

SPAIN AND PORTUGAL.

The internal situation has not become any clearer. Fresh reports point to General Franco's continued contacts with Conservative elements opposed to Falange. It would seem that these elements are willing to co-operate with the military faction, but they make the abolition of the national-syndicalist system a condition of their collaboration. As abhorrence of this system is one of the main reasons for the discontent of the generals, it may well be that some understanding will be reached. Such an arrangement would certainly mean the elimination of Sr. Serrano Suñer from the Government, since both the generals and the Conservatives hold him responsible for much of the present economic and political chaos. The recent removal of the press from his control and the appointment as the new press chief of Sr. D. Juan Aparicio, one of his fiercest adversaries, has considerably weakened the Foreign Minister's position. General Franco, torn between his inclination towards the point of view of the generals and his family ties, remains in a difficult position. Indeed, his position may be more difficult than it was thought to be. The transfer of Sr. Serrano Suñer to the Spanish Embassy in Rome had been regarded as an expedient which would enable him to leave the Cabinet without undue loss of dignity. But there now appear to be doubts whether such an appointment would be received in Rome with the satisfaction that had been postulated. It is reported that the Italian authorities do not consider Sr. Serrano Suñer to have been a success from their standpoint and see no reason why they should afford him an easy line of retreat from his difficulties. If this is true, General Franco is in a dilemma. It would seem, however, from the recent improvement in social relations between the members of the Caudillo's family that General Franco does not propose to see his brother-in-law disgraced or humiliated.

In the meantime the Falangist pro-German Ambassador to Berlin, Count Mayalde, has put into words the real reason for Falange support to Germany. At a reception to the German press he said that the necessity for a German victory was realised because " . . . our political, social and economic system and our Falangist organisation can only exist if Nazi Germany attains a real victory. . . . " It may be, however, that the Falange will pay dearly for its help to Germany. To judge from the names appearing in the lists of Spanish casualties, it is becoming evident that the much-vaunted successes of the Blue Division in Russia have already cost the lives of several of the few remaining idealists in the party, who were willing to fight for it. At the time of the formation of the Blue Division, the official Falange organs stressed the point that those " . . . who remained behind in comfortable positions . . . " should not count on profiting permanently from these favourable circumstances. These admonitions have within the last few days been repeated still more energetically in the press and on the radio, where threats have been uttered that the Falange, in case of necessity, would be willing once again " . . . to march through the streets. . . . "

Preliminary indications suggest that the Spanish Government is prepared to acknowledge the validity of the British protest against the attacks made upon the two steamships *Sarastone* and *Baron Newlands* in territorial waters off Huelva. The Spanish Chief of Naval Staff has informed our naval attaché that his Government were protesting to Berlin against the attack. Our attaché's suggestion that, if Germany did not respect Spanish territorial waters in the future, we might require escorts for our ships was not challenged by the Chief of Naval Staff.

On the fifth anniversary of Dr. Salazar's assumption of the post of Foreign Minister in addition to that of Prime Minister, the Portuguese press stressed the wisdom of his foreign policy and described him as " . . . justly admired by nations who have different ideas of government, but who recognise the value of a strong honest man " The newspaper *Novidades* on this same occasion took the opportunity of pointing out that Portugal does not wish to see herself incorporated in the New Order, which it terms " a fantasy. " Dr. Salazar himself is believed not to think very highly of the German plan for the economic reorganisation of Europe, but he still seems to have a very wholesome respect for German military strength, although in a recent conversation with His Majesty's Ambassador he showed himself to be more greatly impressed than he had been

hitherto by Sir Ronald Campbell's arguments for believing in an ultimate British victory.

The Eire Government have created a legation in Portugal and have appointed as chargé d'affaires Mr. C. O'Donovan, former chargé d'affaires at the Vatican.

ITALY.

Notwithstanding the conspicuous losses which we continue to inflict upon Italian convoys in the Mediterranean and the damaging air raids to which we are subjecting such bases as Naples, Brindisi, Derna and Benghazi, accredited Italian spokesmen are largely occupied with maintaining a show of confidence in the high destiny which awaits their country after the triumphant conclusion of the war. Much satisfaction was professed at the references made by Hitler in Munich to the personal friendship between himself and Mussolini and to the united fortunes of their two countries. Stress was laid upon the " absolute solidarity " of the Axis Powers, and the friendship between the two leaders was declared to envelop the alliance in " an atmosphere of complete loyalty. " Italian broadcasts, dutifully following the lead of Berlin, found in Hitler's words a fitting reply to " the unheard-of provocations of the American President, as well as to the grotesque and shameless statements of the Red Czar. " Comment on President Roosevelt's last speech was mainly abusive, and deplored the filling of the presidential chair by a man who is " sick, hysterical, headstrong, impulsive, swayed by passions, without scruples, incapable of reasoning, a neuro-magnetic man who acts like a demented person, full of hate, ambition and vanity. " Criticism of M. Stalin's speech on the 24th anniversary of the establishment of the Bolshevik régime was less exclusively scurrilous. The " proud and sinister man in the Kremlin " it was said, had made a " tragic, savage and sad " speech recognising the military failure of bolshevism. M. Stalin's words were interpreted as primarily an attempt to keep up Russian morale and to " bull " bolshevism's falling stock on the Anglo-American markets. The speech was further found to betray Russian dissatisfaction with the inadequate assistance obtained from Great Britain and with our failure to open up on the continent a second front; to admit the irreparable losses incurred by the Russian armies, since the numerical inferiority in tanks and aeroplanes, to which M. Stalin referred, had not existed at the outbreak of the war; and thus to make it clear to all the world that it was simply chimerical to suppose that the British and Americans could build up a military organisation superior to that of the Axis and its allies within the lifetime of the present or even the next generation.

Concurrently with these assumptions of the inevitable ultimate collapse of the U.S.S.R. and of the impossibility that Great Britain and her friends can win the war, there has been much talk again of the great mission assigned by Germany to Italy in the Mediterranean and its hinterlands. Mussolini's own newspaper the *Popolo d'Italia* has already staked out a claim to a large share in " the riches of Africa which England seized " and which are now to be restored to the European economic system. History teaches us, the newspaper added, that " Europe's greatness has always coincided with the greatness of the Mediterranean. The German race has realised it cannot do all, and has entrusted to Italy the great Mediterranean rôle, acknowledging that only Italy can fulfil this mission. " The *Popolo di Roma* similarly declared that Italy not only wanted the restitution of her East African Empire, but the cession of other territories which must allow her to fulfil her " historical oceanic mission " and must contain the necessary raw materials and be suitable for Italian settlements. On the other hand, the *Gazzetta del Popolo* announced that Germany had never opposed the imperial and oceanic power of Great Britain, and that if only the English would turn their backs on Europe and her internal seas and would restore the colonies to the Axis, then, as Manzoni sang, " we shall be brothers again. " Some speculation was aroused by these words, which, on a literal reading of them, appeared to contain a more liberal and direct suggestion of peace terms than any yet emanating from Italy. But nothing has come from Rome to indicate that this *ballon d'essai*, if such it really was, was officially inspired, although there have been renewed reports from other capitals (see under Switzerland and France) of Italy joining with Germany in investigating the feasibility of a peace offensive before the end of this year.

After the blunt words uttered by Mr. Churchill at the Lord Mayor's banquet it may be doubted whether any further lucubrations of a similar nature will be