched programmes to build irrigation canals, dams and spread the use of fertilizers to increase agricultural production. He also pioneered a series of Community Development Programs aimed at spreading diverse cottage industries and increasing efficiency into rural India. While encouraging the construction of large dams (which Nehru called the ‘new temples of India’), irrigation works and the generation of hydroelectricity, Nehru also launched India’s programme to harness nuclear energy.

For most of Nehru’s term as prime minister, India would continue to face serious food shortages despite progress and increases in agricultural production. Nehru’s industrial policies, summarized in the Industrial Policy Resolution of 1956, encouraged the growth of diverse manufacturing and heavy industries, yet state planning, controls and regulations began to impair productivity, quality and profitability. Although the Indian economy enjoyed a steady rate of growth, chronic unemployment amidst widespread poverty continued to plague the population. Nehru’s popularity remained unaffected, and his government succeeded to an extent in extending water and electricity supply, health care, roads and infrastructure for India’s vast rural population.

The economic policies of Jawaharlal Nehru have been subject to much controversy in the past few decades. However, it is important to place Nehru’s
economic policies in context for a proper appreciation of his policies. Nehru’s commitment to the cause of India’s development remains unquestioned, and it is no doubt that much of his plans and speculations were jeopardized by the unexpected partition that came along with the independence of India, which brought about an unprecedented fissure in the economic resources of the Indian mainland. Nehru himself confessed that the partition brought about a large share of problems, including a great rift in the agricultural and the industrial sectors. A large portion of the most productive agricultural lands fell in Pakistan whereas the corresponding industries remained in Indian dominion. The problem faced by the Jute industry soon after Independence can be stated as a case in the point. The jute producing areas were in Pakistan whereas the Jute processing factories remained in India, thereby affecting jute productions on both sides of the border.

2.5 Nehru and Salazar

The Liberation of Goa also known as the Invasion of Goa or Portuguese-Indian War, codenamed Operation Vijay by the Government of India, was the Indian Armed Forces action that ended Portuguese rule in its Indian enclaves in 1961. The armed action, involving air, sea and land strikes for over 36 hours, ended 451 years of Portuguese colonial rule in Goa. Fourteen Indians and thirty one Portuguese were killed in the fighting. The brief war drew a mixture of worldwide praise and condemnation. In India, the action was seen as liberation while Portugal viewed it as aggression.

Goa, Daman, Diu, and Dadra and Nagar Haveli had been Portuguese Colonies since the 16th century. After having won independence from the British Empire in 1947, the Republic of India, under the leadership of Prime Minister Jawaharlal Nehru entered into talks with the government of Portugal, led by dictator Antonio de Oliveira Salazar, for the peaceful hand over of all colonial enclaves held by the Portuguese on the Indian subcontinent. Diplomatic efforts towards this goal by the Indian government failed due to the anti-decolonization policies of the Portuguese government, leading to enmity between the two countries. India attempted to use its position in the Non Alignment Movement to gain support for its demands, while Portugal, as a founding member of NATO attempted to seek support amongst western nations, as well as with India’s rivals, Pakistan and China.
In Goa, popular support had been built up against Portuguese colonial rule by civil leaders like Ram Manohar Lohia who advocated the use of non-violent Gandhian techniques to oppose the government. A major popular protest against colonial rule on the 18 June 1946 was suppressed by the Portuguese. Similarly, in 1954, the Portuguese used force to put down an attempt by non-violent Satyagrahi activists to march into Goa. A similar and simultaneous effort in Dadra and Nagar Haveli was successful, however, and it was incorporated into the Indian Union on July 21, 1954. The Portuguese followed their actions up with a purge of supporters of independence, many of whom were jailed. This action led to the closure of the Indian Consulate in the city of Panjim in Goa in 1955 and the imposition of economic sanctions against Portuguese held territories.

In addition to nonviolent protests, several armed groups such as the Azad Gomantak Dal (The Free Goa Party) and the United Front of Goans conducted guerilla operations against the Portuguese in Goa. These organizations – along with Indian volunteers – were also involved in the liberation of Dadra and Nagar Haveli from Portuguese rule in 1954. In 1957, The Indian army deployed anti aircraft batteries near the Daman and Diu airfields and threatened to shoot down any aircraft that strayed into Indian airspace whilst taking off or landing at the newly built airports at these locations. By October 1961, the decision was taken to use military force to oust the Portuguese from their Indian enclaves, and accordingly military resources were allocated for Operation Vijay.

On 24 November 1961, the Sabarmati, a passenger boat passing between the Portuguese held island of Anjidiv and the Indian port of Kochi, was fired upon by Portuguese ground troops, resulting in injuries to the chief engineer of the boat, as well as the death of a passenger. The action was precipitated by Portuguese fears that the boat carried military landing team intent on storming the island. A Portuguese investigation into the matter revealed that the boat had also been fired upon seven days earlier, when it accidentally strayed into Portuguese waters. The incidents lent themselves to foster widespread public support in India for military action in Goa.

On receiving the go-ahead for military action and the mandate of the capture of all occupied territories for the Indian Government, Lt. Gen. Chaudhari of India’s Southern Army fielded the Seventeenth Infantry Division and the 50th Para Brigade commanded by Major General K.P.Candeth. The assault on the enclave of Daman was assigned to the 1st Maratha Light Infantry while the operations in Diu were
assigned to the 20th Rajput and 4th Madras battalions. Meanwhile, The Commander in Chief of India's Western Air Command, Air Vice Marshal Erlic Pinto, was appointed as the commander of all air resources assigned to the operations in Goa. Air resources for the assault on Goa were concentrated in the bases at Pune and Sambra.

The Indian navy deployed two war-ships: the INS Rajput, an ‘R’ Class destroyer, and the INS Kirpan a Blackwood class anti-submarine frigate off the coast of Goa. The actual attack on Goa was delegated to four task groups: a Surface Action Group comprising five ships: Mysore, Trishul, Betwa, Beas and Cauvery; a Carrier Group of 5 ships: Delhi, Kuthar, Kirpan, Khukri and Rajput centred around the light aircraft carrier Vikrant; a Mine Sweeping Group consisting of mine sweepers including Karwar, Kakinada, Cannonore and Bimilipatan and a Support Group which consisted of the Dharini.

Portugal’s prime-minister, Antonio de Oliveira Salazar, alarmed by India’s hinted threats at armed action against its presence in Goa, first asked the United Kingdom to mediate, then protested through Brazil and eventually asked the UN Security Council to intervene. Meanwhile on 6 December, Mexico offered the Indian Government its influence in Latin America to bring pressure on the Portuguese to relieve tensions. Meanwhile, India’s defense minister, Krishna Menon, and head of India’s UN delegation stated in no uncertain terms that India had not “abjured the use of force” in Goa, and went on to link Goa to Angola, condemning Portugal’s anti decolonization policies in both cases. Indian forces were, at the time, serving in Congo as part of a UN operation and had been involved in the fighting. American diplomatic initiatives to prevent an armed conflict in India had to balance its relationship with India, as well as its NATO alliance with Portugal, as well as dispel the idea that such initiatives were being made under pressure from the Portuguese Government, while avoiding any NATO involvement in the issue.

The US government stopped short of suggesting self determination for the people of Goa, as this, they realized, would be needed to apply to all other Portuguese holdings worldwide, and would damage US-Portugal relations. American ambassador to India, John Kenneth Galbraith requested the Indian Government on several occasions to resolve the issue peacefully through mediation and consensus rather than armed conflict. Indian Prime Minister Jawaharlal Nehru postponed the invasion of Goa and expressed his willingness to come to the negotiating table, on the condition
that Portugal first announced its intentions to withdraw from Goa. This condition was however rejected by the Portuguese as contrary to the spirit of a negotiation.

President John F. Kennedy, in a message to Nehru, argued that if India used force against Goa, this, along with its military presence in Congo would make an otherwise Gandhian nation look belligerent. On 8 December, C.S. Jha, India’s delegate at the United Nations Security Council expressed India's disregard forinternational pressure by stating: "(The invasion of Goa) is a question of getting rid of the last vestiges of colonialism in India. That is a matter of faith with us. Whatever anyone else may think Charter or no Charter, Council or no Council, that is our basic faith which we cannot afford to give up at any cost. On December 14, Acting U.N. Secretary-General U. Thant addressed identical letters to Indian Prime Minister Nehru and Portuguese Prime Minister Antonio Salazar. He urged them to “ensure that the situation does not deteriorate to the extent that it might constitute a threat to peace and security,” and to enter into negotiations to seek a solution to the problem.

Eventually on 10 December, nine days prior to the invasion, Nehru stated to the press that “Continuance of Goa under Portuguese rule is impossibility”. America’s response was to warn India that if and when India’s armed action in Goa was brought to the UN Security Council, it could expect no support from the US delegation.

Portuguese Prime Minister António de Oliveira Salazar, sent the following message to Governor General Vassalo e Silva in Goa on 14 December, in which he ordered the Portuguese forces in Goa to fight till the last man. Radio 816 / Lisbon 14 December 1961:

‘You understand the bitterness with which I send you this message. It is horrible to think that this may mean total sacrifice, but I believe that sacrifice is the only way for us to keep up to the highest traditions and provide service to the future of the Nation. Do not expect the possibility of truce or of Portuguese prisoners, as there will be no surrender rendered because I feel that our soldiers and sailors can be either victorious or dead. These words could, by their seriousness, be directed only to a soldier of higher duties fully prepared to fulfill them. God will not allow you to be the last Governor of the State of India.’
In accordance with Prime Minister Salazar’s instructions to resist the Indian invasion, the Portuguese administration in Goa prepared for war. Four Portuguese Navy frigates the NRP *Afonso de Albuquerque*, the NRP *Bartolomeu Dias*, the NRP *João de Lisboa* and the NRP *Gonçalves Zarco* were deployed to patrol the waters of the three enclaves of Goa, Daman and Diu. These were each armed with four 120 mm guns capable of two shots per minute, and four automatic rapid firing guns. In addition to these frigates, there were five merchant navy ships in Goa, as well as several patrol boats (Lancha de Fiscalização). Eventually only the *Afonso de Albuquerque* saw action against Indian naval units, the other ships having fled before commencement of hostilities.

Portuguese ground defenses consisted of approximately 3,300 European infantry troops and about 900 native soldiers, many of whom had little military training and were utilized primarily for security and anti-terrorist operations. In addition there were about 2,000 police officers. The strategy employed to resist Indian invasion was centred on the *Plano Sentinela* which called for the concentration of all defenses in the port town of Mormugao, and the *Plano de Barragens* which envisaged the demolishing of all bridges and links to delay the invading army, as well as the mining of approach roads and beaches. However these plans were unviable due to the desperate shortage of mines and ammunition. The Portuguese air presence in Goa was limited to the presence of two transport aircraft, one belonging to the Portuguese international airlines (TAP) and the other to the Portuguese India Airlines (TAIP): a Lockheed Constellation and a DC-6 aircraft - in addition to other small aircraft. The Indians believed that the Portuguese had a squadron of F-86 Sabres stationed at Dabolim Airport - which later turned out to be false intelligence. Air defense was limited to a few obsolete anti aircraft guns manned by two artillery units who had been smuggled into Goa disguised as Soccer Teams. *Time* carried a report on the conflict where it mentioned that if Goa was attacked, Great Britain was duty bound by a six hundred year old treaty to assist the Portuguese with “troops, archers, slingers, galleys sufficiently armed for war”. However, no offer was made by any nation to provide military assistance for the defense of Goa.

The military buildup created panic amongst Europeans in Goa, who were desperate to evacuate their families before the commencement of hostilities. On 9 December, the vessel *India* arrived at Goa’s Mormugao port end route to Lisbon from
Timur. Despite orders from the Portuguese government in Lisbon not to allow anyone to embark on this vessel, the Governor General of Goa, Manuel Vassalo e Silva, allowed 700 Portuguese civilians of European origin to board the ship and flee Goa. The ship had had capacity for only 380 passengers, and was filled to its limits, with refugees occupying even the ship’s toilets. On arranging this evacuation of women and children, Vassalo e Silva remarked to the press, “If necessary, we will die here.” The evacuation of civilians and military officials has continued by air even after the commencement of Indian air strikes.

Indian Reconnaissance operations had commenced on 1 December, when two Indian Leopard Class Frigates, the INS Betwa and the INS Beas, undertook linear patrolling of the Goan coast at a distance of 8 miles (13 km). By 8 December, the Indian Air Force had commenced baiting missions and fly-bys to lure out Portuguese air defenses and fighters, but to no avail. The Indian light aircraft carrier INS Vikrant was deployed 75 miles (121 km) off the coast of Goa to counter any air offensive from the Portuguese Air Force, as well as to deter any foreign military intervention. The mandate handed to Air Vice Marshal Erlic Pinto by the Indian Air Command was listed out as follows:

1. The destruction of Goa’s lone airfield in Dabolim, without causing damage to the terminal building and other airport facilities.
2. Destruction of the wireless station at Bambolim, Goa.
3. Denial of airfields at Daman and Diu, which were, however, not to be attacked without prior permission.
4. Support to advancing ground troops.

The first Indian raid was conducted on 18 December on the Dabolim Airfield and was in the form of 12 Canberra aircraft led by Wing Commander N.B. Menon. The raid resulted in the dropping of 63,000 pounds of explosives within minutes, rendering the runway unusable. In line with the mandate given by the Air Command, structures and facilities at the airfield were left undamaged. The second Indian raid was conducted on the same target by eight Canberra aircraft led by Wing Commander Surinder Singh, which again left the airport’s terminal and other buildings untouched. Two transport aircraft - a Lockheed Constellation and a DC-6 belonging to the Portuguese international airline TAP - which were parked on the apron were supposed
to be spared per the given mandate. However the Constellation suffered some damage during the raids, rendering it unusable. A third Indian raid was carried out by six Hawker Hunters and was targeted at the wireless station at Bambolim, which was successfully attacked with a combination of rockets and gun cannon ammunition. On the night of the 18th December, the Portuguese used the undamaged TAIP, DC-6 to evacuate the families of some government and military officials as well as the gold reserves of Goa’s Banco Nacional Ultramarino, in spite of the heavily damaged runway. The aircraft, piloted by TAP’s Major Solano de Almeida, used the cover of night and a very low altitude to break through Indian aerial patrols and escape to Karachi, Pakistan. The mandate to support ground troops was served by the No. 45 squadron of de Havilland Vampires which patrolled the sector but did not receive any requests into action. In an incident of friendly fire, two Vampires fired rockets into the positions of the second Sikh Light Infantry injuring two soldiers, while elsewhere, an Indian Harvard was attacked by friendly ground troops and sustained nominal damage.

In the Daman sector, Indian Mysteres flew 14 sorties, continuously harassing Portuguese artillery positions. In the Diu Sector, the Indian commander in charge of air resources based at the Jamnagar base lost contact with his HQ, and ordered an all out attack on the airfield here in spite of the mandate prohibiting this unless prior permission was received. An initial raid at 1100 hours of four Toofani aircraft each armed with 1000 pounds of munitions was called off after the leader mistook white sheets hanging near the airfield for surrender flags. A second raid of two Toofanis similarly armed attacked the airfield runways at 1400 hours and this was followed closely by a third raid of four Toofanis which destroyed the control tower, wireless station and the meteorological station. As per prior plans, the Indian Air Command ordered a double wave attack of 16 Canberra aircraft from the Pune air base, but called this off because friendly ground troops were near the target areas. The Portuguese forces trapped in Diu tried to escape the siege in a fast patrol boat, but were intercepted by four Indian Vampire aircraft and sunk. In the absence of any Portuguese air presence, Portuguese ground based anti-aircraft units attempted to offer resistance to the Indian raids, but were overwhelmed and quickly silenced, leaving complete air superiority to the Indians. In later years, commentators have maintained that India’s intense air strikes against the airfields were uncalled-for, since none of the targeted airports had any military capabilities and did not cater to any
military aircraft. As such, the airfields were defenseless civilian targets. To this day, the Indian navy continues to control the Dabolin Airport, although this is now used as a civilian airport as well.

The Indian Naval Command assigned the task of securing the island of Anjidiv to the INS *Trishul* and the INS *Mysore*. Under covering fire from the ships, Indian marines under the command of Lt. Arun Auditto stormed the island at 1425 hours on the 18th of December, and engaged the Portuguese defenders. The Portuguese ceased fire, and raised a white flag (it is believed in some quarters that the “white flag” was in fact bed-sheets drying in the windows, which the Indian army mistook for a white flag of surrender), thus luring the Indian marines out of their cover, before opening fire again. The Indian marines lost seven killed and nineteen wounded. Among the wounded were two officers. The Portuguese defenses were eventually overpowered after a fierce barrage of shells from the Indian ships and the island was secured by the Indians at 1400 hours on the next day.

On the morning of 18 December, the Portuguese frigate NRP Afonso de Albuquerque was anchored off Mormugao Harbour. Three other Portuguese frigates had already fled the waters before being challenged by the Indian Navy, leaving the *Afonso* as Goa’s sole naval defence. Besides engaging Indian naval units, the *Afonso* was also tasked with providing a coastal artillery battery for the defence of the harbour and adjoining beaches, as well as providing vital radio communications with Lisbon after on-shore radio facilities had been destroyed in Indian air-strikes. At 0900 hours, three Indian frigates led by the INS *Betwa* took up position off the Harbour, awaiting orders to attack the *Afonso* and secure sea access to the port. At 1200 hours, upon receiving its clearance from HQ, the INS *Betwa*, accompanied by the INS *Beas* entered the harbour and opened fire on the *Afonso* with their 4.5” guns, which in turn returned fire with its 120 mm guns. Besides being outnumbered by the Indians, the *Afonso* was also at a severe disadvantage since it was in a confined position that restricted its maneuverability, and also because it’s four 120 mm guns were capable of a mere two rounds a minute, as compared to the 60 rounds per minute cadence of the guns aboard the Indian frigates. A few minutes into the exchange of fire, the *Afonso* took a direct hit in its control tower, killing its radio officer and severely injuring its Commander, Captain António da Cunha Aragão, after which the First Officer Pinto da Cruz took command of the vessel. At 1235, faced with the destruction of the ship's
propulsion system under continuous fire from the Indian frigates, a white flag of surrender was hoisted. The flag, however, coiled itself around the mast and as a result was not spotted by the Indians who continued their barrage. Eventually at 1250 hours, after having fired nearly 400 rounds at the Indians, and having taken severe damage, the order was given to initiate the abandonment of the ship. Under heavy fire, directed both at the ship as well as at the coast, the crew of the *Afonso* along with their injured commander made their way ashore, after which the commander was transferred by car to medical facilities at Panjim. The rest of the unit was taken prisoner by the Indians at 1300 hours.

As a gesture of goodwill, the commanders of the INS *Betwa* and the INS *Beas* later visited Captain Aragão as he lay recuperating in bed at Panjim. The *Afonso* lay grounded at the beach near Dona Paula, until 1962 when it was towed to Bombay and sold for scrap. Parts of the ship were recovered and are on display at the Naval Museum in Bombay. At 0400 hours, a Portuguese patrol boat *Vega* encountered an Indian cruiser around 12 miles (19 km) off the coast of Diu, and was attacked with heavy machine gun fire. Taking no casualties and minimal damage, the boat managed to withdraw to the port at Diu. At 0700 hours, news was received that the Indian invasion had commenced, and the commander of the *Vega*, Second Lt Oliveira e Carmo was ordered to sail out and fight until the last round of ammunition. At 0730 hours the crew of the *Vega* spotted two Indian aircraft on patrol missions and opened fire on them with the ship’s 20 mm gun. In retaliation the Indian aircraft attacked the *Vega* twice, killing the captain and the gunner and forcing the rest of the crew to abandon the boat and swim ashore, where they were later taken prisoner.

Like the *Vega* in Diu, the patrol boat *Antares* at Daman under the command of Second Lt. Abreu Brito was ordered to sail out and fight the imminent Indian invasion. The boat stayed in position from 0700 hours on 18 December and remained a mute witness to repeated air strikes followed by ground invasion until 1920 hours when it lost all communications with land. With all information pointing to total occupation of all Portuguese enclaves in India, Lt. Brito attempted to save his crew and boat by escaping to Karachi in Pakistan. The boat traversed 530 miles (850 km), escaping detection by Indian forces to arrive at Karachi at 2000 hours on 20 December.

The target of the Indian ground attack in Goa was the securing of the capital town of Panjim as well as the harbour of Mormugao and the airport at Dabolim, and
was a task assigned to the Seventeenth Infantry Division under Major Gen. KP Candeth, and the 50 Para Brigade - one of the Indian army's most elite airborne units - under Brigadier Sagat Singh. Although the 50 Para Brigade also called the Pegasus Brigade, was charged with merely assisting the main thrust conducted by the 17th Infantry, its units moved rapidly across minefields, roadblocks and four riverine obstacles to be the first to reach Panjim. On the morning of 18 December, the 50 Para Brigade moved into Goa in three columns.

1. The eastern column comprised the Maratha advanced via the town of Ponda in central Goa.
2. The central column consisting of the 1st Para Punjab advanced via the village of Banastari.
3. The western column - the main thrust of the attack - comprised the Second Sikh Light Infantry as well as an armored division which crossed the border at 0630 hours in the morning and advanced along Tivim.

The western column, facing no resistance, reached the town of Betim at 1700 hours, just a five hundred meter wide river crossing away from Panjim, the capital town. In the absence of orders, the units set camp at Betim and proceeded to secure areas up and down the riverfront. The order to cross the river was received on the morning of the 19 December, upon which two rifle companies advanced on Panjim at 0730 hours and secured the town without facing any resistance. On orders from Brigadier Sagat Singh, the troops entering Panjim removed their steel helmets and donned the Parachute Regiment’s maroon berets. As the men marched into the town, they were welcomed as liberators by the locals. Meanwhile, in the east, the Sixty Third Indian Infantry Brigade advanced in two columns. The right column comprising the Second Bihar and the left column consisting of the Third Sikh linked up at the border town of Mollem and then advanced upon the town of Ponda taking separate routes. By night fall, the Second Bihar had reached the town of Candeapur, while the 3rd Sikh had reached Darbondara. Although neither column had encountered any resistance, their further progress was hampered because all bridges spanning the river had been destroyed.

The rear battalion comprised the 4th Sikh Infantry, which reached Candeapur in the small hours of the 19 December, and not to be bogged down by the absence of
the bridge, waded across the river in chest high water to reach Margao, the administrative centre of Southern Goa - by 1200 hours. From here, the column advanced on the harbour of Mormugao. En route to this target, the column encountered armed resistance from a unit of the Portuguese Army at the village of Verna, where it was joined by the Second Bihar. The 500 strong Portuguese units at Verna surrendered at 1530 hours after a fierce resistance, and the 4th Sikh then proceeded to Mormugao and Dabolim Airport, where the main body of the Portuguese army awaited the Indians.

A decoy attack was staged south of Margao by the Fourth Rajput Company to mislead the Portuguese. This column overcame minefields, roadblocks and demolished bridges, and eventually went on to help secure the town of Margao. The expected defense of Mormugao never occurred, and the Portuguese troops holed up at the harbour surrendered without a fight in a formal ceremony at 2030 hours on December 19. The advance on the enclave of Daman was conducted by the First Maratha Light Infantry in a pre dawn operation on the 18th of December. By 1700 hours, in the absence of any resistance, the Indians had managed to occupy most of the territory; with the exception of the airfield where the Portuguese were making their last stand. The Indians assaulted the airfield the next morning upon which the Portuguese surrendered at 1100 hours without a fight. Approximately six hundred Portuguese soldiers were taken prisoner.

Diu was attacked on 18 December from the North West along Kob Forte by two companies of the Twentieth Rajput and from the northeast along Amdepur by the Rajput B Company with the capture of the Diu Airfield being the primary objective. Whereas the Twentieth Rajput was bogged down in their assault by the well entrenched machine gun positions of the Portuguese, the B Company was able to advance under heavy artillery cover and take the town of Gogal. The constant barrage of artillery fire as well as continuous air strikes eventually led to the surrender of the Portuguese garrison later that day. The Indians suffered 4 dead and 14 wounded, while the Portuguese suffered 10 dead and 2 wounded. On 19 December, the Fourth Madras C Company landed on the island of Panikot off Diu and accepted the surrender of a small troop of 13 Portuguese soldiers there.

By the evening 19 December, most of Goa had been taken over by advancing Indian infantry forces, and a large party of more than two thousand Portuguese soldiers had taken position at the port town of Vasco Da Gama. Per the Portuguese
strategy code named ‘Plano Sentinela’ the defending forces were to make their last stand at the harbour, holding out against the Indians until Portuguese naval reinforcements could arrive. Orders delivered from the Portuguese President called for a scorched earth policy that Goa was to be destroyed before it was given up to the Indians. Commentators have argued that Salazar wanted to sacrifice his troops in Goa, in order to attract international condemnation of India’s invasion of Goa. Despite these, Governor General Manuel Antonio Vassalo e Silva took stock of the numerical superiority of the Indian troops, as well as the food and ammunition supplies available to his forces and took the decision to offer surrender. He later described his orders to destroy Goa as "um sacrificio inútil" (a useless sacrifice). In a communication to all Portuguese forces under his command, he stated, “Having considered the defense of the Peninsula of Mormugao… from aerial, naval and ground fire of the enemy and … having considered the difference between the forces and the resources… the situation does not allow myself to proceed with the fight without great sacrifice of the lives of the inhabitants of Vasco da Gama, I have decided with … my patriotism well present, to get in touch with the enemy … I order all my forces to cease-fire.”

The official Portuguese surrender was conducted in a formal ceremony held at 2030 hours on the 19th of December when Governor General Manuel António Vassalo e Silva signed the instrument of surrender bringing to an end 451 years of Portuguese Rule in Goa. In all, approximately three thousand three hundred and six Portuguese servicemen surrendered and were taken prisoner by the Indians. Upon the surrender of the Portuguese governor general, Goa, Daman and Diu was declared a federally administered Union Territory placed directly under the President of India, and Maj. Gen. K. P. Candeth was appointed as its military governor. The war had lasted two days. India lost thirty four killed and fifty one wounded. Portugal lost thirty one killed, fifty seven wounded, and three thousand three hundred and six captured. On 18 December, even as Indian forces were rolling into Goa, a special emergency session of the United Nations Security Council was convened at the request of the Portuguese Government. At the meeting, called to consider the Indian invasion of Portuguese territories in Goa, Daman and Diu, Adlai Stevenson, the US representative to the UN, criticized the Indian military action. He then submitted a draft resolution that called for a cease fire, a withdrawal of all Indian forces from Goa, and the resumption of negotiations. This resolution was co-sponsored by France, UK and Turkey, but failed after the Soviet Union, India’s long time cold war ally, exercised its
veto. Upon receiving news of the fall of Goa, the Portuguese government formally severed all diplomatic links with India and refused to recognize the incorporation of the seized territories into the Indian Republic. An offer of Portuguese citizenship was instead made to all Goan natives who wished to immigrate to Portugal than remain under Indian rule. This was amended in 2006 to include only those who had been born before 19 December 1961. Later, in the show of defiance, Salazar's government placed a reward of US$10,000 for the capture of Brigadier Sagat Singh, the commander of the maroon berets of India’s parachute regiment who were the first troops to enter Panjim, Goa’s capital.

Relations between India and Portugal thawed only in 1974, when, following a military coup d’etat and the fall of the ‘authoritarian corporatist rule in Lisbon, Goa was finally recognized as part of India, and steps were taken to re-establish diplomatic relations with India. In 1992, Portuguese President Mario Soares became the first Portuguese Head of the State to visit Goa after its annexation by India. This followed Indian President R. Venkataraman’s visit to Portugal in 1990. Following their surrender, the Portuguese soldiers were interned by the Indian Army at their own military camps and were kept under harsh conditions which included sleeping on cement floors and hard manual labour. By January 1962, most POWs had been transferred to the newly established detainees’ camp at Ponda where conditions were substantially better. In one incident, recounted by Lt. Francisco Cabral Couto (now retired general), an attempt was made by some of the prisoners to escape the camp. The attempt was foiled, and the officers in charge of the escapees were threatened with court martial and execution by the Indians. This situation was defused by the timely intervention by a Jesuit military chaplain. By May 1962, most of the POWs had been repatriated being first flown to Karachi, and then sent off to Lisbon by ship. On arrival in Lisbon, returning Portuguese servicemen were taken into custody by military police without access to their families who had arrived to receive them. Following intense questioning and interrogations, the officers were charged with direct insubordination on having refused to comply with directives not to surrender to the Indians. On 22 March 1963, a list of convicted men was released who were dishonourably dismissed from service. Ex-Governor Manuel António Vassalo e Silva was greeted with a hostile reception when he returned to Portugal. He was subsequently court martialed for failing to follow orders and was sent into exile. He returned to Portugal only in 1974, after the fall of the regime, and was given back his
military status. He was later able to conduct a state visit to Goa, where he was given a warm reception.

2.6 International reaction to the capture of Goa

“The casualties were minimum. I am in favour of all wars being like the war between India and Portugal - peaceful and quickly over!” - J. K. Galbraith, former US ambassador to India. The United States’ official reaction to the invasion of Goa was delivered by Adlai Stevenson in the UN Security Council, where he condemned the armed action of the Indian Government and demanded that all Indian forces be unconditionally withdrawn from Goan soil. To express its displeasure with the Indian action in Goa, the US Senate Foreign Relations Committee attempted, over the objections of President John F. Kennedy, to cut the 1962 foreign aid appropriation to India by 25 percent. Referring to the perception, especially in the West, that India had previously been lecturing the world about the virtues of nonviolence, US President Kennedy told the Indian ambassador to the US, “You spend the last fifteen years preaching morality to us, and then you go ahead and act the way any normal country would behave.... People are saying, the preacher has been caught coming out of the brothel.” In an article titled "India, The Aggressor", The New York Times on 19 December 1961, stated “With his invasion of Goa Prime Minister Nehru has done irreparable damage to India’s good name and to the principles of international morality.” Life International, in its issue dated 12 February 1962, carried an article titled “Symbolic pose by Goa’s Governor” in which it expressed its vehement condemnation of the military action.

The head of state of Soviet Union, Leonid Brezhnev, who was touring India at the time of the invasion, made several speeches applauding the Indian action. In a farewell message, he urged Indians to ignore western indignation as it came “from those who are accustomed to strangle the peoples striving for independence... and from those who enrich themselves from colonialist plunder”. Nikita Krushchev, the de facto Soviet leader, telegraphed Nehru stating that there was “unanimous acclaim” from every Soviet citizen for “Friendly India”. The USSR had earlier vetoed a UN Security Council resolution condemning the Indian invasion of Goa.

In an official statement, released long after the action in Goa, Peking stressed the support of the Chinese government for the struggle of the people of Asia, Africa and Latin America against “imperialist colonialism”. China neither condemned nor
applauded the invasion, despite Portuguese rule of Macau, as at the time, it was enjoying cordial relations with India, although the Sino-Indian War would begin only months later. The Japanese Government initially reserved its official comment on the annexation of Goa, over concern about Japanese business investments and contracts in Goa’s lucrative iron-ore industry. A communication was later released mildly condemning the armed action of the Indians and calling for a peaceful end to conflicts.

In a letter to the US President on 2 January 1962, the Pakistani President General Ayub Khan stated: “My Dear President, The forcible taking of Goa by India has demonstrated what we in Pakistan have never had any illusions about--that India would not hesitate to attack if it were in her interest to do so and if she felt that the other side was too weak to resist.”

Before the invasion the press speculated about international reaction to military action and recalled the recent charge by African nations that India was “too soft” on Portugal and was thus “dampening the enthusiasm of freedom fighters in other countries”. Many African nations - themselves former European colonies - reacted with delight to the capture of Goa by the Indians. Radio Ghana termed it as the “Liberation of Goa” and went on to state that the people of Ghana would “long for the day when our downtrodden brethren in Angola and other Portuguese territories in Africa are liberated.” Adelino Gwambe, the leader of the Mozambique national Democratic Union stated: “We fully support the use of force against Portuguese butchers.”

In December 1961, just days prior to the annexation of Goa by Indian troops, the Vatican appointed Dom Jose Pedro da Silva, a Portuguese priest as the auxiliary bishop of Goa, and granted him the right to succeed as the Patriarch of the Church in Goa. Although the Vatican did not voice its reaction to the annexation of Goa, it delayed the appointment of a native head of the Goan Church until the inauguration of the Vatican Council II in Rome, when Msgr Francisco Xavier da Piedade Rebelo was consecrated as the Bishop of Goa. Simultaneously, the Church in Goa was placed under the patronage of the Cardinal of India and its links with the Church in Portugal were severed.

2.7 Conclusion
Following the action in Goa the Portuguese Government ordered the internment of all Indians living in Portuguese overseas territories and freezing of their assets and
property. According to British and American newspapers about twelve thousand Indian nationals were believed to be residents of Portuguese territories, the majority of them in Mozambique and Macao. Indian newspapers gave the number about three thousand and five hundred. So the period between 1945 and 1991 the Indo-Portugal relation was not at all very pleasing but of problems and tensions. Both of the countries had to face political, economic, social and cultural turmoil during this period of time. But in 1991 to 2007 India and Portugal both the countries gained some kind of stability and the relationship became much more diplomatic and practical.
Notes and References

1. The Russian Revolution of 1917 refers to a series of popular revolutions in Russia, and the events surrounding them. These revolutions had the effect of completely changing the nature of society within the Russian Empire and transforming the Russian state, which ultimately led to the replacement of the old Tsarist autocracy with the Soviet Union.

2. Second World War was a global military conflict which involved a majority of the world’s nations, including all of the great powers, organized into two opposing military alliances: the Allies and the Axis. The war involved the mobilization of over 100 million military personnel, making it the most widespread war in history. In a state of “total war” the major participants placed their complete economic, industrial, and scientific capabilities at the service of the war effort, erasing the distinction between civilian and military resources. Over 70 million people, the majority of them civilians, were killed, making it the deadliest conflict in human history.

3. Sir Isaiah Berlin was a philosopher and historian of ideas, regarded as one of the leading liberal thinkers of the twentieth century. He excelled as an essayist, lecturer and conversationalist; and as a brilliant speaker who delivered, rapidly and spontaneously, richly allusive and coherently structured material, whether for a lecture series at Oxford University or as a broadcaster on the BBC Third Programme, usually without a script. Many of his essays and lectures.

4. There is a line among the fragments of the Greek poet Archilochus which says: ‘The fox knows many things, but the hedgehog knows one big thing’. Scholars have differed about the correct interpretation of these dark words, which may mean no more than that the fox, for all his cunning, is defeated by the hedgehog’s one defense.

5. The Carnation Revolution Revolução dos Cravos, in Portuguese also referred to as the 25 de Abril, was a left-leaning military coup started on April 25, 1974, in Lisbon, that effectively changed the Portuguese regime from an Authoritarian dictatorship to a democracy.

6. Rerum Novarum meaning ‘Of New Things’ is an encyclical issued by Pope Leo XIII on May 15, 1891. It was an open letter, passed to all Catholic bishops that addressed the condition of the working classes. The encyclical is entitled:
“Rights and Duties of Capital and Labour”. Wilhelm Emmanuel von Ketteler and Henry Edward Cardinal Manning were influential in its composition.

7. Quadragesimo Anno is an encyclical by Pope Pius XI, issued 15 May, 1931, 40 years after Rerum Novarum. Unlike Leo, who addressed the condition of workers, Pius XI discusses the ethical implications of the social and economic order. Pius XI calls for the reconstruction of the social order based on the principle of solidarity and subsidiarity. He notes major dangers for human freedom and dignity, arising from unrestrained capitalism and totalitarian communism.

8. The constitution of 1976 was preliminary drafted and largely completed in 1975, then finished and officially promulgated in early 1976. At the time the constitution was being drafted, a democratic outcome was still uncertain in the midst of the revolution. Even after a leftist coup had been put down in November 1975, it was not known if the armed forces would respect the assembly and allow work on the constitution to go forward. The Movimento das Forças Armadas (MFA, English: Armed Forces Movement)) and leftist groups pressured and cajoled the assembly, and there was much discussion of establishing a revolutionary and socialist system of government. Moreover, not all of the assembly's members were committed to parliamentary democracy. The membership was intensely partisan, with some 60 percent of the seats occupied by the left.


10. António de Fragoso Carmona, was the tenth President of Portugal, having been Minister of War in 1923 and then General Dictator of Portugal. Carmona saw his chance of rising in power after the Revolution of the 28th May 1926. A series of temporary rulers were elected by the militars, with the first, Mendes Cabeçadas being succeeded by Gomes da Costa, and then Carmona. In 1927 Carmona appointed Prof.Salazar as Minister of Finances. Impressed by Salazar's abilities, Carmona made Salazar President of the Council in 1932. As a result of this Salazar was now superior to Carmona. In 1933, with a new constitution of the “Estado Novo” in force, Carmona was finally made President of Portugal.

12. The European Free Trade Association ((EFTA) i.e. *Association européenne de libre-échange* (AELE)) in French was established on 3 May 1960 as a trade bloc-alternative for European states who were either unable to, or chose not to, join the then-European Economic Community (EEC) (now the European Union (EU)). The EFTA Convention was signed on 4 January 1960 in Stockholm by seven States. Today only Iceland, Norway, Switzerland, and Liechtenstein remain members of EFTA (of which only Norway and Switzerland are founding members). The Stockholm Convention was subsequently replaced by the Vaduz Convention.

13. The General Agreement on Tariffs and Trade (GATT) was the outcome of the failure of negotiating governments to create the International Trade Organization (ITO). GATT was formed in 1947 and lasted until 1994, when it was replaced by the WTO. The Bretton Woods Conference had introduced the idea for an organization to regulate trade as part of a larger plan for economic recovery after World War II. As governments negotiated the ITO, 15 negotiating states began parallel negotiations for the GATT as a way to attain early tariff reductions. Once the ITO failed in 1950, only the GATT agreement was left. The GATT’s main objective was the reduction of barriers to international trade. This was achieved through the reduction of tariff barriers, quantitative restrictions and subsidies on trade through a series of agreements. The GATT was a treaty, not an organization although a small secretariat occupied what is today the Centre William Rappard in Geneva, Switzerland. The functions of the GATT were taken over by the World Trade Organization which was established during the final round of negotiations in early 1990s.

14. The International Monetary Fund (IMF) is an international organization that oversees the global financial system by following the macroeconomic policies of its member countries; in particular those with an impact on exchange rates and the balance of payment. It is an organization formed to stabilize international exchange rates and facilitate development. It also offers highly leveraged loans mainly to poorer countries. Its headquarters are located in Washington D.C., USA.
15. The World Bank is an international financial institution that provides leveraged loans to developing countries for capital programs (e.g. dams) with the stated goal of reducing poverty.

16. Valentina Xavier Pintado’s *Structure and Growth of the Portuguese Economy*, published by the European Free Trade Association, is the definitive study of the economy during the early Salazar period.


18. Caminhos de Ferro Portugueses (CP; English: Railways of Portugal) is the name of the state railway company in Portugal. Since 2004, the company uses Comboios de Portugal as the brand name.

19. TAP Portugal, commonly known as TAP, is the national airline of Portugal. It is based in Lisbon, (Portela Airport), and has been a member of Star Alliance since 2005, the same day on which the company celebrated its 60th anniversary. Its hub in Lisbon is a key European gateway at the crossroads of Africa, North America and South America. TAP’s network comprises 65 destinations in 30 countries. TAP operates over 1,600 weekly flights with a fleet of 53 Air Bus aircraft, with 16 more aircraft servicing PGA.

20. General Antonio Oscar de Fragoso Carmona (1869–1951), Portuguese general. One of the leaders of the military coup that overthrew the democratic regime in 1926, Carmona served (1926–28) as head of the provisional government. Elected president in 1928, Carmona won (1935, 1942, 1949) each successive election, but real power in the new dictatorial regime that was gradually established was held after 1928 by António de Oliveira Salazar.

21. The Spanish Civil War was a major conflict that devastated Spain from 1936 to 1939. It began after an attempted *coup d'état* against the government of the Second Spanish Republic, then under the leadership of president Manuel Azana, by a group of Spanish Army generals, supported by the conservative Confederación Española de Derechas Autónomas, Carlist groups and the fascistic Falange Española de las J.O.N.S. The war ended with the victory of the rebel forces, the overthrow of the Republican government, and the
founding of a dictatorship led by Gen. Francisco Franco. In the aftermath of the civil war, all right-wing parties were fused into the state party of the Franco regime.

22. Humberto da Silva Delgado (1906 -1965) was a General of the Portuguese Air Force and a politician.

23. The Portuguese First Republic i.e. *Primeira República* in Portuguese spans a complex sixteen year period in the history of Portugal, between the end of the Constitutional Monarchy marked by the 5th October 1910 revolution and the 28th May coup d’etat of 1926. The last movement instituted a military dictatorship known as Ditadura Nacional (National Dictatorship) that would be followed by the corporatist Estado Novo (New State) regime of Salazar.

24. In 1938, during the tenth anniversary of Salazar's appointment as Minister of Finance, the Government decided to celebrate their action by teaching staff in schools to explain the action of the Head of the National Revolution. These were sometimes the result of the life of the field, sometimes the work of Salazar and the Estado Novo (bridges, roads, monuments and schools). Represented in these tables is the "Before" (sad, gray and destroyed) and "After" of the Estado Novo (colorful, lively, modern). A group of seven paintings is entitled "The Lesson of Salazar" and support the education of our primary schools for a long time.

25. The National Syndicalists, *Movimento Nacional-Sindicalista*, in Portuguese were a political movement that briefly flourished in Portugal in the 1930s, and an influence on the Spanish Falange.

26. Maurice Polydore Marie Bernard, Count Maeterlinck (1862-1949) was a Belgian playwright, poet and essayist who wrote in French. He was awarded the Noble Prize in Literature in 1911. The main themes in his work are death and the meaning of life. His plays form an important part of the Symbolist movement.

27. José Sanjurjo y Sacanell, 1st Marquess (1872-1936) was a Spanish Army General Officer who was one of the chief conspirators in the military uprising that led to the Spanish Civil War.

28. The Iberian Pact, *Pacto Ibérico* in Portuguese, officially the Treaty of Friendship and Nonaggression between Portugal and Spain was an
international treaty signed on 17th March 1939 between Portugal’s right wing dictatorship of the Estado Novo, under Salazar, and Spain’s nationalist right wing dictatorship of Francisco Franco, who had just won the Spanish Civil War (1936-1939), where he counted with Portuguese non-official collaboration. The pact committed the two countries to defend the Iberian Peninsula against any power that attacked either country and helped to ensure Iberian neutrality during World War II. An additional protocol to the pact was signed on 29th July 1940.

29. Consul-General Aristides de Sousa Mendes was in charge of the Portuguese Consulate in Bordeaux, in 1940. His colleagues esteemed him an able and dedicated career diplomat. When history catapulted him overnight to the position of custodian of human lives hanging in the balance, he proved that he was far more.

30. Francisco Paulino Hermenegildo Teódulo Franco (1892-1975), commonly known as Francisco Franco or Francisco Franco y Bahamonde was the authoritarian dictator and Head of State of Spain from October 1936, and de facto regent of the nominally restored Kingdom of Spain from 1947 until his death in 1975. His ideological focus was on Spanish nationalism, right wing and traditional values.

31. Gilberto de Mello Freyre (1900-1987) was a Brazilian sociologist, cultural anthropologist, historian, journalist and congressman. His best-known work is a sociological treatise named Casa Grande & Senzala translated as The Masters and the Slaves.

32. Ian Douglas Smith (1919 – 2007) served as the Prime Minister of the British self-governing colony of Southern Rhodesia from 13 April 1964 to 11 November 1965 and as the first Prime Minister of Rhodesia from 11 November 1965 to 1 June 1979 during white minority rule.

33. The Liberation Front of Mozambique, better known by the acronym FRELIMO, from the Portuguese Frente de Libertação de Moçambique is a political party which was founded in 1962 to fight for Mozambican independence, which was achieved in 1975. It has ruled Mozambique from then until the present (2009), first as a single party, and later as the majority party in a multi-party parliament.

34. Planning Commission can refer to the economic institution of India that formulates its five year plans.