

The Myth of Spanish Neutrality:

U.S. Foreign Relations With Spain 1939-1941

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The United States and Spain opened diplomatic relations with one another in 1939, after Francisco Franco's Falange party rose to power in the ashes of the Spanish Civil War. During the war, the United States Government had enacted policies to ensure U.S. neutrality in the international community. The Spanish economy was in ruins and Franco was issuing appeals for aid to many countries, including Germany and the United States. Germany, lacking the commodities and supplies to adequately provide support to Spain, was unable to help them. The United States decided to "buy" Spain's neutrality to ensure that if Spain did enter the war, it would not join the Axis powers. In many of the agreements with Spain, it was stipulated that Spain remain strictly neutral as the war was going on, a term to which Francisco Franco agreed. Spain never abided by these stipulations, and thus, was never neutral. United States leaders kept pushing for neutrality, but failed to realize that Spanish neutrality did not exist.

Precarious Neutrality

Neutrality was a major issue prior to the onset of WWII. It was not only important to American legislators and diplomats, but also to the American population. Leading into 1935, the American economy was struggling and the future, especially insofar as relations with Europe were concerned, was precarious. Many congressmen lobbied in support of an act to ensure neutrality, reviving a message asserted during a speech given to congress in 1823, which ultimately became known as the Monroe Doctrine. President Monroe, in response to the fighting taking place in foreign lands at the time said, "It is impossible that the allied powers should extend their political system to any portion of either continent without endangering our peace and happiness...It is still the true policy of the United States to leave the parties to themselves, in

hope that other powers will pursue the same course.”¹ What this means is that the United States must remain involved with issues related to itself, and that intervention in disputes with other countries is not beneficial or necessary. The only context in which getting involved militaristically or politically within other countries is permissible, under the doctrine, would be when certain countries pose a direct threat to the United States.

The re-examining of Monroe’s words after WWI was logical to legislators, diplomats, and citizens alike. The belief that entangling alliances were to blame for involvement in WWI, made many believe that such obligations to other countries should not exist. The Neutrality Act of 1935 was a large step forward towards neutrality stating that, “Providing for the prohibition of the export of arms, ammunition, and implements of war to belligerent countries; the prohibition of the transportation of arms, ammunition, and implements of war by vessels of the United States for the use of belligerent states; for the registration and licensing of persons engaged in the business of manufacturing, exporting, or importing arms, ammunition, or implements of war; and restricting travel by American citizens on belligerent ships during war.”² Under the act, FDR had the ability to issue proclamations extending embargos on the export of implements of war and munitions, after other countries had entered into war.³ Additionally, any business or person engaged in exporting or trading war supplies of any sort would be prosecuted, and charged with up to a \$10,000 fine and five years in jail.⁴ When the status of a country changed from belligerent to non-belligerent, meaning that it was involved in a conflict but had ceased fighting, the president had the authority to issue a proclamation rescinding the embargo.⁵

¹ James Monroe, “The Monroe Doctrine” (7th Annual Message to Congress, Washington, D.C., December 2, 1823).

² *The Neutrality Act of 1935*, Public Law 22, *U.S. Statutes at Large* 49 (1935): 1081.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

Days prior to the onset of the Spanish Civil War, discontent loomed across the Iberian Peninsula. Strikes consisting of nearly 100,000 socialist workers were causing so much strife that many cities in Southern Spain, including Grenada, experienced food shortages.⁶ While the Spanish Government made attempts to stop the riots, they were ultimately unsuccessful. Beginning on July 17, 1936, war erupted in Spain, and ensued until 1939. It was between nationalists led under Francisco Franco and republicans who had been in power.

The additions amended to the Neutrality Act of 1935 were in response to the Spanish Civil War, as well as Italy's venture into Ethiopia. The Neutrality Act of 1936 was a resolution which added specifics governing the exchange of bonds and loans with belligerent countries. The act disallowed, "any person within the United States to purchase, sell, or exchange bonds, securities, or other obligations of the government of any belligerent country or of any political subdivision thereof, or of any person acting for or on behalf of such government, issued after the date of such proclamation, or to make any loan or extend any credit to any such government or person."⁷ Further, through the diction used, it recognized that there were crises affecting Europe: "This Act shall not apply to an American republic or republics engaged in war against a non-American state or states, provided the American republic is not cooperating with a non-American state or states in such war."⁸ Even though in the act of 1935, one could reasonably infer that when America was at war the act did not apply, the new provision stated this explicitly. Additionally, the act extended the provisions of the Neutrality Act of 1935 by 14 months.⁹

⁶ "Foreign Notes." Chicago Daily Tribune (1923-1963), July 12, 1936, <http://www.proquest.com/> (accessed November 9, 2010).

⁷ *The Neutrality Act of 1936*, Public Resolution 67, 74th Congress, 4th session.

⁸ Ibid.

⁹ Ibid.

In 1937, FDR gave his famed “quarantine” speech in Chicago. Although it was not noticed throughout the world, within the United States it was heard loudly and clearly. FDR called for international cooperation to “quarantine” aggressive states.¹⁰ When an endemic breaks out in the community, he said, “the community approves and joins in a quarantine of the patients in order to protect the health of the community against the spread of the disease.”¹¹ This is how FDR planned on carrying out foreign policy, and Spain was one of the countries that needed to be quarantined.

While the United States remained neutral in accord with the Neutrality Act, insofar as Spain was concerned, others were offering the war-torn country aid. April 30, 1937, a telegram was sent to Secretary of State Cordell Hull from the United States Embassy in France. The telegram was an accurate breakdown of Franco’s forces, which were as follows: 70,000 Italians; 10,000 Germans; 25,000 Moroccans; and 45,000 Spaniards.¹² With war looming, Germany and Italy made strategic moves to ensure that upon the outbreak of war, Spain would join those countries that gave support.

FDR took a different measure and on May 1, 1937, a new resolution, the Neutrality Act of 1937, was passed. One provision further specified the articles that could not be exported to belligerent countries including explosives, warships, submarines, aircrafts, and several others.¹³ What this meant is that U.S. passenger ships could not transport goods or soldiers to belligerent countries. Additionally, transporting any articles on passenger ships or passengers was deemed

¹⁰ Iriye, Akira. "The emergence of geopolitics." *The Globalizing of America, 1913–1945*. Cambridge University Press, 1993: 157-160.

¹¹ Ibid.

¹² U.S. Department of State, *Foreign Relations of the United States, 1937. Vol. II: General* (Washington, DC: GPO, 1937), 291.

¹³ "PRESIDENT PUTS SIGNATURE ON NEUTRALITY ACT :Lists Articles of War Forbidden.." Chicago Daily Tribune (1923-1963), May 2, 1937, <http://www.proquest.com/> (accessed November 2, 2010).

unlawful.¹⁴ The second provision, however, had greater implications in regard to Spain. FDR proclaimed Spain as a belligerent, and under said proclamation it became unlawful to export arms, munitions, and implements of war to Spain.¹⁵ Unlike the prior acts, there was no time frame established with the new provisions; it made all of the existing clauses and provisions permanent.

By 1939, several things had been established under the Neutrality Acts. Most importantly was the U.S. embargo against Spain in response to the Spanish Civil War—a conflict which had been underway for three years prior. The objective of the Neutrality Act of 1937 was to ensure United States neutrality in regard to Spain. Early in 1939, the Committee of Americanism and Neutrality, which was made up of concerned citizens, demanded the U.S. to recognize Spain, and demanded neutral dealings with them.¹⁶ A rally was held with an estimated 10,000 people, many of which applauded when references towards Mussolini, Hitler, and Franco were made. Ultimately, this is because the group was an isolationist group, and early in 1939 isolationism still appeared feasible. Of course, huge rallies as such and public opinion, historically have had the ability to influence public policy. This rally and others like it were precursors to the recognition of Spain.

All the while, Franco's nationalist cause was unpopular among liberals and radicals within the United States. The administration's policy was denounced by liberal periodicals such

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ "10,000 RALLY HERE FOR FRANCO CAUSE :Urge U.S. to Recognize His Regime at Once--Pleas for Neutrality Made REDS, NAZIS ARE ASSAILED But, Part of Crowd Applauds Mention of Hitler, Mussolini-- A Coughlin Demonstration Hart Denies Message Prewar Spain Described." New York Times (1923-Current file), February 20, 1939, <http://www.proquest.com/> (accessed October 5, 2010).

as *Nation* and *New Republic*, and senior administration officials.¹⁷ They felt neutrality was not an option, and the actions of U.S. Government officials were enabling Franco to grab power in Spain. Conversely, supporters of Franco felt that the news of the repressive nature of his faction was exaggerated, and many wanted strengthened cultural and economic relationships.¹⁸ Among these was Carlton Hayes, a history professor at Columbia who was selected by Roosevelt in 1942 as the ambassador to Spain.

February 1939, Roosevelt had been informed that Franco's regime was recognized by Britain and France, but that the United States Government would wait to recognize the regime. Neville Chamberlain, on the eve of Franco's victory, even stated: "I think we ought to be able to establish excellent relations with Franco who seems well disposed to us."¹⁹ The reason why the U.S. deferred any action in recognition at this point is that under the Spanish Constitution of 1931, the Spanish Republican Government was technically still in power.²⁰ Roosevelt wanted to wait until some official order was established before recognition.

On April 1st, 1939, the regime of General Franco was officially recognized. Shortly thereafter, President Roosevelt lifted the arms embargo against Spain stating that the civil war in the country had ended.²¹ This essentially ended the two-year-old embargo, abolishing any rules

¹⁷ Buchanan, Andrew N. 2009. "Washington's 'silent ally' in World War II? United States policy towards Spain, 1939-1945." *Journal of Transatlantic Studies* 7, no. 2: 94.

¹⁸ Ibid.

¹⁹ Feis, Herbert. 1948. "OIL FOR SPAIN." *Foreign Affairs* 26, no. 2: 379.

²⁰ "10,000 RALLY HERE FOR FRANCO CAUSE :Urge U.S. to Recognize His Regime at Once--Pleas for Neutrality Made REDS, NAZIS ARE ASSAILED But, Part of Crowd Applauds Mention of Hitler, Mussolini-- A Coughlin Demonstration Hart Denies Message Prewar Spain Described." *New York Times* (1923-Current file), February 20, 1939, <http://www.proquest.com/> (accessed October 5, 2010).

²¹ "REGIME OF FRANCO RECOGNIZED BY U.S.; EMBARGO IS LIFTED :Hull Sends Message to Spain Telling of Action----Civil Strife Declared Over NEW ENVOY NOT INDICATED Bowers Not Expected to Return and Speculation Mentions Caffery and Wiley Message Sent to Spain REGIME OF FRANCO RECOGNIZED BY U.S.." *New York Times* (1923-Current file), April 2, 1939, <http://www.proquest.com/> (accessed October 6, 2010).

and regulations governing the export of arms, munitions, and implements of war to Spain.²² The U.S. was the last great western power to recognize Franco, and in doing so opened the door to diplomatic relations with the country. In recognizing Spain, the United States reopened diplomatic relations, and reassigned the current ambassador to Argentina, Alexander Weddell, to Spain.²³ Upon the approval of the ambassador by Spanish officials, and the selection of Spain as to whom they would like to send to Washington, relations would officially be open.²⁴ Many Americans viewed recognition as a form of appeasement and betrayal; they felt the same way about U.S. foreign policy prior to entry into WWII.

The Neutrality Act of 1939 was the final resolution passed before the United States declared war on Japan, officially marking its entrance into the war. This act was important because it established a cash and carry clause for belligerent countries (such as Britain in wartime), which enabled countries to buy materials from the United States if they paid in cash immediately, and provided transportation for the materials.²⁵ Before the materials could be shipped, title had to transfer, and then the purchasing country could receive materials.²⁶ While the United States was deemed neutral by FDR and other politicians, the passing of this resolution reversed their claims. Additionally, the Neutrality Act of 1935 and the Neutrality Act of 1937 were repealed under said resolution.²⁷ Roosevelt went on to say that the embargo against Spain was unnecessary, and that as long as the ships used for commerce were of Spanish origin, trade

²² WILLARD EDWARDS. "U.S. RECOGNIZES GOVERNMENT OF FRANCO IN SPAIN :Roosevelt Lifts Embargo on Arms Shipments.." Chicago Daily Tribune (1923-1963), April 2, 1939, <http://www.proquest.com/> (accessed October 5, 2010).

²³ U.S. Department of State, *Foreign Relations of the United States, 1939. Vol. II: General, the British Commonwealth and Europe* (Washington, DC: GPO, 1939), 715-720.

²⁴ Ibid.

²⁵ *The Neutrality Act of 1939*, Public Resolution 54, 76th Congress, 2nd session.

²⁶ Ibid.

²⁷ Ibid.

could be permitted.²⁸ He only said this after the fact, because Franco's victory was thought to have had potential to offset the balance of power in Europe. A policy of economic aid and support would be the key to Spanish neutrality, especially since the Spanish economy was in ruins after its civil war.

Buying Neutrality: Oil

Beginning in the summer of 1939, talks began on how to use economic means to keep Spain neutral. That year, Under-Secretary of State Sumner Welles met with newly appointed Spanish Ambassador to Madrid, Don Juan Francisco de Cardenas and discussed the possibility of aid. Cardenas requested a two-year credit from the Import-Export bank to fund the purchase of 300,000 bales of American Cotton; the U.S. State Department granted the request.²⁹ The agreement, however, was contingent upon the restoration of International Telephone and Telegraph to *status quo* seen in 1936. IT&T was an American company operating in Spain, but Franco nationalized it as the National Telephone Company.³⁰ Franco thought the company had supported the Republican cause during the war, which justified nationalization and exclusion of IT&T officials from Spain.³¹ In September 1939, diplomatic notes were exchanged between Spain and the United States vowing to limit the scope of the conflict.³² The restoration of IT&T was used as a bargaining chip by Serrano Suñer, the leader of the Executive Committee of the Falange—Franco's political party.

In June 1940, Italy invaded France, and the policy to keep Spain out of war accelerated. Spanish officials had previously declared that if any country tried to affect the sovereignty of the

²⁸ Buchanan, Andrew N. 2009. "Washington's 'silent ally' in World War II? United States policy towards Spain, 1939-1945." *Journal of Transatlantic Studies* 7, no. 2: 97-99.

²⁹ Ibid.

³⁰ Ibid.

³¹ Ibid.

³² Ibid.

nation, they would fight; yet, Spanish officials were convinced no country would invade it.³³

The task was to keep Spain neutral prior to any potential attack, and have Spain declare its neutrality in order to protect itself from attack. This is of extreme importance, because control of the Iberian Peninsula, coupled with Britain's base on Gibraltar facilitated control over the whole Mediterranean.

As the conflict involving IT&T was occurring, the looming issue of petroleum was discussed by FDR with his cabinet. Under the auspices of the Neutrality Act of 1939, Spain was able to secure and purchase as much oil as it could transport from the United States and the Caribbean.³⁴ The volume of shipments grew astronomically, and was a cause for alarm.

On June 12th, Franco declared that Spain was no longer neutral; rather it was a non-belligerent.³⁵ Franco changed title many times during WWII, and it was known by world leaders that Mussolini had made the same change before entering into war.³⁶ That summer, Franco had already agreed to "help organize the resupply of German U-boats and to open its airfields to Luftwaffe operations."³⁷ German military intelligence operated freely in Spain, and gathered information on Allied shipping in the Mediterranean.³⁸ On June 14th, Spain seized Tangier, Morocco. Spain asserted that it was attempting to keep the zone safe, yet the occupation of the zone was to obtain the city once the Axis won.³⁹ Spain had, after all, been in talks with

³³ U.S. Department of State, *Foreign Relations of the United States, 1940. Vol. II: General and Europe* (Washington, DC: GPO, 1940), 794-798.

³⁴ Feis, Herbert. 1948. "OIL FOR SPAIN." *Foreign Affairs* 26, no. 2: 379.

³⁵ Caruana, Leonard, and Hugh Rockoff. 2003. "A Wolfram in Sheep's Clothing: Economic Warfare in Spain, 1940-1944." *Journal of Economic History* 63, no. 1: 118-125.

³⁶ Ibid.

³⁷ Buchanan, Andrew N. 2009. "Washington's 'silent ally' in World War II? United States policy towards Spain, 1939-1945." *Journal of Transatlantic Studies* 7, no. 2: 97-99.

³⁸ Ibid.

³⁹ Stuart, Graham H. 1945. "THE FUTURE OF TANGIER." *Foreign Affairs* 23, no. 4: 681.

Germany about joining the war, but wanted Britain to fall before it got involved.⁴⁰ These actions were in no way neutral, yet United States leaders continued to push for Spanish neutrality.

On June 14th, the U.S. Ambassador to France, William C. Bullitt, sent a telegraph to Under Secretary of State Welles to call his attention to 21 ships carrying oil en route to Spain.⁴¹ A large percentage of the oil was thought to be headed to Italy. The British were also worried about the quantity of the shipment, and contacted Washington.⁴² By June 1940, an analysis of oil shipments showed that the exports of oil to Spain were three times the usual rate.⁴³ The tankers used to ship the oil were neutral and typically always American ships; yet, evidence showed that The Texas Company's chairman had talked with the manager of its Italian affiliate and arranged the neutral tonnage of Spanish oil by all means necessary.⁴⁴ It was thought that a portion of the shipments were thus intended for Italian use. Since the implications of Axis forces gaining oil, or an alliance with Spain, were so detrimental, certain drastic measures were taken.

In light of the evidence which illustrated a link between Spanish oil shipments and Italy, Britain made two recommendations of what should be done. First, they requested that the use of American tankers for the shipment of oil to Spain should be restricted; and second, that the amount of lubricants and aviation gasoline to Spain be limited.⁴⁵ United States officials did not take these requests seriously, as they were fully committed to ensuring neutral trade under the neutrality acts. The question ultimately was not if the oil was being diverted to Italy, rather the question became why is Spanish demand so much higher? Secretary Hull was not willing to try

⁴⁰ Buchanan, Andrew N. 2009. "Washington's 'silent ally' in World War II? United States policy towards Spain, 1939-1945," *Journal of Transatlantic Studies* 7, no. 2: 97-99.

⁴¹ Feis, Herbert. 1948. "OIL FOR SPAIN." *Foreign Affairs* 26, no. 2: 380.

⁴² Ibid.

⁴³ Ibid.

⁴⁴ Ibid., 380-383.

⁴⁵ Ibid.

to regulate oil exports to Spain. If he had, he believed Congress would have been in an uproar asserting that sides were being taken in the war, and relations with Franco's regime would have deteriorated.⁴⁶

Even though this was the case, The Maritime Commission made certain findings which altered the oil export policy with Spain. The Commission made two conclusions: Trade with Spain was dangerous and the U.S. should not engage in it, and that all oil cargoes to Spain must be inspected to prevent diversion to other countries.⁴⁷ The recommendations of the findings took place shortly thereafter, and shipping contracts with Spain were subsequently cancelled. Even if oil was not being diverted to Italy, such a stock pile could be used as a bargaining power with the Axis powers, due to the limited availability and large scale use of petroleum during wartime. Intent behind the halt in shipments was unknown to the Spanish, and when they contacted Washington as to why, the answer was that shipping at that point in time was dangerous.⁴⁸ The details of the recommendations were never asserted to Spain. Secretary of Treasury Henry Morgenthau's agenda was aligned with that of the Maritime Commission, yet Secretary of State Cordell Hull was in opposition of such action. Hull felt that such actions would inevitably lead to Spain joining the war alongside Hitler and Mussolini, and all blame would be attributed to him.⁴⁹

In July 1940, two tankers of The Texas Company were seized under the order of the United States Treasury. Justification for the action was that if such tankers were to be seized by belligerent countries, it would be detrimental to American neutrality. yet there were other

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ Ibid.

implications of the potential seizure.⁵⁰ Although the amount of shipments had dropped significantly after the Maritime Commission's findings, shipments were still being sent to Spain, and they were thought to be large enough to continue to build a reserve.⁵¹ This action spurred negative sentiments between Secretary Hull and Secretary Morgenthau. FDR did not interfere and let both Secretaries handle their respective departments as they saw fit.

As a result of Secretary Hull's inability to devise a strategy to adequately address the oil situation, FDR, in late July, implemented an embargo on oil to all countries except Britain and its allies in late. Hull believed FDR sided with the Treasury in enacting the regulations, so Hull persuaded FDR into amending the act to be limited to fuels used for aviation only.⁵² Exports had been sent to Spain and Japan, but with the regulation being limited to only fuel for aviation, only Japan was injured by the act. Oil continued to flow into Spain, but by August, these shipments dwindled to the point that Spain would not be able to function fully.⁵³ This would continue until September 1940.

In June 1940, Serrano Suñer, who had promised to let the owners of IT&T assume control of their company, rescinded his promise in lieu of the legislation passed.⁵⁴ He had hoped that it would enable him to acquire the oil Spain wanted, but this plan backfired. The State Department instructed Ambassador Weddell to articulate two points to Spain: First, the United States would make no attempts to bargain with Spain; and second, Spain should honor the promise if they wished to receive any other matters of interest—particularly a loan.⁵⁵ Suñer requested gasoline and more oil if IT&T was to be restored. The request for gasoline was turned

⁵⁰ Ibid.

⁵¹ Ibid.

⁵² Ibid., 384-387.

⁵³ Ibid.

⁵⁴ Ibid.

⁵⁵ Ibid.

down on the grounds that it was not necessary; the request for more oil was pending the restoration of the company.⁵⁶

Through many exchanges with the Foreign Minister of Spain, Ambassador Weddell was able to convey the implications of moving towards restoration of the company. If the company was not restored to its pre-Spanish Civil War operations, then the United States would not trade gasoline, or any other commodities, with Spain.⁵⁷ Several conditions had to be met to constitute a return to *status quo*: the creation of a new board of directors to be elected by majority stockholders; a warranted approval by the Spanish Government, allowing the board to immediately enter upon its duties; the assurance that Government delegates would abide by contract between the company and Government; and to generally let the owners control the operations of the company.⁵⁸

Serrano, who was in charge of the press and radio among other things, publicly lambasted the embargo issued by FDR. He and Franco knew that if they could not get what they desired from the United States, Germany would assist them.⁵⁹ Yet between June and August, there were no moves on the part of Germany or Spain which could lead one to infer that German aid was imminent. Realizing that supplies from a disagreeable country are better than no supplies, on August 6th, the Foreign Minister of Spain met Ambassador Weddell at his home and informed him that the telephone conflict was to be settled.⁶⁰ Weddell followed orders, and informed the

⁵⁶ Ibid.

⁵⁷ U.S. Department of State, *Foreign Relations of the United States, 1940. Vol. II: General and Europe* (Washington, DC: GPO, 1940), 890-897.

⁵⁸ Ibid.

⁵⁹ Feis, Herbert. 1948. "OIL FOR SPAIN." *Foreign Affairs* 26, no. 2: 384-389.

⁶⁰ Ibid.

Spanish Government that it would soon be able to obtain as many oil shipments as it could transport.⁶¹

Soon after Weddell delivered the news to Spain, a meeting was held with the majority stockholders of the company present. Prior to the meeting, candidates for the board of directors had to be approved by the Spanish Government.⁶² In addition, Government delegates stated that they would abide by the rules and agreements stipulated in the business contract between Spain and IT&T.⁶³ Upon adequately handling the problem, supplies of many types aside from oil, and loans were to be made available to Spain.

The oil embargo was still in effect since July 1940, and caused detriment to the Spanish economy. Spain had almost no oil reserves and access to crude oil was dwindling. Furthermore, the country's only oil refinery was far away in the Canary Islands, off the coast of Western Africa.⁶⁴ Spain was vulnerable to a depletion of resources and issued an appeal to Germany requesting supplies as a reward for joining the Axis powers in the war.⁶⁵ Spain requested 400,000 tons of gasoline and 200,000 tons of fuel oil, along with 600,000 tons of wheat, 200,000 tons of coal, and substantial quantities of other raw materials, including cotton, rubber, wood pulp, hemp, and jute.⁶⁶ Spain mistakenly believed Germany to possess a large supply of such items, but in reality, Germany was experiencing shortages herself and could not oblige Spain's request. Spain decided to make an agreement with the United States and Britain in September

⁶¹ Ibid.

⁶² U.S. Department of State, *Foreign Relations of the United States, 1940. Vol. II: General and Europe* (Washington, DC: GPO, 1940), 890-897.

⁶³ Ibid.

⁶⁴ Caruana, Leonard, and Hugh Rockoff. 2003. "A Wolfram in Sheep's Clothing: Economic Warfare in Spain, 1940-1944." *Journal of Economic History* 63, no. 1: 100-110.

⁶⁵ Ibid.

⁶⁶ Ibid.

1940. Spain would receive oil and supplies as long as it remained strictly neutral, and submitted a detailed account of the use of such materials.⁶⁷ The embargo worked.

The Breakdown of Spanish Neutrality

Ambassador Weddell began discussing the potential of a \$100,000,000 loan to Spain and requested the help of Serrano Suñer to attract the American Red Cross to bring aid to the country.⁶⁸ The loan would be used to purchase gasoline, wheat, cotton, frozen meat, and rubber in an attempt to keep Franco from joining the war on the side of the Axis.⁶⁹ It was also stipulated that none of the products Spain bought could fall into German hands, and that Spain would make a public declaration stating it would not get involved in war.⁷⁰ News reports picked up the story, and began printing articles suggesting that the loan was appeasement and that Franco was Hitler's puppet.⁷¹

By December 1940, the economic state and availability of food in Spain was in complete disarray. Immediate relief was needed, and FDR requested aid for Spain via the American Red Cross. The American Red Cross followed through under the provisions that the Spanish Government would agree not to export the wheat, would give the American Red Cross authority to supervise and handle the arrangements for distribution, and that the Spanish press would be authorized to give full publicity to said shipments.⁷² The amount of food being received by Spain was lackluster, and crisis still loomed.

⁶⁷ Ibid.

⁶⁸ Buchanan, Andrew N. 2009. "Washington's 'silent ally' in World War II? United States policy towards Spain, 1939-1945." *Journal of Transatlantic Studies* 7, no. 2: 97-99

⁶⁹ "SPAIN TO GET U. S. CREDITS, REPORT; MUST SHUN WAR." *Chicago Daily Tribune* (1923-1963), December 7, 1940, <http://www.proquest.com/> (accessed October 7, 2010).

⁷⁰ Ibid.

⁷¹ Buchanan, Andrew N. 2009. "Washington's 'silent ally' in World War II? United States policy towards Spain, 1939-1945." *Journal of Transatlantic Studies* 7, no. 2: 100-105.

⁷² U.S. Department of State, *Foreign Relations of the United States, 1940. Vol. II: General and Europe* (Washington, DC: GPO, 1940), 855-860.

Spanish officials were up in arms over the issue of the loan. Public opinion was able to derail it from being issued. In Early 1941, Ambassador Weddell attempted to discuss a potential compromise with Suñer, but Suñer was unwilling.⁷³ The Falange, was optimistic about German victory after the initial success of Operation Barbarossa, which was the German invasion of Russia.⁷⁴ Franco even expressed this during an address to the National Council of the Falange, stating that German victory was inevitable.⁷⁵

In August 1941, Spain sent troops to Russia to help the Axis cause.⁷⁶ The troops were titled the “Blue Division”, and never given a specific military division name by the Spanish Government. This is so, because by its unofficial status, Spain could not be viewed as being a non-belligerent state.⁷⁷ The use of Spanish soldiers by the Germans went relatively unnoticed by the U.S. population, and among cabinet officials it was thought that Suñer was responsible for the “Blue Division”.⁷⁸ The aid of Spanish troops by Franco was in no way a neutral act. Although only 20,000 troops were ultimately sent, it was aiding a cause which Franco wholeheartedly thought would be victorious.

Not only did the act of sending Spanish troops to aid the Germans violate all modern neutrality laws, Franco had also been supplying them intelligence from 1940 onward. British intelligence uncovered proof of Spanish involvement and collusion in espionage of Gibraltar.⁷⁹

⁷³ Buchanan, Andrew N. 2009. "Washington's 'silent ally' in World War II? United States policy towards Spain, 1939-1945." *Journal of Transatlantic Studies* 7, no. 2: 100-105.

⁷⁴ Ibid.

⁷⁵ U.S. Department of State, *Foreign Relations of the United States, 1941. Vol. II: Europe* (Washington, DC: GPO, 1941), 909-914.

⁷⁶ Ibid.

⁷⁷ Buchanan, Andrew N. 2009. "Washington's 'silent ally' in World War II? United States policy towards Spain, 1939-1945." *Journal of Transatlantic Studies* 7, no. 2: 100-105.

⁷⁸ U.S. Department of State, *Foreign Relations of the United States, 1941. Vol. II: Europe* (Washington, DC: GPO, 1941), 909-914.

⁷⁹ Cokely, Megan E. 2007. "British counter-intelligence in Gibraltar: Deciphering Spanish ‘neutrality’ during the Second World War." *International Journal of Iberian Studies* 20, no. 2: 129-138.

Gibraltar was a militaristic stronghold and Britain's key to the Mediterranean world. Germans had planned to seize Gibraltar during Operation Felix, which never came to fruition.⁸⁰ However, when planning the operation, Germans needed information about British shipping routes. The German intelligence agency, Abwehr, and Spanish intelligence teamed up to set up observation posts on both sides of the Strait of Gibraltar.⁸¹ Wireless transmission was used to report back to Berlin via Madrid.⁸² The assistance of the Spanish was a clear breach of neutrality.

Washington allowed trade to continue, but on a cash and carry basis in the open market; additionally, shipments of oil and gasoline were reduced greatly.⁸³ Spain had no choice but to accept the terms, as it could not get commodities from other countries. After the United States entered the war, FDR urged Secretary Hull to secure an agreement with Spain. This was to prevent a potential invasion into Northern Africa.⁸⁴ While diplomacy with Spain in the years prior to American entry into WWII was erratic and painstaking, it served to ultimately benefit the United States.

Wartime & Post-War Relations

By 1942, the United States was trading with Spain. Spain, due to economic necessity, was trading raw materials to whomever would pay for them. Wolfram, which is essential for the production of steel, was 0.37 percent of Spanish exports in 1940; by 1944 it made up 27.22 percent of Spanish exports.⁸⁵ The United States placed regulations on the export of certain

⁸⁰ Ibid.

⁸¹ Ibid.

⁸² Ibid.

⁸³ Buchanan, Andrew N. 2009. "Washington's 'silent ally' in World War II? United States policy towards Spain, 1939-1945." *Journal of Transatlantic Studies* 7, no. 2: 100-105.

⁸⁴ Ibid.

⁸⁵ Caruana, Leonard, and Hugh Rockoff. 2003. "A Wolfram in Sheep's Clothing: Economic Warfare in Spain, 1940-1944." *Journal of Economic History* 63, no. 1: 118-125.

alloys, and purchased wolfram from Spain to raise prices for Germans.⁸⁶ The purchasing of wolfram by the Allies caused the demand to rise along with the price. Germans could now buy only 55 percent of what they had purchased pre-1941 for the same amount of money⁸⁷. Soon, the U.S. levied a second oil embargo against Spain.

This oil embargo was issued January 22nd, 1944, and was in response to high wolfram prices by the cancellation of the civil war debt, and Spanish militaristic aid to Germans—which has been aforementioned.⁸⁸ Spain began negotiating immediately, and stopped exporting wolfram to Germany while the conflict was being resolved. Spain, however, continued to send shipments to Germany. In February, 104.6 tons were exported from Spain to Germany; there were no exports in March, but in April, 198 tons reached Germany from Spain.⁸⁹ Ultimately, Britain and the United States continued trading oil with Spain and ended the embargo in April. Limits were put on how much wolfram could be sent to Germany, yet Spain, as was its tendency, willfully ignored them.⁹⁰

Much of the foreign policy with Spain during wartime was the same as in 1940. After the war, however, Spain was treated quite poorly. This came as no surprise to American leaders, as Spain was quite difficult to deal with. Additionally, the political system in Spain was incongruent with that of the United States. In 1946, the United Nations passed a general assembly resolution which called for all UN members to remove their ambassadors from Spain.⁹¹

⁸⁶ Stevens, Donald G. 1999. "World War II Economic Warfare: The United States, Britain, and Portuguese Wolfram." *Historian* 61, no. 3: 539-541.

⁸⁷ Caruana, Leonard, and Hugh Rockoff. 2003. "A Wolfram in Sheep's Clothing: Economic Warfare in Spain, 1940-1944." *Journal of Economic History* 63, no. 1: 118-125.

⁸⁸ Ibid.

⁸⁹ Ibid.

⁹⁰ Ibid.

⁹¹ United Nations General Assembly, 1st Session. *"Resolution 39 (1946) [Relations of Members of the United Nations with Spain]"* (A/RES/39). 12 December 1946.

It cited much of the aid given to Germany from Spain between 1941 and 1945, including the “Blue Division”, as grounds for such action.⁹² Additionally, it stipulated that if a freely elected government, which guarantees the rights of its citizens, was not created in a timely manner, the U.N. would step in to remedy the situation.⁹³ The United States cut relations with Spain in 1946, and removed the ambassador to Spain. There would be no U.S. Ambassador to Spain until 1950.

Conclusion

Before the United States entered the Second World War, Spain was declaring its neutrality in order to make economic gains. Even with the guise of neutrality, Spain was still able to support the Axis Powers. Spain not only traded commodities and other materials with Germany, but aided in espionage and supplied Germany with troops. In 1939, Spanish officials began issuing appeals to Germany for aid, and about possible entry into the war. Spain used its illusory neutrality to continue making gains before entering the war on the side of the Axis, which it planned on doing after the fall of Britain. Although Spain never officially entered the war, the aforementioned actions occurred throughout the entire span of the war. Additionally, Spain traded with many countries, yet supplied wartime aid primarily only to Germany. The United States acted to ensure Spain’s neutrality, yet it was never realized that Spain had never been neutral to begin with.

⁹² Ibid.

⁹³ Ibid.

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