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"Dr. Salazar and Ricardo Espírito Santo Silva"

## The Duke of Windsor and Ricardo Espírito Santo 1940

by Carlos Alberto Damas

Amidst the setting of the Second World War, the case of the visit and stay of the Duke of Windsor in Lisbon always raises new comments and interpretations. What was the real role of Ricardo Espírito Santo in the negotiations between the Germans, the British and the Portuguese government at the time? Was the Duke going to demonstrate his support for Germany and did the Nazis support him?

In the summer of 1940, Lisbon would be the last European stop of Edward, Duke of Windsor. Fleeing from the advancing German forces, the former British monarch, accompanied by Wallis Simpson, left Paris. He stayed on the French Riviera until the 19<sup>th</sup> of June. Pressured to leave France by Hugh Dodds, the British Consul in Nice, he accepted the "suggestion" to go to Lisbon, where he would await transportation to England. On the 21<sup>st</sup> of that same month - at a time when Salazar already knew the couple's coming to Lisbon - the Duke was in Barcelona.

At the Ritz, in Madrid, the duke and the Duchess of Windsor had to wait for one week because the Portuguese head of government considered politically undesirable the simultaneous presence in Portugal of the Duke of Kent - the official representative of the British crown to the commemorations of the 400<sup>th</sup> Anniversary of the restoration by Portuguese independence from Spain - and the Duke of Windsor<sup>1</sup>. When his brother returned to Great Britain on the 2<sup>nd</sup> of

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<sup>1</sup> Ambassador Vasco Vieira Garin as a young diplomat was assigned to accompany the Duke of Kent during his stay in Lisbon. He was asked to enquire from the Duke whether he wished to stay on in Lisbon to meet his elder brother, the Duke of Windsor. He answered "Good God, no!" (told by Garin to the Chairman of BHSP. Ed. note)

July, Edward and his retinue headed for Lisbon. In the following weeks, with the active participation of the Spanish government, German diplomacy would spin a coarse conspiratorial web involving the governments of Portugal, Great Britain and Germany, as well as several other players.

Four decades after these events, books began to be published on the theme, in which, together with honest and objective analyses, imaginary and fanciful tales are put forward. Some authors invented machinations, attributed designs and judged attitudes, while developing personal interpretations that are distorted in light of the realities of that period and the documented evidence, but due to successive repetitions these have acquired the status of "historical truths."

One of those images, shaped in connection with the passage of the Duke and the Duchess of Windsor through Lisbon, is the one that has been constructed around the participation of the banker Ricardo de Espírito Santo in those events, on the basis of German diplomatic documentations.



From left to right: Rui Ulrich, Duke of Windsor, Tomás Pinto Basto, probably British Embassy diplomat, Marquês de Ficalho, probably British diplomat and Ricardo Espírito Santo.

One of them came into being in 1984 when the lawyer Michael Bloch published *Operation Willi*<sup>2</sup>, an account laden with speculative interpretations which, in our view, detract from a work that claims to be grounded in history. Although the link between history and truth is hard to come by, it is always possible to establish limits between reality and fiction, since, quoting Bloch, "The notions of evidence and truth are an integral part of the historian's profession."

The statements by the author of *Operation Willi* about Ricardo Espírito Santo (which are analysed in this article) are all the more incomprehensible when the former, in his preface, repeatedly warns us about the fact that the German documentation at issue is "fascinating material, whose published portion has fired the imagination of countless novelists and journalists and has been quoted (albeit without critical analysis) in dozens of popular history works." He also states that "almost nothing can be taken at face value [...] since there are a number of reasons why these sources should be regarded with the utmost caution and suspicion." He goes on to reaffirm that, weighed as an historical source, the reliability of the Nazi diplomatic documents raises serious doubts as to their credibility because "there are a number of reasons why these sources should be regarded with the utmost caution and suspicion." The memoirs of Weizsäcker, who was secretary of state for Foreign Affairs during wartime, point in the same direction: "If you use the sources of the Third Reich, you should remember that [...] the officers and public officials [...] presented their proposals or couched their arguments in terms suited to the person they were addressing; [...] they wrote and spoke [...] to psychopaths and for psychopaths." The uncritical reading of this book continues to sustain and breathe life into new fantasies, namely concerning the participation of the owner of the house at Boca do Inferno, in Cascais, in the "nebulous conspiracy" in which the Duke would come to be involved.

<sup>2</sup> *Operation Willi: The Plot to kidnap the Duke of Duke of Windsor*, July 1940, Michael Bloch (London 1984, New York 1986).

It is therefore essential to analyse again the available documentation with historical rigour, bringing to the surface interpretative hypotheses (always tentative and relative) of that which took place sixty years ago, without neglecting the social and political contexts in which those events took place.

When examining the stay of the Duke and Duchess of Windsor in Portugal in the summer of 1940, Michael Bloch naturally describes facts. Several are erroneously interpreted and he attributes to them a meaning, which, in our interpretation, they do not have, because he views and weighs them on the basis of an imperfect understanding of the context in which they took place. Of particular relevance in this regard are essential aspects of the Portuguese political framework at the time and also the position of Ricardo Espírito Santo in that context.

Concerning the first aspect, it's worth mentioning that the references to Salazar are few and almost non-existent. It is nothing short of extraordinary to focus on this episode "as if" Salazar did not exist. To conceive that an issue of the greatest political importance, such as the destination of the Duke of Windsor and the terms under which his stay in Portugal unfolded, was not followed in detail and on a daily basis by the then premier is, at the very least, pure naiveté.

Having presented the issue in this way, we believe that to interpret the facts we must take into account both the position of Oliveira Salazar (who, one should recall, was also in charge of the Foreign Affairs portfolio, conducting Portuguese foreign policy throughout the war) towards the Allies and Germany, and the thorough and permanent attention with which he personally directed the activity of the various services, notably the police forces. Portuguese policy in the context of the Second World War, and markedly after 1941, sought as a fundamental objective, with some exceptions, an alignment with the United Kingdom by means of the declaration and practice of neutrality (which namely included concessions of an economic nature). This difficult exercise of international policy lasted until the point when the Allies were clearly winning the war. Only then did it become possible to take

certain steps, always cautious in matters of the greatest importance, in favour of the United Kingdom, amongst them the concession of the facilities in the Azores Islands.

In this context, it seems easy to understand Portugal's position in the case of the Duke. It would all come down to applying the general policy to a concrete case: to foster the solution wished by the British and to simultaneously manage that Germany would not see it as such, but would rather regard the Portuguese position as favourable.

What should then the Portuguese government do? To facilitate the stay of the Duke and Duchess of Windsor in Portugal, because here the duke would be in a favourable setting for Britain, and to house them with the utmost care, which, always from the anglophile viewpoint, meant above all to prevent any underhand action from the Germans; to ensure the secret contacts of Edward with the British; to keep the affair under all possible discretion (and the government's press censors took care of that). Finally, to foster his departure from Portugal with the destination assigned by London. All of this came to pass.

After the Duke of Windsor took up residence in Cascais, and from the moment when that became necessary, various avenues were used to keep the Germans believing that they had in Portugal decisive allies who would do their bidding and would ensure the success of the operation.

Who better than Ricardo Espírito Santo, whom the Germans regarded as a "Portuguese confidant" (Documents on German Foreign Policy, volume X, p. 378), to host the Duke? (It's worth noting that Bloch, when quoting the cable in which that expression is used, replaced it with "our Portuguese agent.")

It's opportune to recall how the Germans displayed, throughout the entire war, enormous flaws with regard to the processing of the information they received, beginning with the evaluation of its accuracy. It is known that they fooled themselves

countless times, mistaking their wishes for reality and deeming "information" to be good if it coincided with them. Amongst other examples of the miscalculations of the Germans, let us mention the presumption of Rudolf Hess, also obsessed with a peace plan, of regarding the Duke of Hamilton as a "great friend of Germany" (Nuremberg, The Trial of German Major War Criminals, volume VI). Dazzled by that idea, he flew by himself to the castle of that aristocrat in Scotland. The error of judgement would end up costing him 46 years in prison. Ribbentrop, a Nazi with similar obsessions, had a different fate, for he was hanged in 1946 as a war criminal.

In the "Willi Affair," it's not hard to accept that Salazar guided Ricardo's actions. Viewed in this way, everything seems to become coherent. The banker was one of the most appropriate people to receive the Duke: he possessed prestige, a cosmopolitan vision and savoir-faire to host a former king in his summer residence.

The house at Boca do Inferno, in Cascais, is a secluded and perfect spot to keep a visitor under vigilance and to safeguard him from anything unforeseen. The PVDE was the police agency surrounding the house (albeit with Spanish, German and one or two occasional British agents nearby); it was through it that the British were apprised of everything, and they trusted the agency.

On the other hand, the trust that Espírito Santo had earned from Ambassador Hoyningen-Huene<sup>3</sup> – a cultured aristocrat and also a collector – of whom he was a personal friend, just as he was a friend of the British ambassador and of most of the members of the foreign diplomatic corps in Portugal, perfectly suited the designs of the Portuguese government.

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<sup>3</sup> Oswald, Baron von Hoyningen gen. Huene (1885-1963). German Ambassador in Lisbon 1934 to 1944. He had an English mother, was not a Nazi and had served on President Hindenburg's staff up to 1934. After he was replaced in 1944 following a purge of aristocratic diplomats further to the July plot, he was placed under house-arrest although there is nothing to suggest he was part of any resistance to the Nazi regime.

A decisive element for the understanding of the position of Espírito Santo lies in the fact that – either on the business or personal levels – his attitude did reflect and incorporate those, which, at the time, were deemed to be national interests. Ricardo Espírito Santo, born in 1900, was the second son of José Maria do Espírito Santo e Silva, a successful businessman and founder of one of the most important banking houses of Lisbon, which his sons turned into the Banco Espírito Santo in 1920. Emancipated in January of 1919, Ricardo married six months later Maria (Mary) de Morais Sarmiento Cohen, daughter of Benjamim de Abraham Cohen, a Jewish merchant banker, and of Maria da Conceição Pinto de Morais Sarmiento.

In the summer of 1940 the policies of the British Ministry of Economic Warfare (MEW) were already being implemented. Not rarely, they disagreed with those of the diplomats at the Foreign Office, to a large extent due to differences of perception about who was better placed "in the field" to know the geographical and political reality, and faraway diligent officials who patriotically, as befitted them, sought to follow the directions of their government.

Under the active neutrality that Salazar had demanded from the Portuguese business community, it should be recalled that Ricardo Espírito Santo always invoked his status of neutrality to approve or reject financial operations proposed by his clients, regardless of the nationality of the counter-parties. That attitude would earn him lasting animosities, which explain a lot of what happened subsequently.

Indeed, during the war years, the MEW pursued a persistent strategy of antagonising the Portuguese banker, calling him "a friend of the Germans," an opinion not shared at all by the Foreign Office. In June of 1941, for example, Ambassador Ronald Campbell<sup>4</sup> informed London that Ricardo was "above all a businessman who makes money wherever he can. He's not pro-German, any more than

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<sup>4</sup> Sir Ronald Campbell (1883-1953). He was Ambassador in Paris from 1939 until the fall of France. Ambassador in Lisbon 1940 to 1945.

he is pro-British [...] His policy is to be on good terms with everybody. It would be fair, I believe, to describe him as a good Portuguese" (Public Record Office, FO371/26804). With a very typical humour, the diplomatic representative of Her Majesty's government said about the banker: "I'll eat my hat if this man is pro-German." (Public Record Office, FO 71/26802).

It was in this sphere of equivocations and contradictory interests that arose the reputation of the supposed Germanophile leanings of the host of the Duke of Windsor. It was an environment that António Telo (*A Neutralidade Portuguesa e o Ouro Nazi*) cleverly defined when he stated, "economic warfare was a shadow play in which appearances seldom corresponded to reality."

Another perspective, which should not be forgotten, and from which it is possible to appraise the public actions of Ricardo Espírito Santo in the first months of 1940, had to do with the assistance to the refugees that were fleeing from the horrors of a Europe at war and the Nazi threat.

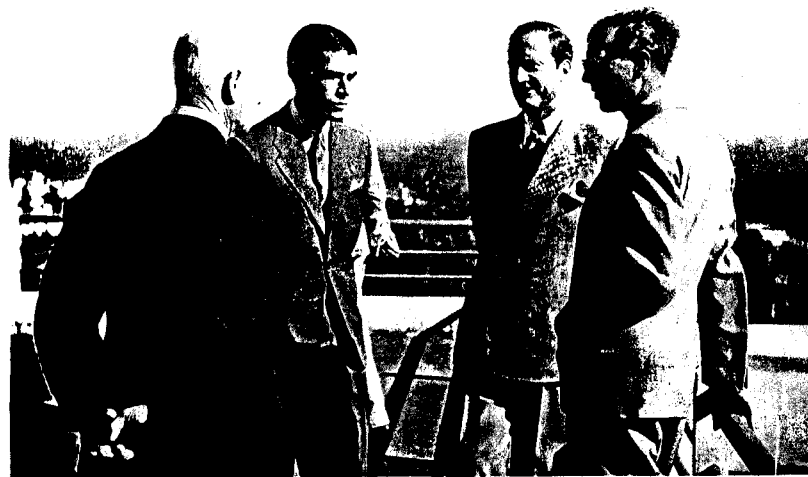
Ricardo Espírito Santo, still in 1939 and more substantially during the first half of the following year, gave "precious and disinterested aid to hundreds of French refugees" (Portuguese Ministry of Foreign Affairs, Portuguese Legation in Paris, 4<sup>th</sup> of May, 1945. Letter of Augusto de Castro to Georges Bidault.) If we give credence to this document, Armand du Chayla – later the representative in Lisbon of the French National Liberation Committee of General De Gaulle – was one of the direct witnesses of that reality.

In fact, the refugees, overwhelmingly Jews – German, French, British, Belgian, and of other nationalities – received assistance from the Espírito Santo family: "They arrived in Lisbon every day, in every possible way. I remember the time when Maurice Rothschild<sup>5</sup> came over and went to see my father at the bank, saying

<sup>5</sup> Maurice Edmond Charles Rothschild (1881-1957). He was a French Senator and a member of the Academy of Fine Arts.

that he wanted to go to the United States and could my father arrange it. And my father did actually arrange it." (From an interview with Maria da Conceição de Moraes Sarmento Cohen Espírito Santo Silva, 12<sup>th</sup> of February, 2001).

Another member of the same family that sought shelter in our country was Henri de Rothschild<sup>6</sup>. In one of several letters that he addressed to the banker, the Baron expressed his gratitude for the "constant concern that has been so precious to me in the grievous circumstances that I find myself in." (Historical Archive of the Banco Espírito Santo, 9<sup>th</sup> of June, 1941).



From left to right: Probably the British Ambassador Sir Walter Selby, Visconde de Pereira Machado, Ricardo Espírito Santo and the Duke of Kent

<sup>6</sup> Henry James Nathaniel Charles de Rothschild (1872-1947). He studied medicine and was a collector. He spent most of the war years in Lisbon where he began to work on his memoirs published as "*Croisières autours de mes souvenirs*".

Set against a set of documented facts, and even extrapolating from other contexts, on account of family, personal, professional or political reasons, the position of Ricardo Espírito Santo could hardly fit with an attitude of political alignment with the Nazis under any circumstances.

Edward and Wallis were, in a way, two of the many refugees that found their way to Lisbon in the beginning of the summer of 1940. According to Wallis Simpson, as cited in a book that was published in 1983 – a year before Bloch's and curiously not mentioned by him (Peter Allen, *The Crown and the Swastika*. Hitler, Hess and the Duke of Windsor) - the summer residence in Cascais was lent at the request of Walford Selby<sup>7</sup>, the British ambassador in Lisbon. The diplomat, with Salazar's agreement, had approached Ricardo about the loan of the house for several days, a request that was discreetly underscored by the Duke of Kent, who was on an official visit to our country between the 25<sup>th</sup> of June and the 2<sup>nd</sup> of July, when he met Ricardo Espírito Santo in Estoril.

As the *Diário de Notícias* disclosed on the 4<sup>th</sup> of July 1940, Edward and part of his retinue took residence at Ricardo's house in Cascais, for what was anticipated to be a brief stay, while they awaited transportation to London (two Sunderland hydroplanes actually came to be anchored on the Tagus for that purpose).

But, after the stay grew longer than anticipated, Ricardo Espírito Santo, on the 7<sup>th</sup> of July, arranged with Edward the conditions under which the couple would stay at his summer house, after they, and only then, had unsuccessfully looked for lodging in Estoril. When the Duke came to Portugal, the director of the British intelligence services, Stewart Menzies, had asked the Portuguese political police to guard and protect the son of George V. From the detailed report of the captain of the PVDE assigned to this mission, one can find complete information about the goings-on of the Duke between the 4<sup>th</sup> and the 27<sup>th</sup> of July. The days were spent either in visits to Lisbon, most of them to take care of matters concerning his

<sup>7</sup> Sir Walford Selby. Ambassador in Lisbon 1937 to 1940.

situation at the British embassy (his passport was being retained there since he was refusing to return to Britain), or at the golf club in Estoril. For dinner, at Casa da Laura in Cascais or at their temporary residence, the Windsors had for company sometimes the Barons Rothschild and sometimes Mr. and Mrs. Espírito Santo. Sintra, Quinta da Marinha, or even just the pinewoods that surrounded the house were the destinations of their outings. On one single occasion, the Duke went to the Spanish embassy to meet with the diplomat Javier Bermejillo, a friend of long standing. On the afternoon of the 21<sup>st</sup>, he watched a bullfight in Algés.

But Edward was subjected to all sorts of pressures and was hostage to a wounded ego. His indecisions encouraged Hitler's followers and the Spanish operatives who believed that it was possible to convince him to mediate the peace between the United Kingdom and Germany, a notion that had many supporters at that time in Europe. "The Duke of Windsor assumed the form of a card that all wanted to help play..." (*Pedro Ramos de Almeida, Salazar: Biografia da Ditadura*).

However, even though his sympathy towards Hitler – which was passive, according to Hugo Vickers ("The Private World of the Duke and Duchess of Windsor"), fed by the bitterness of the lost throne – made him an easy prey for the Germans, when the time came for the final decision patriotic feelings overcame the hesitations. It was on the 31<sup>st</sup> of July, during a dinner at the Hotel Aviz, that Windsor publicly announced his decision to leave for the "tropical exile" on the following day (*Jill Jolliffe, Aviz. "Uma História de Lisboa"*).

We have noted that Bloch's work, concerning Ricardo Espírito Santo, used as documentary support the diplomatic correspondence of the Reich. Let us analyse it then with the possible detail. German hopes concerning the use that they might be able to make of Edward originated on the 23<sup>rd</sup> of June, (the day of the arrival of the Duke of Windsor in Madrid), following a cable by Von Stöhrer, the Nazi ambassador to Spain, to the German foreign minister, Von Ribbentrop. Another eighteen cables would follow:

fourteen between Ribbentrop and Stöhrer, and four from the German ambassador in Lisbon, Hoyningen-Huene, to Berlin. There were others, but, for various reasons (amongst them the official British censorship in the post war), they were not included in the compilation of the documents from the German Foreign Ministry that was published by the Allies in 1957.

News of the arrival of Edward at the Ritz in Madrid had become known to the Germans on account of the insistence of Colonel Beigbeder y Atienza, Minister of Foreign Affairs, with the representative of the Reich in Franco's Spain. Asking that the Germans advise him how to proceed, the Spanish politician had suggested that perhaps the German government might be interested in contacting the former monarch, and had made himself available to stall the Duke in Spain for as long as necessary. Given the Spanish "offer," the German ambassador requested instructions from the former wine merchant that had been in charge of the German Ministry of Foreign Affairs since 1938. The following day, Ribbentrop ordered his ambassador in Madrid to keep the Duke and the Duchess in Spain for a couple of weeks. However, and the way it had been foreseen, on the 2<sup>nd</sup> of July the Duke's party left for Lisbon. After the failure of the first round began the equivocations in which this episode proved to be fertile. As if to provide excuses for himself, Stöhrer notified Ribbentrop that Windsor was going to Portugal for talks with the Duke of Kent. The arguments were weak and the "conspirators" felt so.

Theatre replaces reality. Thus, the cable to Ribbentrop had to be "put together more carefully." How? The Duke, it was said, talked too much. He was "an emotional sort," and did not care if indiscreet ears paid attention to his outbursts. It was said that he was bitter and resentful towards Churchill, the British Government, and his sister-in-law, Elizabeth Bowes-Lyon. He would proclaim, to those willing to listen to him, his opposition to the conflict between the United Kingdom and Germany, saying that if he were on the throne there would be no war. But that was not all. In a rebellious attitude, he stated that since Wallis was not accorded the status of a member of the royal family, he would not go to England and rather thought of

returning to Spain. All these statements were always made according to the German reports, as contained in the texts of the cables.

He conveyed the testimony that Beigbeder claimed to have heard to the German ambassador, who promptly cabled it to Ribbentrop. The latter only answered ten days later. In the interim, and with the Duke still in Lisbon, he had conceived a more ambitious plan. Ribbentrop, in order to "direct" the ambassador in Madrid, stated that Edward, according to "information from Lisbon, lives in the house of a Portuguese banker, who is alleged to be a friend of Germany." In that cable of the 11<sup>th</sup> of July surfaces for the first time the name of Ricardo Espírito Santo. The foreign minister did not reply to the detailed cables that Stöhrer sent to Berlin between the 12<sup>th</sup> and the 31<sup>st</sup> of July. On the 20<sup>th</sup> of July, he had turned over the matter to the SS Brigadenführer Walter Schellenberg, head of German counter intelligence.

In the meantime, and to put an end to the hesitations of the Duke, Churchill, after having threatened Edward with a court martial, sent to Lisbon Sir Walter Monckton, charged with the mission of convincing him to depart, which met with success to the despair of the German. After this "plan" also failed, the most active conspirators engaged in a last attempt. On the 30<sup>th</sup> of July, Stöhrer decided to put the cards on the table, suggesting to Ribbentrop that a message from Hitler himself be delivered to the Duke.

And who better to convey it, according to the diplomat? Ricardo Espírito Santo, whom the Duke allegedly had told that he would like to contact with the Nazi dictator, something which, years later, Edward would categorically deny. Stöhrer suggested that someone prompted the banker to raise the question to his guest: What would you do if you could get in touch with the German government? Should the response be positive, and then the Duke of Windsor should return to Spain.

Ribbentrop accepted the idea and, the following day, on the 31<sup>st</sup> of July, instructed his ambassador in Lisbon to use the Portuguese "confidant," conveying to him the message that Germany



wanted a negotiated peace with Britain, a development which only "Churchill's clique" stood in the way of forcing Germany to dictate her conditions by all the means at her disposal.

At 4 a.m. of the 2<sup>nd</sup> of August – when the *Excalibur* was already sailing to New York with the Duke and Duchess of Windsor aboard – Huene cabled Ribbentrop, saying that "all efforts to keep the Duke and the Duchess in Europe were to no avail," adding that Ricardo, "with whom he had thoroughly analysed new developments for action," had conveyed the message to Edward, who had said that he shared Hitler's wish for peace. Six hours later, another cable. It was Schellenberg's turn to offer justifications for the failure, detailing the work carried out during the last ten days. Ribbentrop did not answer.

The curtain had fallen on a conspiracy, which the earnest Stöhrer many years later characterised, as "idiotic." According to Bloch, during the last two weeks of July the "conspirators" [...] acted more to demonstrate their zeal than to promote the plan," and that is why the German cables were drafted in a way that would please the peculiar mindset of the Reichsaußenminister. Subsequently, there was unanimous recognition that Ribbentrop's plan had been the product of a mind that, due to the dangerous liaisons of the Duke of Windsor, let itself be overcome by delusions.

This is the sum, in terms of documentary evidence, of the alleged involvement of Ricardo Espírito Santo in "Operation Willi." Even if what Hoyningen-Huene wrote were plausible, it would be impossible to assert that the Portuguese banker aided the Germans in the attempted kidnapping of the Duke and Duchess of Windsor because the plan no longer existed – due to a lack of object.

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In 2003 and in collaboration with Dr Augusto de Athayde, he published *O Banco Espírito Santo – uma dinastia flunceira portuguesa (1869-1973).*