LABOR EXPORT, DEVELOPMENT, AND THE STATE:

THE POLITICAL ECONOMY OF PORTUGUESE EMIGRATION

by

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Submitted to the Department of Political Science in Partial Fulfillment of the Requirements of the Degree of

DOCTORATE IN PHILOSOPHY

at the

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

June 1984

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Department of Political Science, 9 March, 1984

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Accepted by

Chair, Graduate Program Committee

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ABSTRACT

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Submitted to the Department of Political Science
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This dissertation examines the role of emigration in the political
strategies of European labor-export countries, with primary focus on the
case of Portugal. It is concerned with the political causes and
consequences of large-scale emigration on countries which, for a variety
of historical economic and political reasons, have experienced a later
and more constrained industrialization than Northern European countries.
It asks the question - to what degree is emigration a consequence of
deliberate state action, and what are the political and economic ends
served by the adoption of a coherent set of emigration policies?

The study addresses two heretofore ignored aspects of emigration in
general and, in particular, post-War European labor emigration. First,
analyses of international labor migration have, by and large, examined
the economic causes and consequences of emigration on both micro and
macro-levels. With the exception of several studies dealing with
emigration as a consequence of political relations between countries,
there has been virtually no study of emigration as a national political
and development strategy with specific political effects. Second,
recent explanations of the causes of labor emigration have tended to
view the phenomenon as a passive consequence of capitalist economic
relations between countries and regions or as an accepted phase in the
evolution of 20th century and specifically post-War development. This
study has argued that Portuguese emigration, while certainly not
isolated from the effects of international economic and political
trends, was nevertheless viewed as a necessity by successive Portuguese
regimes which actively pursued the export of labor in the face of other
possible options. In the Salazar Regime, the developmental choices made
were those which required the export of labor from both Continental and
Colonial Portugal. The rates of emigration and manner in which it
occurred were determined by the political choices made by the Salazar
Regime.
ABSTRACT (continued)

The thesis argues that emigration policies of a given labor-export country, in this case Portugal, are responses by the ruling elites to a set of internal political and economic factors, which themselves are reactions to variables in the global political economy. Emigration policies are not haphazard or pre-determined, but will vary according to the domestic political and economic constraints and options. Emigration in Portugal has been a conscious and explicit policy of the Portuguese state for over a century, and most particularly in the half-century of the Salazar-Caetano Regime. Emigration has been, on the one hand, a consequence of the Regime's economic, industrial, and colonial policies, and on the other, an integral part of the strategies of regime maintenance, making politically possible the implementation of developmental schemes within both Metropolitan and Colonial Portugal. Emigration has served the three basic aims of controlling the supply and demand of labor, insuring a positive balance of payments through the flow of emigrant remittances, and helping to maintain the empire.

Following a review of the conditions Salazar inherited in 1928, a legacy of at least 200 years of continuously failed attempts at industrialization, of British commercial dominance, agricultural-industrial conflict, and Portugal's role as a commercial intermediary for the rest of Europe, the thesis examines the relationship among emigration, economic, industrial, and colonial policies in the context of Salazar's 'Modelo Economico' as it evolved from the protectionist, insular, and technologically regulated strategies of the 1930's and 1940's to the post-War era of opening the economy for trade, foreign investment, industrial modernization, and minimal labor absorption. The emigration of the 1960's and 1970's was in large part a consequence of these policies.

Thesis Supervisor: Suzanne Berger
Title: Professor of Political Science
ACKNOWLEDGEMENTS

I wish to thank the many people who have helped, in one way or another, in the preparation of this study. Of many Portuguese friends and colleagues, I mention the following, with apologies to those I may have overlooked: To fellow researchers and friends at the Gabinete de Investigações Sociais — Aderito Sedas Nunes, director, Manuel Villaverde Cabral, Antonio Martinho, Maria Filomena Monica, Fatima Patriarca, Jose Manuel Rolo, Guilherme Valente — who provided invaluable intellectual and institutional support, who helped unravel bureaucratic entanglements and made connections with key actors of the Portuguese political and economic scene; to Jorge Almeida Fernandes, Jaime and Eva Reis, and Juliete Rodrigues for the kind of support that is crucial in foreign and complicated fieldwork, to Teresa Monica for always pulling the right strings, and to Maria Proença who taught us the special meaning of Portuguese friendship.

Thanks are due to Joao Cravinho whose discussions always provided enough suggestions for five research projects, to Rui Ferreira Leite who generously provided access to the resources of the Associação Industrial Portuguesa and support for the industrial aspects of the study, to Maria Beatriz Rocha Trinidad, then of the Instituto de Emigração, Margarida Reis e Sousa of the Fulbright Commission in Lisbon, Maria Clara Farinha of the Gulbenkian Foundation, Manuela Jorge (Nossa Senhora das Limpezas) who lovingly ordered our lives, Maria dos Prazeres Lomba of Braga who gave so much help to the Northern part of the study, Henry Tillo, then of the Confederação da Indústria Portuguesa in Porto, and Jose Madureira Pinto of the Faculdade de Economia in Porto for arranging the superb research assistance of Estela Alegria and Rui Azevedo.

To many friends in the Lisbon neighborhoods of Casal Ventoso, Musgueira Norte, and Alto dos Moinhos and in Portuguese villages of Lama (Minho), Pias and Sta. Vitoria (Alentejo), and Sao Martinho (Beira Alta), who, while not directly involved in the study of policy, nevertheless provided new and refreshing perspectives on the Portuguese reality.

Suzanne Berger and Myron Weiner of the Department of Political Science, M.I.T. have accompanied this project from its inception. Their guidance and support have been constant. John Freeman, although a latecomer to my dissertation committee, provided the valuable insights that only a fresh perspective can offer. Robert S. Cohen of the Departments of Physics and Philosophy, Boston University, caringly read early drafts and provided encouragement when it was needed most.

To my children, Jeremy and Jared, who have grown up thinking that writing a dissertation is a prerequisite to adulthood, I beg their forgiveness for the time not given. And to my husband Tony, whose loving support and understanding have been limitless and who, often painfully, kept distance from a spouse who had to 'do her own thing', my utmost gratitude. My understanding of Portugal has been infinitely deepened by our experiencing it together.
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Introduction

This thesis examines the role of emigration in the political strategies of European labor export countries with primary focus on the case of Portugal. It is concerned with the political causes and consequences of large-scale emigration on countries which, for a variety of historical, economic and political reasons, have experienced a later and often more constrained industrialization than Northern European countries. It asks the questions— to what degree is emigration a consequence of deliberate state action, and what are the political and economic ends served by the adoption of a coherent set of emigration policies?

The thesis argues that labor export from both Metropolitan and Colonial Portugal was a conscious and consistent policy of the Salazar-Caetano Regime. While this thesis deals with the phenomenon of emigration, calling that phenomenon 'labor export' makes a basic assumption about the nature of Portuguese emigration. It was not passively dependent on the forces of European development, but was actively recognized as an important element in the political and economic development of the Regime, given the pressures and constraints of the larger international political economy.

* Due to technical difficulties with the word processor, most accents in the Portuguese words and names were unable to print. My apologies for violations to the Portuguese language.
The phenomenon of post-War European labor migration has been the subject of substantial social science inquiry in the past ten to fifteen years. The focus has generally been on the economic effects of immigration and the adaptation of migrants in the receiving countries, or the developmental effects of emigration and the re-integration of returning migrants in the sending countries. However, little in-depth research has been done on the political dimensions of emigration in the sending countries, e.g. which segments of the political economy profit from and which are hurt by emigration under what circumstances?

In his study of Puerto Rican migrants in New York, Michael Piore (1979:8) makes the point that migrant behavior can best be understood by examining the social context of the jobs migrants are performing - the attributes of their jobs as rooted in a social context. Piore rejects the conventional theoretical framework which looks simply at migrant's income as the cause of migration while neglecting the more significant variables such as the social forces of the labor market. In a parallel manner, what little has been written on the political dimensions of emigration from the perspective of the sending countries - i.e. the behavior of the emigration policy makers - has tended to label those causes and consequences simply as the 'safety-valve' effects, without examining the political context of the emigration. Why is it necessary to have a safety-valve in the first place and for whose benefit is the safety-valve? In the Portuguese case, for example, why was the wage structure and labor absorption so low as to stimulate the exit of over one-tenth of the population?
The Conceptual Frameworks

The search for an appropriate conceptual framework to explain the Portuguese case has been a frustrating one. The dominant paradigms dealing with the causes of international labor migration have largely been inadequate in dealing with the underlying political bases of emigration. This is not meant to be an exhaustive review of emigration literature, but rather a brief discussion of why the models do not do the job of providing adequate explanations of the internal political bases of emigration. In the process, the focus of this study will be further defined by virtue of noting why the models and cases examined do not fit the Portuguese case.

Economic explanations have pointed to the expected role of migrant labor in Europe's post-War reconstruction, or the pre-determined place of migrant labor in the evolution of European capitalism. While it is undeniable that Southern European labor would not have migrated without a demand from Northern European capital, it is nevertheless also clear that the politics of Southern European countries were served by emigration in a number of ways. No where is this clearer than in the case of Portugal where emigration has been a key variable of the political economy for over a century, but was particularly marked in the Salazar-Caetano Regime.

Several of the paradigms suggested in recent emigration literature recognize the structural inequalities between regions and countries of migration. They differ markedly, however, with regard to the dynamics and consequences of labor migration. What may be labelled the
equilibrium model argues generally that emigration is a self-regulating way of restoring balance between regions by reducing population pressure on labor-excess countries experiencing slow growth and increasing the labor-supply in labor-shortage countries experiencing fast growth. This notion was most clearly expressed in the work of Charles Kindleberger (1967) who argued that Europe's spectacular post-War growth occurred largely as a result of the availability of surplus labor from Southern Europe, and claimed that the short-term effects of labor emigration were largely positive for both labor import and export countries. Kindleberger's study is basically an explanation of economic growth based on emigration rather than a causal explanation of emigration. Therefore, it does little to illuminate the central questions posed in this thesis.

A political equivalent of the economic equilibrium model applied to emigration is that of interdependency which argues that both sending and receiving countries profit from emigration. For example, Stephen Adler (1975) has argued that Algerian emigration to France was mutually beneficial since both countries possessed resources valuable to the other and that Algeria's oil resources allowed a degree of independence in negotiations over migration agreements. Similarly, Nazli Choucri (1979) has employed the interdependency model for the study of Middle Eastern migration, arguing that countries exporting labor, such as Egypt, for the construction needs of Saudi Arabia and Kuwait and Libya, play a crucial role in those countries' and the entire region's development.

In both cases, the focus is on the relationship between international
relations and migration. In Adler's study, the unit of analysis is the relationship between an oil-rich "underdeveloped" country and a "developed" country with long-standing colonial ties. While Adler argues for the importance of studying the migration policies of a given country, the relevance of his Algerian case is limited for the study of Portuguese emigration in two ways. First, the focus in the Portuguese case is the Regime's policies of exporting labor (or restricting labor export to) wherever it was most profitable, according to the political and economic needs of the moment. That is, the focus is on the internal political implications of labor export, not on the role of emigration in relation to a specific country. Second, unlike Algeria, Portugal, despite the resources of its African Colonies, has never possessed the kinds of resources (oil) that Algeria was able to use as part of its total foreign relations portfolio, thus allowing it a degree of independence.

The equilibrium model in economics and the interdependency model in political science are countered by what may be generally labelled the neo-Marxist/dependency paradigm which argues that the effects of the drain of labor to centers of capital from less developed areas do not produce equilibrium or interdependency, and thus positive benefits for each side, but rather cumulatively negative effects for the labor export side. Marxist analyses of European post-War emigration (e.g. Ward, 1975; Castles and Kosack, 1972; Almeida and Barreto, 1976; Nikolinakos, 1975; Cinanni, 1975; Baroudi, 1978) view emigration as inherent in the process of the expansion of capitalism, but to tend to neglect the active role of the sending countries in the process.
The world systems paradigm of Immanuel Wallerstein (1974, 1976) has similarly criticized the equilibrium model for its failure to see negative consequences of emigration on the sending countries — the periphery or semi-periphery in Wallerstein's terms. However, as Portes (1978: 9) has pointed out, unlike the dependency model which tends to see the relationship between labor export and import countries as having a static and rather simplistically determined two-way flow — power and capital in exchange for surplus labor — the world systems model allows for a more dynamic and changing relationship between actors of the 'center', 'semi-periphery', and 'periphery'. The role of labor-export states would be explained by world systems advocates as follows: as capital increasingly penetrates the semi-periphery and periphery, and as enterprises must continuously adapt to increasing capital-intensive production, the domestic ruling elites see emigration as serving its own interests by alleviating the tensions inherent in increasing mechanization. Petras (1981: 53) in her 'global labor market' variant of the world systems model, sees the encouragement of emigration by Turkey, for example, as part of the collusion by center and periphery states, within the larger international capitalist system, whose consequence is the perpetuation of the peripheral role of Turkey within that system.

How well does the model fit the Portuguese case and how useful is the model for explaining the political variables in Portuguese emigration? Portugal's inability to industrialize until the mid-Twentieth century is clearly connected to the dominant role of England in the preceding three centuries and the collusion of domestic agricultural interests in that relationship (see Chap. II). The beginning of the massive export of
Portuguese labor in the mid 19th century is directly linked to the needs of Brazilian agriculturalists following the end of slavery in Brazil, as is the export of labor in the mid 20th century linked to the needs of European post-War capital. It is not the case, however, that decisions restricting or encouraging emigration in Portugal were determined solely by links to external capitalist actors. They were responses to external conditions made in the context of internal political and economic variables.

The most useful framework to appear in the recent emigration literature which considers both the role of the world system and yet allows for internal political options as a response to that system is that of Zolberg (1978). At the time, Zolberg argued that emigration "policies arose as 'solutions' to certain situations which states, conceived of as the instruments of groups pursuing their political and economic interests, faced as the world system underwent severe disturbances...(p. 268)

Zolberg's article, "International Migration Policies in a Changing World System," dealt with the capitalist powers of the late 19th and early 20th centuries, but might well have been speaking of the Salazar Regime:

The efforts of hegemonic groups within countries to maintain their position in the face growing international challenges also contributed to imperialist expansion as well as to the projection of ideology into the international political system. Business fluctuations were exacerbated by protectionist economic policies, and they in turn reinforced the search for relative autarchy. (p. 269)
The similarity with 20th century Portugal is striking. The increasingly centralized and repressive policies of the Salazar Regime were the institutional responses aimed at creating a self-sufficient Portugal and at controlling labor dissension. The efforts to fortify the Empire and the creation of a semi-autarchic and protected "Portuguese economic space" were part of Salazar's strategy to build an independent Portugal while maintaining his own political power. Exporting labor, when possible, or restricting exit, at the time of the Colonial Wars, were part of those basic aims.

Although Zolberg's framework, as stated in 1978, dealt mainly with restricting labor exit and entry and only up to the mid 20th century, its basic premises are valid for analyses of policies encouraging labor export, as in the case of Portugal and other Southern European countries. Unfortunately Zolberg abandons even his modified version of the world system model in a later theoretical paper (1981), and in fact criticizes its proponents as advocating "unidimensional processes of uneven economic exchange between states of origin and destination." (p. 4) Claiming that migration should not be reduced to "only another variety of exploitation, a process into which every policy variation is made to fit..." (p. 4), Zolberg points out that there are reasons people emigrate other than economic ones. That is true; but the large majority of Southern European labor migration was the result of a complex set of interacting economic and political reasons. 4

The framework adopted in this thesis will follow that suggested by Zolberg in his earlier work — namely that the emigration policies of a labor export country, in this case Portugal, are responses by the ruling
elites to a set of internal political and economic factors, which themselves are reactions to variables in the global political economy. Emigration policies are not pre-determined, but will vary according to the domestic political constraints and options.

Emigration policy in Portugal is defined broadly to include three factors of the Salazarist development strategy - first, the emigration policy per se which either encouraged emigration to Europe, the Americas or to and from the African colonies, or restricted the flow, depending on the Regimes's labor needs; second, the set of evolving economic, industrial, and colonial policies whose consequences produced the conditions for emigration and which were made possible by emigration; third, the consequences of massive emigration for Northern industrialists and the Regime's response (or non-response) to them. The second and third factors constitute the Regime's indirect emigration policy, but are no less important than the first.

Portugal as a Case Study

The examination of the Portuguese case serves as a model for the study of other European labor export countries whose developmental histories and relationship to industrialized Europe are similar, and like Portugal, whose emigration policies have been treated largely descriptively, non-comparatively and non-analytically. All the labor export countries follow the pattern described by Zolberg in analyzing the late 19th and early 20th century effect of population growth:
As had occurred among the countries that industrialized earlier, once labor mobility got underway it entailed both internal and international migrations. But the 'great transformation' with respect to labor generally outpaced the industrial growth of later developers, particularly as most of them were constrained by the structure of the world economic system to orient themselves toward the production of primary goods. (1978: 264)

For example, Portugal and Spain share a number of historical structural similarities vis-a-vis economic relations with England and the New World (Stein and Stein, 1970) and the effects of that relationship on domestic industrial development. Similarly, Sicily experienced a long-term dependency relationship with Northern Italy and Spain, with consequent constraint on domestic industrial development and large-scale labor export (Schneider and Schneider, 1976). In addition, Portugal, Spain, Greece and So. Italy have generally followed similar development strategies in the post World War II period, such as the ending of the protectionist/import-substitution phase followed by the adoption of capital-intensive industrial growth with the aid of foreign investment in the 1960's.

Despite these developmental similarities, emigration policies have varied considerably depending on the political and economic priorities of a given regime at a given time. For example, 19th century Italian emigration policies changed from Crispi's restrictive policies aimed at insuring abundant agricultural labor, to the policies of encouraging emigration in the years 1900-1914 by Giolitti who "defined the export of people as a reasonable substitute of the export of manufactures." (Schneider and Schneider, 1976: 125) Mussolini's policies fluctuated from encouraging emigration in the early years of his reign (1921-26) to restricting it severely in the late 1920's and early 1930's. Mussolini
was faced with sharp reductions in immigration from Europe and North America which together had absorbed about 400,000 Italian emigrants annually. He nevertheless instituted a policy of restricting emigration in order to insure abundant labor to build, through a massive public works program, the grandiose symbols of his power (Salvemini, 1969: 245-252). At the same time, in the face of worsening unemployment, he embarked on a campaign to increase the population, the "battle for births," a program he justified as being for "national honor." An increased population would mean more cannon fodder, lower wages, and would impress foreigners with the needs for colonies (Mack Smith, 1959: 409). Mussolini's policies were based as much on the political priorities of building Italian fascism as they were on the economic (or uneconomic) considerations of dealing with Italian unemployment. They clearly varied with Salazar's consistent policy of labor export for the same period."

The post-War European emigration policies of Portugal's neighbors have generally followed similar patterns, according to the sketchy evidence available. The Greek policy of "cautious ambivalence" corresponded to a similar attitude among Greek industrialists who seemed not to oppose emigration as long as their sizable labor force was not depleted. (Lianos, 1979: 212-214; Papademetriou, 1979: 190). Spain actively pursued and encouraged emigration in order to maintain full employment in the industrializing period of the 1960's (del Campo, 1979: 158; Roman, 1971: 60-61; Santos, 1969) although earlier (1940) policy had restricted emigration in order to provide for internal colonization and agricultural projects (Santos, 1969: 537). Similar policies of encouraging emigration characterized Turkish policies (Kubat, 1979:}
Turkey, whose labor export practices began later than other So. European countries, saw that encouraging emigration was the only way to accomplish the goals of development plans which first appeared in 1963 (Kubat, 1979: 252-253; Paine, 1974: 36; Abadan-Ubat, et al, 1976, 31). In all Southern European labor export countries in the post-War era, concern with "excess" labor during industrialization and with the supply of foreign exchange gained through remittances have been the prime conscious benefits of emigration.

Portugal is no exception to the pattern. However, the additional variable of Portugal's quest for Empire distinguishes its emigration policy from that of other Southern European countries, making Portugal the only So. European country to pursue simultaneous policies of restricting and encouraging emigration. The colonial factor in the Portuguese case underscores the importance of examining the political strategies of a given regime vis-a-vis emigration. The colonial issue in Portugal has determined Portugal's developmental strategies throughout the 20th century and has, through its direct and indirect consequences, shaped Portuguese emigration policy.

Research Methods

The relationship between emigration, economic, industrial and colonial policies is a complex one. The sources of data were correspondingly varied. Field research was divided into several endeavors and into several time and geographical segments. Much of the general framework was established in interviews in the summer of 1976, with past and (then) present government personnel involved in the formation of emigration policy. Interviews were also carried out then
with regional directors of the National Employment Service in Northern Portugal.

Most of the research was conducted from August, 1977 to August, 1978, in Lisbon, primarily, with shorter segments in the North and two trips to Paris to interview French labor and emigration officials and Portuguese emigrants then living in Paris. Research in Portugal during 1977-78 included further interviews with government personnel, former ministers, banking officials, and former deputies to the National Assembly of the Salazar Regime. During that period extensive documentary research was done in archives of the Secretary of State for Emigration, the Libraries of the National Assembly, the Industrial Associations of Portugal (in Lisbon) and of Porto, the Geographic Society of Lisbon (for Colonial material), the Diario Popular, the Banco Portugues do Atlantico and the Planning Commission for the Northern Region, both in Porto.

In the summers of 1978 and 1979 I carried out lengthy interviews with thirty Northern industrialists, focusing on the effects of emigration on Northern industry. The factory interviews included also visits to the actual industrial plants to gain a better understanding of the notions of capital and labor intensivity and technological innovation in the Portuguese context.

Although the focus of the thesis is emigration policy, a check on my perceptions of the abstract policy and further perspectives on the policy were provided through frequent interviews with former emigrants and returnees from the Colonies living in Lisbon, the Braga area in the North, and the collective farms of the Beja area in the South. While I
did not systematically set out to interview returned migrants, I took every opportunity to do so in order to provide an additional dimension to the study.

A thorough examination of secondary sources on Portuguese history, economics and colonialism served as the basis for much of the contextual material in the thesis. The ban on the open publication in Portugal of most social science material during the Regime, and, indeed, the discouraging of most basic social science research means that most research has been done and published only in the last decade.

This latter point leads to one of the methodological problems of doing research on a period in which policy makers answered only to Regime leaders and not to the public. Interpreting formal policy means peeling away the layers of rhetoric and symbolism which are part of any political communication, but particularly marked in an authoritarian regime. Imputing intentionality becomes a complex process of fitting together seemingly unconnected puzzle pieces and searching for the underlying consistency and pattern in what appears on the surface to be inconsistent. The task was best described by Manuel Lucena in his study of Salazarist corporatism:

Always contradictory, the corporatist institutions begin frequently by "not existing," later "they exist but don't function," and finally one discovers that indeed they have become coherent, but operate in a way contrary to how they were represented. Looking closer, one suspects that it was more or less this way that they planned them BSthe corporatist institutionsSB from the beginning.

(Lucena, 1976: cover)

The coherence of the Regime and of the policy will, hopefully, emerge as the thesis unfolds.
Structure of the Thesis

While the focus of the thesis is the Salazar-Caetano Regime, 1928-74, I have examined the periods prior to and, more briefly, subsequent to the Regime for several reasons. First, the conditions Salazar inherited in 1928, a legacy of at least two hundred years of continuously failed attempts at industrialization, of British commercial dominance, agricultural-industrial conflict, and Portugal's role as commercial intermediary for the rest of Europe, shaped the policies of the early stage of the Regime. Many of the prior conditions had continuities in the first decades of the 20th century, and provided the rationale and models for policies in the 1930's and 1940's. Chapter II reviews those conditions. Second, emigration and emigration policies are not features unique to the Regime. Widespread labor emigration became a constant of the Portuguese political economy in the 1860's, and continues, although constrained by international labor demand, in the ten year period following the Regime's downfall. It is important to recognize the long-term continuities of Portuguese emigration as a symptom of the structural constraints of the Portuguese economy. The ways in which those constraints are dealt with, in the form of emigration policy of a particular regime or public figure, may differ according to the political conditions of the time. However, the underlying conditions producing emigration for over a century must be considered along with the contemporary policies.

Chapter III examines the set of economic and industrial policies - known as the 'Modelo Economico' of the Regime as they evolve from the protectionist, insular, technologically regulated strategies of the
1930's and 1940's to the post-War era of opening the economy to Europe and the U. S. for trade, investment and industrial modernization. With changes in the economy came also changes in political alignments and power, the growth of banking and industrial monopolies and the new technocratic elite whose policies often conflicted with the traditional Salazarist supporters. The emigration of the 1960's and 1970's was in large part the consequences of the policies of the Modelo Economico.

Chapter IV examines the effects of emigration on the largely labor-intensive and technologically traditional industry of Northern Portugal. The Regime's labor, wage and educational policies which, during the first decades of the Regime, served agricultural and Northern industrial interests, came to have dire effects on those same interests in the 1960's and 1970's. Low wages, repression of labor, and elitist educational policies were strategies that backfired when both European emigration and large-scale industrialization began in the early 1960's. The earlier industrial and labor policies of the 1930's and 1940's, along with capital-intensive industrialization and little concern for labor absorption in the 1960's, created the need for a certain level of emigration, as outlined in development plans of the period. When actual emigration rates grossly exceeded the planned rates and Northern industry lost much of its skilled labor, the Regime reacted with disinterest to the industrialists' plight. Northern industry felt, and in fact was being, neglected by the Regime's new developmental priorities. Unlike other European countries (e.g. France and Italy) where labor-intensive industry was protected along with the growth of capital-intensive industry, the Regime chose to let traditional industry suffer the consequences of modern industrial growth by, in effect,
sanctioning emigration.

While the Regime barely reacted to the loss of skilled labor through emigration, it did react to the loss from emigration of military manpower to fight the Colonial Wars in the 1960's. During the course of the Regime, Portugal had attempted to change its role in Africa from being merely a commercial intermediary, to a developer of colonial resources, a plan continuously thwarted by the lack of Metropolitan capital. Portugal was both the only labor export country to be an active colonial power, and the colonial power in Europe most dependent on its colonies. Chapter V examines the three-part relationship between emigration and colonialism - first, the attempt to maintain the Empire through encouraging emigration of Metropolitan Portuguese to Africa; second, the effects on clandestine Metropolitan migration to Europe of the policies to restrict the emigration of men who had not completed military service; third, the colonial resources Portugal gained through the export of African colonial labor to other non-Portuguese African territories. Just as emigration from Metropolitan Portugal was a result of the policies of Salazar's Modelo Económico, the emigration of African colonial subjects was the result of colonial economic and labor policies. The Metropolitan and Colonial strategies constitute parallel yet inter-locking systems which must be examined together.

Finally, Chapter VI examines the direct policy of exporting Metropolitan Portuguese. That policy spans a century, although it was intensified, centralized, and rationalized through the course of the Regime. It served the purposes of controlling the supply and demand of labor, maintaining a positive balance of payments through emigrant
remittances, and maintaining the Empire. Within the context of these three over-riding strategies, changes in emphasis occurred throughout the Regime, depending on the accessibility of foreign labor markets, and the labor needs of the Portuguese State. One of the most significant changes came with the succession to Salazar of Marcelo Caetano who attempted a broad-scale liberalization of the political economy and correspondingly, emigration policy. Changes begun under Caetano and continued in the post-1974 decade suggest that Portugal's real 'Revolution', and with it changes in emigration policy, occurred throughout the 1960's, and not just in 1974. The changes substantiate the fact that emigration policy must be examined within the political context of a labor-export state.
FOOTNOTES

1 For good reviews of the main models in migration literature see Portes, 1978: 5-11; Paine, 1974: 13-23.

2 Kindleberger bases his model on that of W. Arthur Lewis whose notion of "growth with unlimited supplies of labor" was published in "Development with Unlimited Supplies of Labor," The Manchester School XXII (May, 1954): 139-191. (Kindleberger, 1967: 3)

3 For examples of economic equilibrium models employed in other emigration studies see S. Friedlander, 1965; V. Lutz, 1961. A more recent sociological equilibrium model based on general systems theory is H-J Hoffman-Nowotny, "A Sociological Approach to a General Theory of Migration," in Kritz, et al, 1981, in which it is argued that emigration may serve to reduce tension in the country of emigration and maintain the status quo in the external global system.

4 In fact, Zolberg notes in the 1981 paper that the Wallerstein framework is "quite heuristic for the analysis of some aspects of past and present migrations, and particularly for contemporary patterns of temporary labor migrations from the periphery to the core." (p. 9)

5 See, for example, R. Krane, (1979). A somewhat more in-depth discussion is provided by Kubat (1979), in whose edited volume are separate essays on the salient details of development and migration policies of the sending countries. The immigration policies of receiving countries have tended to receive qualitatively better treatment such as, for example, J. Singer-Karel, (1976); W. R. Bohning, (1974); R. Rist, (1979); D. Kubat, (1979).

6 See Soler (1969), Vicens Vivas (1969), and Munoz, Roldan, and Serrano (1979) for Spain; Mouzelis (1978), Evangelinides (1979), Perrakis (1976), Diamandouros (1981) for Greece; Wade (1979) for Italy. Similarly for So. Italy, The Economist Intelligence Unit has noted "Despite the superabundance of labor, industry is free to apply the modern capital intensive techniques, and a high degree of automation is standard practice in So. Italy." (1966: VI) See also Schiller (1977) for a discussion of capital intensive industrialization and labor surplus in Italy, Greece, and Turkey.

7 See also Zolberg (1978: 272) on Mussolini's restrictive emigration policies. "Under Fascism... clandestine (passportless) emigration was prohibited in 1926, and the higher punishment imposed against 'political' in contrast with 'economic' forms of it suggests the order of priorities among the Regime's concerns." D. V. Glass (1967: 222) has noted in Mussolini's restrictive emigration policy the national ideological value of large populations. Describing a 1927 speech by Mussolini's Under Secretary of State for Foreign Affairs, he notes, "The term 'emigrant' no longer existed -- there were only citizens. He recognized emigration as a need, but
insisted it should only take place under national sovereignty. Nations now calculated their power in terms of the homogeneity and size of their populations and their demographic vitality. Why should Italy still serve as a kind of human fishpond, to feed countries suffering from demographic impoverishment..."

Research was supported as follows: Summer of 1976: Pre-dissertation grant from Council for European Studies, Columbia University; August, 1977 - August, 1978: Fulbright-Hays Dissertation Grant; National Science Foundation Grant for Improving Dissertations in the Social Sciences; Summer, 1979: Summer Grant, Center for European Studies, Harvard University.
Chapter II - Pre-conditions and Pre-cursors of the Estado Novo

Lisboa e o escritorio do Imperio

Adriano Moreira, 1978

The words of Salazar's former overseas minister, "Lisbon is the office of the Empire," are significant for both their content and for the speaker. This statement may be read as a description of the complex course of Portuguese economic and developmental history for the approximately three-hundred years prior to Salazar's Estado Novo. This chapter will discuss the inter-locking themes of that history in order to analyze the foundations of the Estado Novo, and to show the ways in which the ideological positions and policies of Salazarism were either reactions to, constraints on or continuities of regimes of the prior three-hundred year period. It is not meant to provide a detailed historical account of the period, but rather to highlight the pre-conditions of both Portuguese emigration and Salazar's ascension to power.

The notion of Lisbon as office of the Empire evokes, at the outset, three key characteristics of the Portuguese economy. First, Portugal, throughout its early colonial history, played the role of commercial entrepreneur in relation to Western mercantilist and capitalist expansion and succeeded in using the resources of the Empire for its own capital accumulation only in the mid-twentieth century. Second, the primacy of agricultural interests, both domestic and export, Metropolitan and Colonial, often in cooperation with British commerce,
tended to constrain the development of domestic industry. Third, the increasing predominance of Lisbon as the economic center of Portugal in the second half of the Nineteenth Century created what Northern Portuguese call the macro-cephalic nature of the Portuguese economy, carrying with it the neglect of Northern development. It was during this period that the first major thrusts of capitalist development in agriculture and industry were attempted, accompanied by the first major waves of emigration from the North. Emigration becomes, during this period, a structural constant of the Portuguese economy.

The Themes Explored

Any discussion of the basic features of the Portuguese economy should ideally begin in 1415 with the explorations of Henry the Navigator, for belief in the Empire has permeated the Portuguese economic mentality for fully five-hundred years. A certain degree of telescoping of time is possible, however, because two important and related factors conditioning the Imperial economy operate in the Twentieth Century as well — namely, dependence on European economies, England in particular, and a chronic balance of payment problem. These two factors are closely inter-woven with the themes mentioned above; they will also return as recurrent threads throughout the thesis.

Portugal's dependence on the British economy stems in part from its persisting primary role as a commercial intermediary between the colonies and European markets and as a supplier of its own primary products, mainly wine. Unlike the classic pattern of capital accumulation among colonial powers that industrialized in the 17th
through 19th centuries and made intensive use of colonial natural 
resources for domestic production, Portugal began to exploit colonial 
riches for its own use only in the early and mid Twentieth Century. 
Capital accumulation is defined here as, first, the amassing of monies 
by a specific class (the bourgeoisie) through various means—increased 
rents through accumulation of lands, high rates of interest on lending, 
sale of or the use as money of precious metals from colonial 
exploitation—and, second, the investment of this capital into 
industrial production.\(^3\)

Of the myriad analyses of Marx's concept of capital accumulation as 
a pre-requisite to industrialization, several deal with the question of 
whether phase one—the amassing of money—is followed immediately by 
phase two, investment in industry—whether phase one is necessarily a 
gradual and lengthy process; or whether the two processes may occur 
simultaneously.

The relevance of the issue for the Portuguese case is perhaps best 
stated by Gerschenkron who argues, speaking generally of capital 
accumulation and industrial development, that whether phase two follows 
phase one depends on a series of social structural variables.

In historical reality...simple availability of wealth 
will be helpful for industrialization only if it is 
assembled in the hands of the people who either will be 
able to invest it in industrial ventures themselves or, 
alternatively, are willing and able to pass it on in one 
form or another to those who are immediately engaged in 
industrialization. In any case it must be wealth in a 
form which either directly or through some financial 
transformation is capable of being passed on.

(p. 39)

An example of a situation in which this transformation does not 
occur is "apprehension on the part of the landowning classes lest
industrial development deprive them of their position of pre-eminence within the community." (p. 40). As will be seen below, tension between landowning classes and incipient industrialists was a marked characteristic of the Portuguese socio-economic process from the 17th to 20th Centuries.

The issue of capital accumulation in Portugal is of central importance in this period. When one asks the question 'why was Portugal unable to accumulate industrial capital, i.e., to invest in industrial development - until the mid-Twentieth Century?' and 'what were the consequences of this lag?' one is immediately drawn into such factors as the role of domestic elites in economic policy and priority setting, the allocation, or not, of resources for a growing population which could not be absorbed within the confines of Metropolitan Portugal, and the pressures created when the accumulation begins to occur. The late accumulation of industrial capital is also intimately linked to the fact that Portugal's early (17th Century) and increasingly dependent involvement with English trade severely constrained capital accumulation and industrial development until the 20th Century.

Dependence on England

The roots of Portugal's economic dependence on England may be traced as far back as the mid-1300's, but the 'special relationship' in the mid-1600's when Portugal emerged from sixty years of Spanish conquest (1580-1640) substantially weakened Portugal economically and politically. Portugal was forced to seek English support as a protection against further Spanish incursions. Moreover, to keep its position as a colonial power, having lost its hold on trade with the
East during Spanish domination, Portugal granted substantial concessions to England. Under the Treaty of 1642, it opened its own ports and its African and Indian possessions to English ships, bestowed special privileges on English merchants in Portugal, privileges greater than those for Portuguese merchants, and became obligated to buy from England all the ships it needed (Sideri, 1970: 19-20). An even more binding treaty concluded by Cromwell in 1654 and which "asserts the all-pervading power of England, conscious of its superior strength, and resolved to use it to the utmost" soon became the Magna Carta of English merchants in Portugal (Sideri: 20).

As binding as these treaties were, however, it was the Methuen Treaty of 1703 that is seen as the final tie of English dependence and the major constraint to Portuguese capital accumulation and industrial development. The Treaty permitted the entry of English woollen cloth and manufactures under the condition that Portuguese wine be admitted into England at 2/3 the duties levied on French wines. (Sideri)

The ultimate effect of the series of English treaties and especially the Methuen Treaty has been discussed by numerous writers. Marvin Harris notes that the failure to organize industrial production in both the colonies and the Metropole was "intensified by Portugal's own ill-fated commitment early in the 18th Century to a future based on colonial tribute rather than on the development of domestic manufacturing industries." By the Treaty of Methuen, Portugal voluntarily bowed out of the European competition for textile manufacturing in return for a monopoly of the English wine trade." (Harris, 1972: 216-217) An even closer correlation between the Treaty and the failure to industrialize is seen by Sideri:
The Treaty caused the destruction of the only sector which could have served as the leading sector of the industrialization process, and whose very existence would probably have prevented the 'technological gap' which still effects Portugal today.

(p. 47)

Portugal's persisting position as a subordinate commercial intermediary, a broker in the transfer of colonial natural resources — both goods and labor (in the form of slaves to Brazil) is seen as a prime factor in Portugal's institutionalized underdevelopment.

It is known that the Portuguese social order never managed to structure itself in terms of introducing the surpluses created by colonial exploitation into a dynamic of growth. The Portuguese Empire is always a sub-Empire in the sense of carrying out an exploitation or domination of a second order, in which the true metropoles are served by Portugal as an intermediary of a transfer of resources.

(Murteira, 1979: 80)

The Domestic Elite

To claim that the failure to establish an independent industrial base was due purely to English dominance would be to neglect the important role of the domestic land-owning aristocracy and the commercial bourgeoisie within Portugal, a role which has persisted until the 20th Century. In his discussion of capital accumulation, Gerschenkron cites several possible cases in which wealth "even though potentially available and available in an appropriate form, will not in fact reach the industrial entrepreneurs." (p. 40) Stein and Stein, in discussing both Spanish and Portuguese domestic elites in relation to English economic dominance note "economic
imperialism, then as now, requires collaboration, and the Iberian elites, both aristocratic and mercantile, had perceived in the course of the 18th Century that within the status of economic dependence it was possible to preserve intact or nearly so the life-style to which they had become accustomed." (p. 26)

The opening of the ports of the Portuguese Empire to English commerce was clearly in the interests of the Portuguese mercantilist and agrarian bourgeoisie. "It is thus evident that the concessions made by the dominant classes to English capitalism was at the time the most viable form, given their economic conditions and social objectives, to assure the maintenance of their respective interests." (A. F. Ferreira, 1977: 131) Research on 17th and 18th Century industrial efforts and agricultural production within Portugal show a consistent pattern of either failed attempts or unrealized potential due to the predominance of commercial and large-scale agricultural interests who were either unwilling or unable to make the necessary investments or take the necessary risks. Two brief examples of early and unsuccessful industrial attempts will help make the point.

In part as a result of the above-mentioned Treaties of 1642 and 1654 with England, resulting in a loss of economic independence and a negative balance of payments, Portugal embarked on a Colbertian-type campaign of protectionism and industrialization. Primarily through the efforts of the Count of Ericeira (Sec'y of State from 1675-1690), a series of policies were implemented which curbed the import of English cloth,
prohibited the wearing of foreign cloth, encouraged the immigration of English artisans to manufacture cloth from local wool, promoted the long-standing tradition of linen production, organized the supply of raw materials, standardized selling practices, and facilitated the marketing of products. The campaign failed for several reasons, among them being the lack of a strong merchant class and the disorganization of the state machinery. In addition, there was the opposition of the landed gentry (Sideri: 26-28) and of the Church which "probably preferred free-trade to the development of industries which would have employed heretic English artisans and could have been used by the Jews to regain power and influence." (Francis, 1966: 205-206). The pattern of discouragement of industrial development in the name of maintaining stability was to recur consistently throughout the three-hundred years following the attempts of the Count of Ericeira.

The next effort to create economic independence through industrial development occurred one-hundred years later under the regime of the Marquis of Pombal. While Ericeira's policies were based primarily on fiscal incentive, Pombal sought a much broader role for the State in reducing exports, primarily from England, in stimulating new manufacturing through investments by the State, granting subsidies for the modernization of outmoded factories, the systematic and 'rational' exploitation of Brazilian mining and agriculture, and the creation of specialized training schools such as the commercial and naval for the sons of the emerging bourgeoisie (A. F. Ferreira, 1977: 104-108). More
significant than these specific measures, however, was the recognition that capital accumulation required a basic reorganization of existing agricultural, industrial and colonial institutions, a reorganization that challenged the hegemony of the nobility, the landowning aristocracy, the previously ensconced commercial bourgeoisie and the Church. The attempt to initiate the momentum of capital accumulation and industrial development was, in what was to be a consistent pattern in Portuguese socio-economic history, perceived as a threat to stability and the status quo.

Pombal's policies were being undertaken at a time when England sorely needed Portugal's metropolitan and colonial markets, a need of which the Portuguese agricultural aristocracy and commercial bourgeoisie were well aware. The latter interests were not sympathetic to the development of markets for Portuguese manufactures along the larger coastal cities where markets for English goods were already firm. In addition, the almost non-existent transportation and communications infrastructure to the interior made access to those markets difficult if not impossible. Thus, incentives for the industrial spurt were limited, and the structural changes required to carry out the measures were greater than the aristocracy-commercial bourgeoisie alliance was willing or able to support.

No wonder it was difficult for such a class to understand that without certain changes it would be impossible even to take advantage of the empire with its supply of raw materials and its market for Portuguese manufacturers.... The refusal to analyze Portugal's situation in this fashion was
probably of more significance to the future of the country than the alleged lack of financial resources for industrialization and development. The same unwillingness and inability to reduce foreign influence and to restructure foreign trade was responsible for the shortage of capital for domestic investment. By retaining an Empire with English support, the landed class nullifies all efforts toward economic and political modernization.

(Sideri: 103)

The Nineteenth Century

The first half of the Nineteenth Century saw a continuation of the pattern of constraints on industrialization and increasing foreign intervention and indebtedness, primarily to Britain. As the indebtedness increased, so did the perception that the salvation of the Portuguese economy lay with colonial (former and present) markets. Along with the abortive industrialization was a substantial population increase, little or no improvement in agricultural productivity, and a rapid rise in the emigration rate to Brazil. A brief highlighting of the key developmental events of the Century will exemplify the pattern.

While it appeared that Pombal's efforts were bearing fruit in the final years of the 18th Century, that trend came to an abrupt halt with Napoleon's invasion of Portugal in 1807, resulting in the destruction of factories, the flight of the Portuguese royal family to Brazil, and the loss of exclusive control over the Brazilian market for Portuguese manufactured goods. The Portuguese government put up no resistance to Napoleon, but instead immediately called for aid from its old ally England who
saw, in turn, a fine opportunity for expansion of its own
industrial wares. The British ambassador in Lisbon, Strangford,
communicated to the Foreign Office in London:

    that in the situation which was rapidly
developing an opportunity would be presented for
England to secure concessions from Portugal such
as the establishment of English commercial houses
in Brazil, the import of British cotton
manufactures into Portuguese dominions, and the
amending of the Treaty of 1654 and the Charter of
Privileges to the advantage of England."
(Manchester, 1960: 60)

Under British protection, the Portuguese royal family fled to
Brazil in 1807, and almost immediately acceded to British
pressure to open Brazilian ports for trade, an act which
"disrupted the Portuguese commercial system and wiped out half a
century's efforts to improve its economic situation." (Sideri:
121)

The next stage in the cycle of developmental efforts was the
so-called Liberal Revolution of the 1820's and the subsequent
conflict between the two principle political factions of the
period - the Chartists and the Setembrists. In the context of
the historical sequence of development, the positions of the two
groups clearly point to the fundamental opposing interests that
have been so marked in Portuguese history since the Count of
Ericeira attempted to establish the conditions for
industrialization in the 1670's.

The Revolution was essentially a victory of the bourgeoisie
that had been emerging since the reign of Pombal - merchants,
industrialist, members of the liberal professions and parts of
the military - over the nobility, the upper echelons of the
clergy and British commercial dominance. While titles were abolished, monastic orders dismantled and Church and Court properties sold, the ultimate effect was to transform many leaders of the 'Revolution' into a new aristocracy. (V. M. Godinho, 1975: 151-152) The latter were able to purchase seized properties with the help of bonuses received from the State for their 'services' during the Revolution (Sideri: 152).

The over-riding issue facing the 'Revolutionaries' was the persisting conflict between priorities of foreign trade vs. domestic industry, a conflict which was to factionalize the Liberals into opposing Parties. The Setembrists, comprised of industrialists, craftsmen, skilled workers, small merchants, and intellectuals, were strongly in favor of industrialization and a protectionist commercial policy. Their relatively short term of political supremacy, 1836-42, was too brief to reverse the trend of the British monopoly. The Chartists, in power from 1826-28, 1832-36, and 1841-46, were a party of land-owners and export-oriented merchants, favored by the Court and by Great Britain who openly and strongly supported them, even with direct military intervention (Sideri: 132). As might be expected from such an alliance, one of the first Chartist acts was to sign a Treaty with Great Britain introducing the principle of reciprocity and a most favored nation clause, establishing complete freedom of trade and navigation for the two nations. The principle of reciprocity remained just a principle, and once again, the advantages to Britain became painfully apparent. The implications of this commercial arrangement for the other crucial
segments of Portuguese economic life - agriculture and industry - were grave.

The short-term protectionist policy of the Setembrists followed by the longer-lasting liberal free-trade of the Chartists produced agricultural productivity problems which echoed those of the early years of the 18th Century following the Treaty of Methuen. Agricultural policy, it will be recalled, generally encouraged grain imports and expansion of vineyards to satisfy foreign demand for wine. A fifty percent population increase during the 18th Century (from 2-3 million) meant the necessity of substantial grain imports (Sideri: 134). The agrarian interests supporting the Liberal Revolution of the 1820's favored protectionism for grains, but, once again, could not protect grains without losing wine exports. Even with a substantial increase in grain production in the 1850's, the Chartist reversal of the policy back to a free-trade position forced a re-opening of commercial borders to foreign grain. "Portugal was thus denied the chance to become a fully agricultural country and had to import some of the most relevant ingredients of its diet" (Sideri: 135).

Despite strong ties to export-import interests, the Chartists, especially under Costa Cabral (1842-46) were also fundamentally interested in major structural change within Portugal. The vehicle for the change were attempts at vast administrative reform and the imposition of new taxes on agricultural hinterlands, allegedly for the purpose of building up an agricultural infrastructure - roads, railways and credit
institutions. (Cabral, 1977: 119). This particular episode in Portuguese developmental history is discussed here in some detail because it has significance far beyond the specific events of the period. First, it represents major shifts in political and economic power within Portugal and, second, because it foresees some of the basic elements of the 'modelo economico' of the Estado Novo some eighty years later.

The Costa Cabral regime represented a growing tendency to centralize and strengthen the State bureaucratic and financial apparatus, to accumulate and centralize capital and expand State hegemony into the countryside. In the cyclical thrusts of the Portuguese developmentalist mentality, 1842 saw a renewed expression of the need to industrialize, an expression of the consciousness "that it is no longer possible to continue ignoring the necessity to offer minimum conditions of viability to national manufacturing, that the Lisbon agglomeration already possesses the forces which make it impossible to orient the political economy exclusively to export-import commerce" (Cabral, 1977: 119-120). Despite the fact that the developmentalist notion had been expressed periodically since the mid-1600's and always, in the end, without result, and would be expressed repeatedly in the century to follow, also without significant result, there were, in fact, measures undertaken whose ostensible purpose was to stimulate productive forces.

Capital concentration under Costal Cabral occurred in two fundamental ways. First, by the creation of monopolies by the State, often in exchange for loans and advances by these same
enterprises, accompanied by a fierce speculation, stimulated by State support.

Thus were created the Companhia dos Tabacos, do Sabao, e das Polvoras (tobacco, soap and gunpowder), the Companhia Confianca Nacional, the Companhia das Obras Publicas (public works), the Companhia das Estradas do Minho, etc. these firms who retained monopolies or had signed contracts with the State, gave themselves over to purely speculative activity, negotiating many times with other firms the concessions of their own contracts....

(V. de Sa, 1974: 215)

The involvement of private, public works enterprises in the monopoly and speculation schemes leads to the second channel through which the concentration of capital was attempted - the instituting of a tax revenue program, ostensibly to pay for the public works program, which resulted in excessive tax burdens of the Northern peasantry and the sapping off of cash flows from the hinterland for the creation of services which were unwanted by rural populations. "The people of the Minho and Tras-os-Montes are unable to pay the road taxes and they say they don't want them for the kind of business that they do; the old roads, repaired annually, are good enough. It is right that a property owner buys suitable tools, but not in such a way as to have to mortgage his farm because of a luxury."

The new fiscal laws (imposto de repartição), published in 1845, and the survey of individual taxable goods (cadastro dos bens individuais tributáveis) were one of the prime causes of a series of Northern revolts in 1846-47, generally known as the Patuleia which spread throughout Portugal.

Through the channel of taxes, the product of the nation's labor came, in the last analysis, to
nourish high finance, accumulating, thus, in the hands of a small number of capitalists. The new fiscal laws...constituted then one of the gravest motives for general discontent. (V. de Sa, 1974: 216)

...Overburdened with taxes as never before...desperate from hunger and the lack of money, it was resolved to die or shake off the heavy and tyrannical yoke which had so afflicted them. (Padre Casimiro Vieira)

What is important for the present discussion is not a detailed analysis of the Patuleia (see FN 8) but rather a general summary of its causes which are directly linked to the foregoing discussion.

There is a general agreement among the key historians of the period that the revolt was a reaction against the capitalist penetration into the countryside which was highly prejudicial to small landowners and salaried workers. What is significant in terms of the argument put forth is that the capitalist penetration of the hinterlands, for the purpose of concentrating capital by the central regime, resulted in a draining off of the cash flow at the local level. The shortage of money mentioned by Padre Casimiro was reacted to by revolt in 1846. As will be seen in following chapters in discussions of the causes of emigration, lack of cash has remained a chronic problem until the present. The key difference is that the response in recent decades has been emigration.

The Patuleia Revolt was ultimately put down in a manner wholly consistent with previous Portuguese reactions to domestic crises - the calling in of foreign forces. The English, with France and Spain, together comprising the other three members of the Quadruple Alliance, aided in the crushing of the rebellion for a price that Portugal was well accustomed to paying - the concession of further trade advantages.
at the expense of domestic industry (M. H. Pereira, 1971: 351-352).

The ongoing British fear of competition from the burgeoning, if unstable, Portuguese industrialization produced the following observation from the Secretary of the British Legation in Portugal in 1857:

That manufactures are prosperous, and on the increase, in Portugal is undoubted; ...the result must eventually be highly injurious to the British trade with that country... An undue proportion of manufactures... appears an unnatural state of things, and calculated eventually to bring its (Portugal) into a state of greater poverty than it is at the present time... If the principle of political economy be true that the wealth of nations mainly depends upon the extent of a profitable exchange of commodities, it is obvious that Portugal, instead of endeavoring to become a manufacturing country, for which it has no capability, should content herself with being an agricultural one, and supplying (which it could easily do) the markets of other countries with grain.11

This splendid example of the arrogance of British commercial imperialism forces one to keep in mind the constant presence of British interests as Portugal began, falteringly, to industrialize in the second half of the 19th Century. Those attempts to industrialize occur along with the centralizing and concentrating trends of the Costa Cabral regime. They also coincide with a shift, from Porto to Lisbon, of the industrial strength that existed at mid-century. This shift is clearly related to the general centralizing trends discussed above. It marks the beginning of institutionalized non-support of Northern industry and, as northern industrialists repeatedly comment today, the macro-cephalic nature of the Portuguese economy. Thus, Lisbon becomes the counting-house and the workshop, as well as the office, of the Empire.
M. V. Cabral places the beginning of the shift from Porto to Lisbon at the time of the Setembrist Revolution of 1836. Lisbon, already the larger of the two cities and less tied to the traditional British mercantilist interests, demonstrated a much greater rate of industrial growth and a greater acceptance of technical innovation such as the steam engine. The significance of the shift will most clearly be seen in a subsequent chapter on Portuguese industry and the effect of labor shortages due to emigration. It is important to keep in mind, however, that the perceived non-attention to the needs of Northern industry, most clearly seen in the policies of the Estado Novo, is rooted in the developmental trends of the mid-Nineteenth Century.

In summing up this crucial period of Portuguese development, 1830-1850, three trends emerge as being the roots of important themes and practices in the Estado Novo: first, the increasing economic dominance of Lisbon over the rest of the country; second, the establishment of state-linked monopolies whose later analogues will emerge as the monopolies (grupos economicos) of the Salazar period; and third, the general trend of decapitalization of the interior. These trends were to be repeated in the Salazar period, in which, as with the development policies of Costa Cabral, an ultimate consequence was massive emigration. In the last half of the Nineteenth Century, emigration was to become a structural constant of the Portuguese economy. The developmental features of the last quarter of the 19th Century bear close scrutiny, for the sharp rise in emigration is closely tied to the continuing and largely unsuccessful attempts at the capital development of agriculture and the halting growth of industrialization.
Late 19th Century Development and Emigration

At the point at which capitalism made its greatest impact on Portuguese agriculture - e.g. when there was an attempt to create an internal national market, an attempt to pass from subsistence to cash crop agriculture, an attempt to increase agricultural productivity, and, most importantly, when a major feudal land-holding pattern was eliminated (the shift from primogeniture to partible inheritance), emigration became a permanent feature.

In a period of unusual political tranquility known as the Regeneration (Regeneração, 1851-1871) and under a set of policies popularly known as Fontismo, Portugal embarked on an ambitious program of road and railroad building, aimed at creating an internal nation-wide marketing system, articulating as well with colonial markets. Financial priorities were clearly revealed in the Budget Report of 1853-54 in which Treasury Minister Fontes stated that "the organization of finances resides in roads, railroads, the development of commerce and the improvement of the Colonies." The conspicuous lack of mention of industry suggests the continuation of primacy of Portugal's commercial role for metropolitan as well as colonial resources.

The success of the infrastructural campaign is perhaps best measured by the degree of local resistance to the 'infiltration' of the countryside. Local landowners of any substance, especially in the North, had had, in effect, a monopoly on cheap labor, on cash and, most important, on the supplying of local consumer products. The loss of agricultural labor to road and railroad building vastly increased labor costs to local growers. A far greater loss, though, was that of the monopoly on the supply of local products because of competition from
outside growers who could now reach new markets.

...because of changes due to the opening up of communications channels and the facilitating of trade, they (the landowners) were faced with a completely new situation which demanded, in the organization of agriculture, changes which they could not, had not the wherewithal or did not want to make. What resulted was an increase in expenses, profits remained stationary and even declined, principally at the points at which the prior isolation from the lack of communications had facilitated for the farmer the exclusive supplying of certain products to local markets.

(Morais, 1887, in Cabral, 1977: 184)

The progressive non-viability of agricultural holdings in the North which had produced goods exclusively for local consumption led to the conclusion by a Government study some twenty-five years later that "progress" and the "demoralizing influence of public works" were some of the principal causes of the stagnation of Portuguese agriculture (Cabral, 1977: 185).

Although the causes of the stagnation remain, up to the present, one of the most discussed topics of the Portuguese political economy, a key factor in the late 1800's and, indeed, throughout the period under discussion in this chapter, is the resistance to change, whether agricultural or industrial. The small and medium scale landholders who were protective of their local markets were not the only ones to resist change. In what may appear at the outset to be a position contradictory to their interests, the larger holders producing for the now expanded market were fearful of expanding too fast. Consequently, this group also acted as a brake on the large-scale capitalization of agriculture.

While in its spontaneous movement capitalism would tend to liquidate rapidly subsistence agriculture and small mercantile production, submitting it to
the market, the 'possessing' classes consciously braked this movement by way of avoiding a proletarianization whose social and even monetary costs were already known: there was thus an attempt to balance maximum expropriation with minimum proletarianization.¹⁵

(Cabral, 1977: 240-241)

While the larger-scale agriculturalists perceived the danger of proletarianization, the small and medium holders perceived the dangers of total dependence on wage labor. "... For a peasant who continued to think in terms of global family income, it (the misery of subsistence agriculture) was preferable to a definitive separation from the land, to conditions of factory work and to the risk of total unemployment in the event of a capitalist crisis" (Cabral: 241).

This passage in Cabral speaks of the 1860's. It describes, as well, though, two contemporary characteristics of Portuguese development, both of which will be discussed in detail in subsequent chapters. First, the fear of too rapid a growth of cash crop agriculture is directly comparable to the explicit aims of the Salazar regime in constraining the rate of industrial growth. Second, the desire on the part of the small holders to retain small plots of land as a hedge against a crisis such as unemployment is a widespread phenomenon in the industrial zones of Northern Portugal. The holding of postage-stamp parcels by industrial workers is recognized as beneficial by factory owners who, as recent as 1978, were justifying lower wages in the North because their employees still lived on the land.

While the desire to constrain the growth of capitalist agriculture in the north may have reduced the social costs of proletarianization, it also reduced the possibilities of labor absorption during a period of rapid (relative to previous periods) population growth. The last third
of the 19th Century saw a population increase of from 4,188,411 in 1864 to 5,049,730 in 1890, or approximately 20%\textsuperscript{14} (M. H. Pereira, 1971: 398). The same period saw the first major wave of emigration to Brazil - 309,574 from 1866-1889 (Oliveira Martins, 1887: 226) as well as the first wave of seasonal internal migration from the North to the latifundia area of the South.

The connection between low labor absorption and emigration was becoming clear, as was the connection between pressures on land and emigration. The 1863 Law of Partible Inheritance (\textit{Lei de Partilhas}) which abolished primogeniture was, on the surface, a response to the land pressures. However, as will be seen, it only encouraged emigration to Brazil.

The abolishing of primogeniture (\textit{morgado}) had been discussed periodically and never with much effect since the Liberal Revolution of the 1820's. Institutionalized in Portugal since the 1300's, primogeniture was "designed to defend the economic base of the nobility" and to "avoid the disarticulation of seignorial power."\textsuperscript{17} According to the economist Armando Castro, primogeniture ultimately was one of the impediments to capital accumulation in Portugal, especially during the heyday of Portuguese colonial expansion. Primogeniture blocked the movement of landed property and impeded the creation of channels of agricultural accumulation which would have been possible given the influx of capital from colonial expansion (Castro, 1972: 69). Moreover, primogeniture, by maintaining land outside the sphere of the market, was a further constraint to the capitalization of agriculture (Cabrál, 1974: 206).

If primogeniture impeded capital accumulation, the introduction of
partible inheritance created problems of a different nature for Portuguese agriculture. Under the general aims and policies of that period known as the Regeneration, increasing agricultural productivity and creating a national internal market were two priorities. From the point of view of these objectives, partible inheritance was seen as a positive step. "The only objective to be gained with the eventual division of land is that of agricultural development," writes Cabral, describing the economic literature of the period (1977: 180). In addition, given the recent disruptions of the Patuleia and the increasing resistance to total dependence on wage labor mentioned above, partible inheritance was seen as a social good not only by the peasantry, but by the "directing classes" who firmly believed that "property makes good citizens" (Cabral, 1977: 180).

The rather rapid actual effects of partible inheritance, though, were quite different from the intended consequences. From the time the law was passed in 1863 through the late 1880's, emigration to Brazil increased dramatically and most particularly from those areas with the greatest parcelization of land and the highest population density. In an area where property sizes were small to begin with, inheritors were often left with several small scattered pieces, and could not buy out their siblings for lack of cash. The attempt by the State to increase global productivity and to create a national internal market, one of the rationales of the Lei de Partilhas, led to the departure of almost half a million people in a thirty year period. As Cabral succinctly puts it, "this signifies that beginning with the last half of the Nineteenth Century, Northern emigration functions as a faithful indicator of the penetration of capitalism in the countryside and the progressive
proletarianization of the peasantry" (1974: 52).

The choice of Brazil as the destination of most migrants made sense in terms of language, prior colonial status, and continuing commercial ties. The choice was also influenced by events in Brazil where slave traffic from Africa was banned in 1850, the institution of slavery was abolished in 1888, and where there rapidly developed a need for imported plantation wage labor. Plantation owners attracted Portuguese agricultural workers by providing free passage, lodgings, and a guaranteed salary (Oliveira Martins, 1887: 217). Portugal, unable to absorb its own labor through agriculture, was thus able to export labor to an ex-colony, and reaped the benefits of Brazil's capitalized agriculture through emigrant remittances sent back (see Chapter VI). By the 1880's, remittances had become such an important factor of the Portuguese economy that any disturbance in their flow threatened economic instability. An example of this precariousness is the series of events surrounding the Ultimatum of 1891, England's final blow to Nineteenth Century Portuguese development.

The British Ultimatum serves well this Chapter's story because it ties together several of the themes that have been laid out in preceding pages, and highlights quite clearly those pre-conditions that Salazar was to inherit in 1926. Those themes are, in short, the attempts at capital accumulation, economic orientation to the Colonies, British dominance, and economic instability.

The Ultimatum

The above-mentioned Portuguese efforts to create a national market and expand productive capacity carried out under Fontismo was not
confined to Metropolitan Portugal. In the 1860's there were the beginnings of a push to develop what remained of the old African Empire in a more rational and lucrative manner than had been done in the past. The National Overseas Bank (Banco Nacional Ultramarino) was established in 1864 with help from the State, and budgets of Metropolitan Portugal and the colonies were separated with the aim of stimulating more efficient development for both. There was clearly the recognition that development of the Colonies, and especially the colonial market for Portuguese textiles, was also essential to the development of Portugal.

The necessity to develop the Colonies became even clearer during the 1880's as a defense against the African expansionist policies of England and Germany. The European Scramble for Africa threatened the survival of what is now known as the former Portuguese colonies of Angola and Mozambique, located respectively in the West and East coasts of Southern Africa. The way to secure the Colonies was to develop them, so went the planning thought of the time, and the best way to develop them was to join them by annexing the land between them, then controlled by England.

Portugal, as had been the pattern in dealing with British commercial interests, was at a distinct disadvantage in the negotiations for the connecting land for reasons of impending internal economic disaster and a perceived threat against its interests from European competitors. First, in 1890 a crisis in Brazil had reduced remittances to Portugal from one million to 0.2 million pounds yearly. In addition, the collapse of the House of Baring Brothers in the same year left Portugal in need of about one million pounds for the liquidation of debts, and in great difficulties securing new loans. The government was on the verge
of bankruptcy as the Bank of Portugal was forced to use its gold reserves in order to pay outstanding commitments, and Portugal went off the gold standard (Sideri: 187-188). Second, England used the threat of German imperialist designs on Portuguese possessions to convince Portugal of the need for British protection. In 1891, Portugal was forced to sign a Treaty with Britain under which the territory between Angola and Mozambique was lost to the British, and Britain, through Rhodes, had gained the port of Lourenco Marques in Mozambique as a base of operations in dealings with the Transvaal. The Treaty was part of a larger scheme of Rhodes to control gold discovered in the Transvaal in 1886 and to obtain access to a sea route for the British So. Africa Co. Rhodes, speaking in 1895, seemed to have the same motives for colonial expansion as did Salazar forty years later:

My cherished idea is a solution for the social problem, i. e., in order to save the 40,000,000 inhabitants of the United Kingdom from a bloody civil war, we colonial statesmen must acquire new lands to settle the surplus population, to provide new markets for the goods produced in the factories and mines. The Empire, as I have always said, is a bread and butter question. If you want to avoid civil war, you must become imperialist.

Thus, once again, because of the precariousness of the Portuguese economy, and the perceived need for protection from another European State, Portugal was forced to box herself into a position subordinate to English financial interests. As in the case of Brazil some sixty years earlier, England had gained shipping advantages without paying for the administration of the territory. In both cases, England gained the minerals of the interior while Portugal remained the broker and was burdened by the costs of administering the coastal entrepot. By the
beginning of the 20th Century, the old Anglo-Portuguese relationship was firmly re-established with Portugal indebted to England for approximately 200 million pounds and England in virtually complete control of Africa (Sideri: 190). The Colonies, instead of enlarging the markets for Portuguese products and stimulating its domestic industry, served, instead, to increase foreign dominance. It was this dominance that stimulated, in part, the Salazar Regime's semi-nationalistic Colonial policy (See Chapter V).

The episode of the Ultimatum serves as a useful reminder of Portugal's developmental status at the beginning of the 20th Century and as a forecaster of developmental trends of the next major phase of its history, the Salazar-Caetano regimes. The desire to extricate Portugal from foreign commercial, and especially British, entrapment, was to be a key rationale for Salazar's protectionism during the first two-thirds of his regime. The desire to stabilize the economy was Salazar's chief aim as Finance Minister in 1926 and was to be a constant theme throughout the Regime. Despite foreign presence in the Colonies, the notion that Portugal's economic salvation and the road to development lay in The Empire was to pervade until 1974. Protectionism, stabilization, and later colonial development were three basic themes of the Regime which, I will argue, placed additional constraints on a growing and long-unsatisfied labor force in the fifty years to follow.

The Republic (1910-1926)

Of the major developmental themes developed in this chapter most had become well established by the time of the First Portuguese Republic, one of the most turbulent periods of modern Portuguese history. The
social, economic, and political tensions of the period were reflections of both the general trends of Europe of the time - a growing Socialist and syndicalist movement, high inflation rates - and of the particular strains of shifting class relations within Portugal. This final section will sift out from the complexities of the period the issue that are particularly relevant to a discussion of the pre-conditions of Salazarism.  

The Republic was, above all, a time of conflict, once again, between, on the one hand, the traditional agricultural oligarchy in concert with the old commercial export-import sector and, on the other, a new bourgeoisie  who thought that, under the liberal political structure of the new First Republic it could construct a new and once more powerful Portugal. It hoped, by turning its attention to Colonial development, to affect the process of capital accumulation, by nourishing an internal market and industry (Ferraz, 1975: 470). In short, the new bourgeoisie (see FN 23) was attempting to change the capital accumulation process, a phenomenon not new to Portugal.

It was also a time in which emigration became an even more important factor in the Portuguese economy, and the control of emigrant remittances became one of the central issues in the incessant political jockeying (21 changes of government) of the sixteen year period. The growing visibility of both an urban and a rural militant proletariat (major strikes from 1910-1920) was a warning to all of the power contenders, both new and old, that development entailed certain costs and concessions.

During this period colonization and emigration became two parts of the same development strategy. That strategy was, in short, to export
the conflicts, i.e. first, reap the benefits of absent emigrant labor through remittances while minimizing the demands of militant labor within Portugal, and second, reap the benefits of colonial products through the old (since the 17th Century) process of commercial brokerage. Both parts of the strategy, emigration and colonization, were explicit. While much of the early (17th and 18th C.) capital flowed from the sale of African slaves to Brazil and elsewhere, the late 19th and early 20th Century capital flowed from the export of Portuguese "human cattle," as the commentaries of the period called it, to Brazil and to the African possessions to colonize, administer, and make secure the resources for export.

Just as the 19th Century attempts to develop Portuguese agriculture through increasing productivity and creating an internal national market — i.e. shifting the capital accumulation process away from the agro-export interests and dependence on foreign markets — ultimately resulted in unprecedented emigration, so did the Republican attempts at making this fundamental shift. The difference during the Republic, though, was that the impetus behind this shift came precisely from the vast amount of emigrant remittances flowing into Portugal in the first quarter of the 20th Century.

The gold of emigration had become, since the final years of the 19th Century, the decisive element of the social surplus and for this reason should be analyzed, since then, as an integral and probably the most substantial part of the global net product, whose immediate availability, in the form of cash, determined the strategies, private or collective, aimed at its control.

(Madeiros, 1978: 334-335)

Without presenting detailed remittance figures here, it may be said
that the approximately one million Portuguese who emigrated from 1900-1914 sent back remittances in proportions large enough to create major disruptions in traditional financial circles, i.e. suddenly there were substantial sources of new money outside the traditional channels of the export-import interests. "Remittances were coming now to irrigate the externally oriented commercial circuits which had been dominated by the export-import interests who, at the same time, controlled the mechanisms for the concentration of income" (Medeiros, 1978: 335).

At the risk of over-simplifying a complex chain of events, but in the name of clarifying the relevant issues of this important period of pre-Salazarist Portugal, one may say that the quick and easy cash from remittances stimulated an enormous speculation, primarily among members of the newer economic groups. There occurred a frenetic rush to establish new banks, insurance companies, credit and commercial enterprises. The speculation stimulated as well as staggering inflation.23

The control of remittances and exchange was the key issue of financial politics of the period 1910-1920, and served as a major conflict between the older commercial bourgeoisie and the newer economic groups. The former reacted by sending abroad vast sums of their capital - 80 million pounds, representing the total declared value of imports for 1921-24. This destabilized the Portuguese economy for the remainder of the Republic. The flight of capital was an effective way of rebuffing the attempts of the new bourgeoisie to participate in the dominant sectors of Portuguese economic life (Medeiros, 1978: 338-339).

Two important consequences of the expatriation of capital were the
further constriction of domestic industry and a sky-rocketing inflation, accompanied by a sharp decrease in buying power and a drastic devaluation of the escudo. As a result of the outflow of capital, foreign exchange in the domestic money market became scarce, forcing those interested in the development of domestic industry to seek outside Portugal for necessary foreign reserves to purchase machinery (Medeiros, 1978: 332). From 1919 to 1924 the value of the escudo decreased twenty times (Oliveira Marques, 1975: 40) and the buying power, especially of rural workers, decreased 13.5 times (A. Castro, 1979; J. M. Ferraz, 1975: 465). Indicators of social discontent may be seen in the high emigration rates and in rampant strikes, organized by newly formed workers groups.²⁴

Table II-1

Emigration in Portugal Between 1910-1925

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Emigrants</th>
<th>Year</th>
<th>Number of Emigrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>39,502</td>
<td>1918</td>
<td>24,879</td>
</tr>
<tr>
<td>1911</td>
<td>59,652</td>
<td>1919</td>
<td>37,138</td>
</tr>
<tr>
<td>1912</td>
<td>88,929</td>
<td>1920</td>
<td>64,783</td>
</tr>
<tr>
<td>1913</td>
<td>77,633</td>
<td>1921</td>
<td>24,597</td>
</tr>
<tr>
<td>1914</td>
<td>25,722</td>
<td>1922</td>
<td>39,595</td>
</tr>
<tr>
<td>1915</td>
<td>19,314</td>
<td>1923</td>
<td>40,171</td>
</tr>
<tr>
<td>1916</td>
<td>24,879</td>
<td>1924</td>
<td>29,710</td>
</tr>
<tr>
<td>1917</td>
<td>15,689</td>
<td>1925</td>
<td>22,884</td>
</tr>
</tbody>
</table>

Source: Secretaria de Estado da Emigração, Boletim Anual, 1974: 4-5
Table II-2

Strikes in Portugal Between 1890-1925

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Strikes</th>
<th>Year</th>
<th>No. of Strikes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1890</td>
<td>4</td>
<td>1908</td>
<td>7</td>
</tr>
<tr>
<td>1891</td>
<td>1</td>
<td>1909</td>
<td>25</td>
</tr>
<tr>
<td>1892</td>
<td>1</td>
<td>1910</td>
<td>35</td>
</tr>
<tr>
<td>1893</td>
<td>4</td>
<td>1911</td>
<td>162</td>
</tr>
<tr>
<td>1894</td>
<td>6</td>
<td>1912</td>
<td>35</td>
</tr>
<tr>
<td>1895</td>
<td>6</td>
<td>1913</td>
<td>19</td>
</tr>
<tr>
<td>1896</td>
<td>4</td>
<td>1914</td>
<td>10</td>
</tr>
<tr>
<td>1897</td>
<td>4</td>
<td>1915</td>
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</tr>
<tr>
<td>1898</td>
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<td>1916</td>
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</tr>
<tr>
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<td>3</td>
<td>1917</td>
<td>26</td>
</tr>
<tr>
<td>1900</td>
<td>8</td>
<td>1918</td>
<td>11</td>
</tr>
<tr>
<td>1901</td>
<td>3</td>
<td>1919</td>
<td>21</td>
</tr>
<tr>
<td>1902</td>
<td>5</td>
<td>1920</td>
<td>39</td>
</tr>
<tr>
<td>1903</td>
<td>11</td>
<td>1921</td>
<td>10</td>
</tr>
<tr>
<td>1904</td>
<td>4</td>
<td>1922</td>
<td>22</td>
</tr>
<tr>
<td>1905</td>
<td>11</td>
<td>1923</td>
<td>21</td>
</tr>
<tr>
<td>1906</td>
<td>6</td>
<td>1924</td>
<td>25</td>
</tr>
<tr>
<td>1907</td>
<td>11</td>
<td>1925</td>
<td>10</td>
</tr>
</tbody>
</table>


At a more general level, a result of the flight of capital was the failure of the Liberal Republicans to affect the "conversion of the traditional oligarchy into a new bourgeoisie, productive, capable of launching a desired agricultural and industrial development" (Madeiros, 1978: 339). The Republic witnessed the fundamental opposition of this oligarchy to the new socio-economic modes. It was this once-again triumphant oligarchy that Salazar was forced to support and from which he gained his support during the major part of his Regime.

Conclusions

When the Republic ended in 1926, Portuguese development was locked
into a state of, at best, crippled capitalism. Despite fits and starts of a burgeoning industrialization, the level of industry was rudimentary; agricultural productivity rates were chronically low. The economy was in a disastrous condition, still largely dependent on foreign capital, the value of the escudo was at an all-time low, the balance of payments increasingly negative, and inflation staggeringly high. Domestic disorder prevailed as socialist, communists, anarchists, and syndicalists, like elsewhere in Europe, protested working conditions and an ever decreasing purchasing power.

Portugal was suffering the ills of other European countries, but was also living with the legacy of a three-hundred year history of consistently failed attempts at capital accumulation. The continuous refusal of the alliance of the agricultural oligarchy — commercial bourgeoisie, together forming the agro-export interests, to free itself from the constraints of British commercial capital and pursue domestic development, both agricultural and industrial, left Portugal in a state of chronic underdevelopment. The unwillingness to deal with the strains of internal development led to a pattern of exporting the stresses inherent in development, either through emigration or colonial administration. Increasingly the Portuguese economy came to depend on remittances from that emigration and transfers of capital from colonial commerce.

Salazar, coming to power in 1928 as Finance Minister, inherited both the long-term historical legacy as well as the short-term chaos of the Republic. His policies and programs reflected first, a reaction to the social, economic, and political 'instability' of the first quarter of the 20th Century, second, the realization that Portugal had to adopt a
measured plan of national development, and third, a recognition of the interests and mentality of those who would support him until his replacement in 1968. The general economic program of his Estado Novo, a combination of ideological and socio-economic considerations referred to as his Modelo Economico displayed features that, as has been shown, had their beginnings in prior periods — the concentration of economic functions in the Lisbon region, the creation of State supported monopolies, the growing orientation to colonial development, and protectionism for both industry and agriculture, all of which, directly or indirectly, were a stimulus to emigration. Under Salazar, these features were to be institutionalized in the elaborate apparatus of the Estado Novo, ultimately to the detriment of Portuguese development.
1 Adriano Moreira was Salazar's Overseas (Colonial) Minister in the early 1960's, a former student of Caetano and his rival for power in the late 1960's. He is a native of Tras-os-Montes in Portugal's Northeast, traditionally considered the most neglected and underdeveloped region of Portugal. This statement was made in an interview with Moreira in Lisbon, April, 1978, while he was visiting Portugal briefly from Brazil, where, since 1974, he had been residing for political reasons. He has since returned permanently to Portugal.

2 Marx's original notion of original or primitive accumulation as discussed in Capital, vol. I, Chap. 24.

3 An even earlier example of the primarily commercial and non-industrial nature of Portuguese enterprise is that of the operation of sugar cane plantations in Sao Tome in the 16th Century. It was in the growing economic centers of Amsterdam and Antwerp that were established sugar refineries, not in the colonizer Portugal. "We should observe that, despite the very active role of Portuguese merchants in the export of sugar from the island, the process of refining was not undertaken by Portugal whose economy was weak, but by the countries then thriving economically, which had important capital resources, skilled and free labour, that is, countries already on the road to development." Marian Malowist, "Les debuts du systeme des plantations dans la periode des grands decouvertes." Africana Bulletin, no. 10:29, 1969, as quoted in Wallerstein, 1974: 121.


5 As an example of the challenge to the power of the nobility and the Church, Pombal, in 1779, founded the Academia Real de Ciencias in Lisbon at the urging of economists, technocrats, and the new bourgeois ideologues who were promoting such measures as limitations to primogeniture and the institution of emphyteusis, and the confiscation of land of the nobility and the clergy. The establishment of schools by the State was a challenge also to the monopoly on teaching held by the Church (A. F. Ferreira, 1977: 105-106.

6 Sideri notes that Brazil's independence was sponsored by England for its own advantage and "infringed the old Anglo-Portuguese alliance whose main raison d'être had always been the defense of Portugal's colonial possessions and for which Portugal paid dearly with economic concessions" (Sideri: 127, and FN 25, p. 138). Brazilian independence, then, was a further boxing in of the Portuguese economy.

From the writings of Padre Casimiro Vieira, a local priest/folk-hero who became a "guerilla leader" during the Revolution of Maria da Fonte, one of the several revolts of the Patuleia, Padre Casimiro Vieira, 1883: 174.

Padre Casimiro Vieira, "Letter to Queen Maria II," p. 171. Apontamentos para a historia da Revolucao do Minho, Braga, 1881 (1883). The fact should not be ignored that starting in 1842 there was a sharp fall in prices of agricultural goods which contributed to the economic hardships of Minho agriculturalists (V. de Sa: 218). The additional burden of taxes, though, accurately perceived as intervention by the Central Government, was the key factor in the uprisings of 1846-47.

"The true cause, however, was graver and more profound: it was in the discontent which had accumulated against the capitalist system of the constitutional regime which, since its beginning, had provoked the ruin of the small peasant" (V. de Sa: 218).

"...the popular revolt would be caused...by the growing extension of capitalist relations in agriculture, and the consequent suppression of communal rights which had co-existed along with feudalism for centuries (M. H. Pereira, 1971: 326, FN 22).

"The revolt against the central power, taking specifically the form of a revolt against the local holders of power and wealth, did nothing more than express, channel, the revolt against the penetration of capitalist relations in the countryside, that penetration which the apparatus of the State was, and continued to be, not only a privileged instrument, but even, at that time, indispensible" (M. V. Cabral, 1977: 142).

Report by Mr. Paget, GB, P. P., Cmd 2435, 1857-58, LV (Reports, 197), 185, as quoted by Sideri: 151, 169.

Joel Serrao notes that in Porto between 1830 and 1845, the number of manufacturing entities increased from just 165-186, or less than 1% annually. By 1845 there were no more than four factories using steam engines, while by the same date in Lisbon twenty-six were in use (Serrao, Temas Oitocentistas: 147, as quoted in Cabral, 1977: 117).

Fontismo was named for Antonio Maria Fontes Pereira de Mello, Minister of the Treasury and of Public Works during the years 1851-56.


Alexandre Herculano, one of Portugal's most eminent 19th Century
historians and statesmen, a supporter of both the Regeneration and Republicanism said, in his essay written in response to the 1st Parliamentary Investigation on Emigration (Lisbon, 1873), "It is necessary to direct all our efforts toward the suppression of a rural proletariat" (Cabral, 1974: 251).

20% does not represent an excessive population growth rate compared to the industrializing nations of Europe to the North. The growth must be seen, however, in the context of the relative population density in the North. Oliveira Martins notes the density of the rural population of the municipality of Braga as 281/km², "one of the most densely populated areas of Europe." This contrasts sharply with the municipalities of the Alentejo (South) where the density ranged from 5 - 9/km², "perhaps one of the least populated areas of Europe (Oliveira Martins, 1887: 214).

The system of primogeniture in Portugal was combined with the institution of entailment (vinculos) in which a given estate could not be broken up. It is described this way by Armando Castro: "According to the system of primogeniture, the seigniorial domain was inalienable, indivisible, not susceptible to partition by reason of the death of the title-holder. It was transmitted just as it had been received by the latter to the first-born male descendant, the whole of the wealth of the entail belonged to him. He came into its possession at age eighteen" (A. C., 1972:767).

The younger brothers of the "small aristocracy" often joined the officer corps of the army, the magistry, became state functionaries, or part of the intelligentsia (Cabral, 1974: 207). Little is known of the fate of the non-inheriting children of less wealthy families. Certainly the priesthood, especially in Northern Portugal, absorbed many landless sons of this group.

Sources consulted for this section on the Ultimatum are Hammond, 1966; Chaps. 4 and 5; Sideri, 1977: Chap. VIII; Cabral, 1977: 336-342; and Axelson, 19

In fact, because of Britain's need for German neutrality over the British clash with the French for the Sudan, Britain and Germany signed a Treaty with a secret clause in 1898 establishing that, in the event of Portugal's default on its loan payments, its colonies would be divided between the two countries.


There are a number of political interpretations of the Republic - Oliveira Marques (1975 - 2nd ed.), Wiarda, 1977, and Wheeler, 1978. For purpose the argument presented here, I have chosen to rely upon the interpretations of Fernando Medeiros, 1978; and J. M. Ferraz, 1975.

Defining precisely the 'new bourgeoisie' is difficult because there are never clear-cut lines and boundaries drawn between socio-
economic groups. Briefly, it is possible to identify the older (19th Cent.) economic interests as follows: 1) textile industrialists of the North whose enterprises were largely artesenal; 2) Northern agricultural export interests, largely wine (port and table wine); 3) Southern agricultural export interests — wheat, olive oil, cork; 4) Colonial import-export commercial interests; 5) the metallurgical industry producing mainly agricultural machinery; 6) the chemical fertilizer industry, linked closely to the wheat interests. Many of these groups had their own banks, colonial trade ties, and insurance companies, and, in the case of the sixth group, grew into the large banking and industrial monopolies. Members of the 'new bourgeoisie' emerging during the Republic were sometimes off-shoots of one or more of the older groups, or were new banking and speculation houses which were established in response to the massive influx of emigrant remittances. For discussions of the elite socio-economic composition of the early 20th Century, see F. Medeiros, 1978, esp. pp. 73–133; M. V. Cabral, 1979, esp. Chap. VI, XVI, XX; A. Castro, 1979, Chap. II.

24 "To dispose of men through emigration and colonization was incompatible with the proletarianization of these same men in Portugal, a proletarianization which corresponded, necessarily to the possibility of tying the natives to their native land...All the imagery of Portuguese colonialism rests in the supreme threat of a cheapened proletariat in Portugal" (F. Medeiros, 1978: 342).


26 Emigration had been high (over 20,000 annually) since 1888, caused by a combination of factors including the Brazilian need for labor after the abolition of slavery in 1888 and the Portuguese government's promotion of emigration (see Chap. VI).
Chapter III - The 'Modelo Economico' of the Salazar Regime

Introduction

As the previous chapter has argued, Portugal followed no classical (i.e. European) pattern of colonial exploitation, industrialization, and early capital accumulation. For most of the twentieth century, Portugal continued to diverge from the standard patterns of Western industrial development. The complex set of ideologies, strategies, explicit and implicit policies and practices, which, together, comprise the 'Economic Model' of the Salazar-Caetano Regime, was fraught with inconsistencies, contradictions, and rigidities. Within that structure, emigration was to contribute both to Portugal's political and economic survival and to its further rigidification. This chapter describes the features of the Modelo and the changes it underwent during the course of the Regime in order to provide the context for discussions in later chapters of industrial, colonial, and emigration policies.

The Modelo displayed the following general characteristics: 1) The protection of interests of an agricultural oligarchy, a mercantilist bourgeoisie, and small and medium scale industrialists in the first half of the Regime (1926-1950) and the interests of a growing capital-intensive industrial sector in the later years (1950-1974); 2) the attempt to control carefully the pace of economic and industrial growth so as to prevent the formation of a potentially disruptive urban proletariat and of a spiralling inflation; 3) maintenance of low costs of the factors of industrial production—labor and raw materials; 4) a steady accumulation and concentration of capital in the coastal region
and Southern (Lisbon-Setubal) area to the neglect of the North and the
terior of Portugal; 5) an ever-increasing orientation to colonial
trade and eventually, development and defense, to the detriment of
Metropolitan Portugal. These last two features are especially important
in the last half of the Regime. Although the Modelo was largely a
creation of Salazar and his carefully controlled and frequently rotated
Council of Ministers, it built upon the conditions Salazar inherited
when he became Finance Minister permanently in 1928. The policies set
forth in the early years of the Estado Novo were expressions of both the
long-standing and endemic features of the Portuguese economy and the
shifting bases of political and economic power in the tumultuous first
quarter of the twentieth century. The most persistent and far-reaching
conflicts of the First Republic, 1910-1926, were to find their
'solution' in the controls of Salazar's corporatism.

The Policy Setting

Policy here is used to refer to the end product of a complex process
involving the following factors: the interests Salazar represented when
he came to power, his own ideology, the symbols that became the
ideological fabric for the creation of the Portuguese corporatism of the
New State, and the long-standing conditions of Portuguese development
discussed in the previous Chapter.

In practical terms, Salazar came to power as a moderator between, on
the one hand, the extreme right and conservative forces grouped behind
the religious flag and the notion of the restoration of the Monarchy,
and, on the other hand, Republican forces that had battled for power
between 1910 and 1926. Despite Salazar's own strong conservative
Catholic background, he had seen that "the restoration of the Monarchy was the last ideological cement that could unite, against it, the bourgeois Republican forces and the proletariat" (Cabral, 1976a: 900).

As a moderator, Salazar saw his first task as the establishment of political, social and economic stability. The notion of stability was to pervade the Regime from its most concrete expressions in the form of repressing social protest, to its most ideological expressions, almost of a religious nature, in proclaiming the social injustice of Liberalism and Socialism. The institutional expression of stability was the complex corporate structure of the New State through which all the elements of Portuguese society would find channels for representation. It is important to understand something of the ideological foundation and the institutional framework of the New State, for it is within that structure that much of the Modelo had its rationale.  

The immediate roots of Portuguese corporatism lay within three converging trends of the first fifteen years of the twentieth century. First, the Legitimist Party, the only cohesive body radically opposed to the prevailing democratic-liberal tendencies of the period, was made up of aristocratic families whose allegiance remained with the Miguelista branch of the House of Bragança, which had been exiled with establishment of the Republic in 1910. Second, the ever-present French influence on Portuguese cultural and intellectual life manifested itself in the popularity of Charles Maurras' Action Française which formed the basis, in principle and policy, of the Portuguese "Integralismo Lusitano." Action Française stood for austerity and family virtues, a paternalistic view of society, and a "social discipline which contrasted with the confusion actually reigning in Portugal." (Martins, 1971: 308)
Formed in 1904, the Integralist Movement, in its opposition to the values of Liberty and Progress and with its militant nationalism, authoritarianism and ostensible anti-capitalism, was one of the prime influences on the formation of the Estado Novo some nineteen years later.

A close ideological ally of the Integralists was the Centro Academico de Democracia Crista (CADA) at the University of Coimbra of which Salazar was an active member. While at Coimbra, Salazar also fell under the influence of the teachings of Leo XIII, especially the Rerum Novarum which he was later to use selectively for his own ideological base.

While known primarily as a workers' charter, the Rerum Novarum was also a charter for state intervention. For example, the document speaks of the duty of those with political authority to see that justice was done, especially to the poorer classes. The justice was to be carried out through the hierarchical institutions of Salazarist corporatism which claimed that the working classes were part of the organic structure of the Portuguese state. In fact, the mandate for political authority was exercised to control the working classes rather than to provide justice.

Although Maurras and Leo XIII were openly in conflict with each other, Salazar was later to incorporate themes from both in his formal doctrine rationalizing the establishment of the Estado Novo in 1932. 

Salazar's formal and public statements rationalizing the need for a centralized authoritarian regime came several years after his takeover in 1928. Throughout his speeches in the early 1930's, he stressed the themes of social justice, the Nation, authority, class strife, wealth and the fallacies of Liberalism and Socialism. The "social injustice" of Liberalism and Socialism provided the raison d'être of the Regime:
Many said: let us abandon the common weal to political passion, to the whims of the greatest number. Life subordinated to politics - that was the democratic formula. There were others who cried: Let us produce wealth without care or method so that everyone in the end shall benefit--economic values were held higher than those of life under the Liberal regime. Another group demanded: Let us divide among ourselves the present wealth and that which may be created in our time....The fallacy of these systems was amply demonstrated by the constant party warfare, the injustice of Liberal economic life, the devastation worked by Socialism....

(Salazar Says: 26)

The alternative to these injustices was to be found in a uniquely Portuguese system providing representation for all under an ordered authoritarianism Christian nation. On the uniqueness of the Portuguese Nation Salazar said:

One day it will be recognized that Portugal is governed by an original system, suitable to her history and geography, which are very different from all others; and which we wish it might be understood that we have not eschewed the mistakes and vices of a false liberalism and a false democracy in order to fall into others which might be even worse, but rather to reorganize and strengthen the country on the principles of authority, of order, of the national traditions, reconciling these with those eternal truths which are, happily, the heritage of mankind and the crown of Christian civilization.

(Salazar Says: 59)

What was ultimately to become a totally institutionalized paternalism was justified in Salazar's claim that "like a great family or a great concern, the nation, for the protection of its common interests and the attainment of its collective aims, requires a head to control it, a center of life and action." (Salazar Says: 60)

The composite parts of the great Portuguese family were to have their interests protected in a system which ostensibly gave representation to all.
The families, the parishes, the townships, the corporations, which include all citizens with their fundamental legal rights, are the bodies which compose the Nation, and, as such, must participate directly in the constitutions of the supreme organs of the State; this more than any other is the true expression of the representative system.

(Salazar Says: 26)

In sum, the ideological underpinnings of the first years of the Regime are subsumed under the notion of stability. Salazar evokes the Nation, the family, Christianity and tradition. In Salazar's organic state, every segment has its proper place, is obedient to both authority and the traditions of the past.

A more explicit expression of the values of stability and tradition may be seen in the fostering of an appreciation, even a glorification, of the rural life. The cult of the 'past' and the 'rural' became a dominant theme of Salazar's orthodoxy, helping to stimulate not only the social and political stability Salazar sought, but also nourishing his support among the rural landed classes (J. M. Pereira, 1979: 23; Cadernos de Circunstancia, 1975: 61). Salazar's ascension to the rank of Prime Minister in 1932 was highly advantageous to agriculturalists who, fearful of losing their cheap labor, saw only doom in the growth of industry and decried the "hemorrhage of the countryside." Country and city were identified as "irreconcilable enemies, and the migratory flows to industry were a disgrace: worse, much worse than emigration to Brazil; worse, much worse than emigration to Spain or France is the emigration of men to the factory.... Forty years ago sons of farmers were farmers; today they want to be anything but farmers."

Maria Filomena Monica points out that the Regime obviously could not close factories, but it did introduce into the curriculum of the primary schools steady doses of the glorification of the rural life. "For the
Regime, the flux of urbanism which uprooted from the countryside all the ambitious ones who, prisoners of the illusion of a fast and luxurious life, exchanged the cities for the simple and happy villages, needed to be seriously discouraged by means of the public schools." (Decreto no. 16,077 of Oct. 26, 1928, as cited in Monica, 1978: 141)

The ruralist ideology was complemented, at the policy level, by legislation aimed primarily at the improvement of agriculture. Although largely, unsuccessful, the programs for which budgets were allocated in the Law of Economic Reconstitution (Lei de Reconstituição Económico) of 1935 point to the priorities of the Regime until 1943. With the exception of money allocated for national defense, the principal allocations were for irrigation and internal colonization schemes and other rural improvements. These were followed in subsequent years by the establishment of the National Agronomy station, the Internal Colonization Commission, the Law of Hydroagricultural Development (1937) and the Law of Forest Settlement (Povoamento Forestal) in 1938.

The glorification of rural life by the Regime was, in part, an attempt to stem the tide of rural exodus, but the ultimate effect was quite the opposite. As will be noted elsewhere, the effect of trying to contain an unsatisfied rural, largely landless population and at the same time placate the rural landowners who supported the Regime was to be an uncontrollable exodus some thirty years later.
The Institutionalization of Stability

Salazar's ideological appeals for stability had their institutional parallels in the bodies of 'representation' set forth under the statutes of the Estado Novo. Corporatism, it will be recalled, was to establish, theoretically, a system of representation for all segments of society. In reality, it locked key segments into positions of non-competitiveness and immobility. The constitution, on the one hand, provided for freedom of speech and assembly, (Article 8) but also calls for laws "to prevent, by precautionary or restrictive measures, the perversion of public opinion in its function as a social force." Later (Article 22) it states that "public opinion is a fundamental element of the policy and the administration of the State; it shall be the duty of the State to protect it against all those influences which distort it from the truth, justice, good administration and the commonweal." Hugh Kay comments, "in practice, the 'protective clauses' have been more in evidence than the substantive proposition of freedom." (p. 56)

The key statute for the elaboration of interest representation at all levels and for the role of the State in regulating economic life was the Statute of National Labor (Estatuto de Trabalho Nacional, decreto-lei 23,048 of Sept. 23, 1933) which outlined the forms of representation and regulation. The formal statement of the Regime as to its role in regulating the economic life of the State is stated in Article 7 of the Estatuto de Trabalho Nacional:

The State has the right and the obligation to coordinate and regulate from on high economic and social life determining for it the objectives aiming specifically at the following:
1) To establish equilibrium of production, of the
professions, of employment, of capital, and labor.
2) To defend the national economy from agricultural industrial and commercial exploitation of a parasitic nature or a character incompatible with the higher interests of human life.
3) To achieve at the least cost the greatest salary compatible with the fair renumeration of know-how, services and credit.

(as quoted in Pinto de Almeida, 1961: 63)

The more important elements were the defense of private property, class "harmony", recognition by the State of associations and control over their activities, prohibitions of strikes and lock-outs, and the establishment of labor courts. Urban workers and employers were organized under the system of national syndicates, the statute for which elaborated the conditions under which the organizations could operate. In an attempt to fragment workers' organizations, the syndicates were confined to the district level and were prohibited from forming territorial federations. The statute required governmental approval of all candidates for syndical office, provided ample but ambiguous grounds for State intervention and/or dissolution of syndicates, and prohibited political activity. (Schmitter, 1975a: 16) To guard against the formation of competing workers' associations, the statute threatened those who voluntarily or involuntarily left their respective unions with loss of all benefits acquired through the social security system. (Lucena, 1976: 232)

The corresponding institution in rural areas was the Casa do Povo (House of the People) which, in principle, was to have a mixed membership of landowners and laborers. An attempt to impede the establishment of true rural syndicates, the Casas were structured so as to guarantee the decision-making powers of the "protecting" members - i.e. the landowners. (Lucena, 1976: 249) While conceived as a form of
local level representation, the Casas were in fact denied any representative function and served mainly for minimal welfare and relief services, and educational and cultural facilities. The general effect of both the sindicatos and the Casas do Povo was virtually to guarantee the isolation and dependence of the rural and urban proletariats. Schmitter has stressed the institutionalized non-representation:

First and most obviously, the corporativization of the working class was designed, not simply to deprive this class of the instruments of collective struggle which it had forged since the 1840's.... but to provide governmental authorities with a complex network of new institutions to capture information on worker dissatisfaction, channel selective welfare benefits to 'worthy' sectors, coopt emergent and potentially challenging leaders, restrict wages and salaries in the name of austerity and balance, and, most of all, occupy a certain 'organizational space,' thereby preventing the eventual emergence of competing representative associations.

(1975: 16)

A third set of corporative bodies, the gremios, acted similarly to mediate potentially conflicting interests, in particular the Northern industrial elite and what were to emerge as the growing large-scale industrial monopolies of the South and coastal areas. The gremios also operated to peripheralize Northern industry from the national and increasingly Lisbon-oriented political economy and centre of decision-making.

The process of peripheralization of Northern industrial interests has begun already in the mid-19th century (see Chap. II). The State under Salazar was following both a well-established trend and the process of rather belated industrial modernization. Just as the Regime wished to prevent the emergence of a potentially disruptive urban
proletariat in the course of industrial development, it wished also to
avoid the alienation of its traditional industrial supporters.
Schmitter has argued that the form Portuguese capitalist development and
corporatism took was, in part, an attempt to compartmentalize, i.e.
isolate, sectoral interests so as to avoid conflict between sectors
during the process of development

...corporatism functioned to prevent the emergence
of obvious class hegemony or polarized group
confrontation, and the consequent loss of state
autonomy which might otherwise have been produced as
the result of capitalist development....
Corporatism in Portugal was...intimately related to
the demand of capitalist accumulation and
reproduction. Its enforced intra- and inter-class
'harmony', coupled with its compartmentalization and
bureaucratization of sectoral conflict, contributed
immeasurably but significantly to establishing and
sustaining the viability of such a pattern of
gradual economic transformation on the periphery of
the more autonomous and dynamic, i.e. liberal,
centres of capitalist development.

(Schmitter 1975a: 59)

Harry Makler, building on Schmitter's thesis, further refines the
analysis with regard to industrial sectors. He argues that the Regime
effectively isolated the traditional industrial elite through the
institution of the gremio system within the corporatist structure.
Gremios were interest associations, or patronal guilds of landowners,
(gremios de lavoura), industrialists, and businessmen established
originally in 1933 to regulate production of certain export commodities
and the commercialization of certain imports. The gremios acted as
channels through which the regulations of Condicionamento Industrial,
(see below) were carried out.

Makler sees the gremios as a mandatory institution of interest
articulation which did not, in fact, effectively represent the interests
of the older elite.
"...it could be argued that the gremios served as a placating and buffer institution... gremios... permitted the regime to offer controlled political expression to the propertied elite. This was a group to which the regime was beholden but wished to keep at arms length, a group on which the regime's power was based but which was accorded little power on its own.... Perhaps it could be better argued that the regime felt that interests of this group were too deeply imbedded in the rural past and as such did not correspond to the projected 'national interests.' (Makler, 1979: 149)"

While the power and independence of the gremios varied greatly according to the period of the Regime, the geographical area, and sector, it is generally recognized (Makler, 1979, Lucena, 1976) that the majority of Northern industrialists, especially in the textile sector had, by the time emigration reached its peak, no real decision-making power. Makler quotes two Northern textile industrialists who "felt that the gremio was ineffective because the government ignored or was insensitive to its claims"

I go to the gremio to discuss problems of general interest that are fundamental to our industry, such as the labor contract which was written without our being consulted. We were only officially informed there would be a forty per cent raise in salaries one week after the government's decision. (Braga, textiles, large-scale enterprise.)

I don't see much point in going to the gremio since it can't help me much. Besides its being too young an organization, the minister does not pay attention to what the gremio requests and sometimes he does exactly the opposite. (Porto, textiles, giant-size enterprise) (Makler, 1979: 145)10

Thus, the Regime's mechanism for interest representation of one of its most important sectors was, in reality, largely symbolic. The gremios, like the sindicatos and the casas do povo, were a formal institution of the Estado Novo which in actuality, only lamely fulfilled its stated
purposes.

If one recalls the ideology of the Salazar regime -- the themes of social justice, the non-viability of capitalist class struggle, equality for all citizens and free access to the benefits of society -- what emerges in the institutional structure is quite the opposite. The groups that the Estado Novo sought to constrain were, on the one hand, those forces who were trying to broaden the channels for capital accumulation which was beginning under the Republic. By maintaining an isolated and, ideally, passive rural and a controlled urban work force, the demands of labor would be kept to a minimum, and the profits of the industrial and agricultural interests that supported Salazar would continue unconstrained. On the other hand, those same industrial interests that were benefitting from constraints on labor, were similarly being constrained by the gremio system and by a set of internal protection measures.

At the level of industrial entrepreneurial activity, the mechanism for control was another key feature of the Modelo, a complex set of protective measures whose ultimate effects were a concentration of capital by the State and by those enterprises which were most closely liked to the State apparatus, and a reduction in labor absorption in the North. A consequence of both forms of control was the staggering emigration that took place in the 1960's.

Features of the Modelo -- Protectionism

The protectionism of Salazar's Modelo was one of the prime means of implementing a general, over-riding principle of the Regime - that of highest profits at least possible cost, a principle which created the
rationale for the protective measures from the early 1930's to the late 1960's.\textsuperscript{11} It might be argued that this principle was no different from the one guiding British capital during the Industrial Revolution or American capital in the late 19th and early 20th centuries. The difference between Portugal in the period of 1930-1950 and 19th England and America lies partly in Portugal's position in the European economy of the inter and post-war period, 1930-1960. By most standard economic indicators, Portugal was located near the bottom of the list, a situation of which Salazar was acutely aware. In addition, Salazar and his industrial supporters persisted in the belief that low wages would profit industry at a time when industrial wages elsewhere in Europe were three and four times higher. Moreover, Portugal had for at least two centuries been dominated by the British economy and had, in fact, its own industrial development retarded in part, by the need for British outlets for its own domestic manufactures.

The strategic catalyst of the Portuguese economy was industrialization, considered "the essential instrument of economic progress" if carried out under the corporatist organization.\textsuperscript{12} As a means of stimulating industrial investment and generally raising productivity levels, it was necessary to create the conditions for high profits. (F. P. de Moura, 1974: 30). The conditions were multiple and included keeping labor costs low, maintaining low costs for raw materials, and guaranteeing internal and colonial markets.\textsuperscript{13} To realize this third condition, protectionisms were introduced.

Several sectors of the Portuguese economy were protected under the \textit{Modelo}. There was first, protectionism for certain industrial entrepreneurs from competition within Portugal; second, protection from
from foreign competition, and third, protection of Colonial markets as an outlet for Portuguese products. As was seen in the previous Chapter, protectionism in Portugal against foreign competition in industry and agriculture had been a feature of the economy since at least the 17th century. Salazar's protectionism, with its heavy infusion of nationalism, was ultimately to produce an isolation and involution which once removed, again has left Portugal totally vulnerable to foreign economic pressures.

**Condicionamento Industrial**

In the name of establishing an "equilibrium of production", the Regime created the means to "defend the principle of free competition" and to "make more efficient the process of production" through the Lei de Condicionamento Industrial (decreto no. 19,354, January, 1931), two years before the Estatuto de Trabalho Nacional. The decree was the first of several that would deal with the regulating of industry through the mid 1960's. Specifically, the Law sought to balance out the excess or the lack of competition, the deleterious consequences of the poor geographical distribution of industry, the industrial failures for reason of lack of technical bases or financial guarantees, and the grave uncertainties which the working class faces when its existence is tied to the precarious life of carelessly set-up workshops.

(Preamble of Decree no. 19, 354)

More concretely, the Law gave already existing firms the right to contest the establishment of any new firm on grounds that the capacity of the country could not sustain a new enterprise in that sector, that there would be a loss of capital, a squeeze on available raw materials, a rise in prices and a drop in quality. As a result, many
authorizations for new firms were obtained, if at all, only after "agreements" among firms (F. P. Moura, 1974: 31). Moreover, the expansion or modernization of existing firms, in the textile industry of the North, for example, was strictly controlled through the licensing of firms for a fixed number of looms or spinning machines. A change in the location of a firm had to be approved by a commission made up of representatives of that industry. The establishment of firms in new industrial sectors was often accomplished through the granting of monopolistic "concessions", as was the case with the steel and cement industries, among others. The stark reality of the control was made quite clear in an interview with the present manager of a large metallurgical factory, near the Northern industrial city of Guimaraes who recounted, with an apologetic tone, having destroyed a competing firm in the early 1960's, by means of the holding back of licenses.

All requests for changes in an enterprise, either in size, quality of equipment, or location were submitted in an "audience with the corporative organisms or with the economic coordinating commission of the respective industry", the gremio in the corporative organization. In other words, the request was "studied" by the very corporative parties that had an interest in restricting competition (Rafael, et al., 1976: 42). Joao Martins Pereira (1979: 41) described the process:

We can observe that the web of requirements, opinions, counter-opinions, authorizations, exemptions, licensing, etc, which ruled in the absence of precise regulations and well-defined criteria tended to favor the relations of influence at the level of local small-scale politics and ministerial branches. It is obvious that the great mass of small and medium industrialists, with their numerical strength and geographical dispersion, bore a considerable weight in the political arena. Each one sought his authorization and all sought to impede the authorization of others.
The stipulation of which sectors of industry and what scale of industry were subject to control gave an indication of the real intent of the Law. Salazar was clearly concerned with problems of labor absorption the 1930's when several of the countries to which Portuguese had emigrated in prior decades, Brazil in particular, drastically reduced immigration quotas (see Chap. VI). In justifying Condicionamento Industrial, Salazar noted that one of the principal problems "continued to be the necessity to sustain a population growth of 90,000 people and the 30,000-40,000 people that restrictions imposed on emigration in various countries obliges us to support and which, until now, we had exported." Subject to the Law were those industries "that employed a large number of personnel and would be most likely to mechanize, causing the rapid and serious reduction of personnel." (Lei no. 2052 of 11/2/52)

This technological regulation had the effect of first, keeping these firms in an relatively weak state and, second, stimulating alliances and dependencies of these smaller firms on the larger firms, thus threatening the autonomy of the former. (Pinto de Almeida: 20) This technological control also facilitated the capturing of larger markets through greater productive capacity by those firms whose petitions were 'approved'. An owner-manager of a medium sized textile firm in the Northern industrial town of Santo Tirso, for example, in an interview in 1978, described with some bitterness how his efforts to modernize were thwarted through the Law while the owners of one of Portugal's five largest textile firms bribed the authorities with expensive gifts for the necessary license (alvara) to modernize.
While the textile industry was constrained by the Law, it was the heavy metallurgical industries that were most severely affected. The Law subjected to control those industries requiring large amounts of initial capital. Firms capable of such large investments were few in number. Key industries (industrias de ponta) such as petrochemicals, sugar and petroleum refineries, cement, steel, beer, ship construction, cellulose and heavy metallurgy were reserved for the monopolies which had the financial capacity to launch them and were granted the concessions mentioned above. (Rafael, et al., 1976: 41, 47). The President of the Industrial Association of Porto (Associação Industrial Portuense), a man in his early seventies in 1978, described wanting to form his own steel company in the 1930's when he finished his training. But the concession for steel production had been granted to Antonio Champalimaud who opened Portugal's first steel plant only in 1961.

The set of controls that constitute Condicionamento Industrial may be seen as directing the flow of capital accumulation, i.e. determining who would accumulate. This control is not a new phenomenon in Portugal. During the Republic, as was seen in the previous Chapter, it was the agricultural-mercantilist oligarchy, by exporting their capital in great quantities who, in effect, were determining a process of selective capital accumulation. The intervention of Salazar, however, was a far more systematic, institutionalized and broad-scale mode of constraint. In addition to regulating the size, technological level, kind and location of industry, the State intervened also through the selective granting of credit and subsidies.

The control of credit was specified in a later version of Condicionamento Industrial, the Law no. 2005 (March, 1945), known as the
Law of Development and Re-organization of Industry. (Lei de Fomento e Reorganização Industrial). The 1945 Law differed from that of 1931 in several respects. First, while the earlier decree claimed that the State should not regulate activities that were essentially of the private sector (Estatuto de Trabalho Nacional, no.4, art.7), the 1945 Law stated that:

the State will participate in the capitalization of firms directly or through its institutions of credit, when it is judged indispensable to assure the success of the enterprise. This participation will not normally exceed that of the private sector, and when the State is involved directly, its portion will be transferred to private entities as soon as the position of industry and the defense of its interests permits.

(Sect. VII, Lei 2005, as quoted in Pinto de Almeida: 26-27)

In fact, the State, either directly or indirectly became involved in an unprecedented degree. "Large-scale capitalists responded quickly and substantially to this generous opportunity, taking over the dominant part of the 'social capital' of these firms. It happened that even before the issuing of stock on the market, the shares were taken up by certain financial groups who, almost always, were the same interests." (Pinto de Almeida, 1961: 27)

Thus State action helped to consolidate Portugal's grupos económicos or banking and industrial monopolies. State action also points to the second major difference between the 1931 and 1945 Laws. While the earlier Law claimed to preserve competition as one of the stimuli to greater productivity, the later law, decrying the chronically low productivity, blatantly justified the creation of monopolies to correct the deficiencies of the internal market and to develop import substitution industries:
As for the idea of monopolies, let us observe the following: the principle of preserving competition whose utility is recognized as a stimulus to production and a means of assuring the stability of economic relations, even though it may be distasteful to some. But if the products are manufactured in small and dispersed units, badly equipped, without technology, with high production costs, there is no other solution but this: to have a few units capable of producing at low cost. If only one or very few possess the capital and technology to maintain an industry in terms of serving the collective interests, it would be absurd not to take advantage of them.

(Report accompanying Lei 2005, as quoted in Pinto de Almeida: 25)

The Lei de Condicionamento Industrial of 1931 was instituted to 'create the conditions' for industrial investment and to guarantee an internal market for small and medium scale industrialists, a large proportion of whom were located in the North. The 1945 Law was a fundamental shift away from the earlier protectionism, away from the notion of ruralism and the primacy of agriculture and toward the first stages of large-scale industrialization. The shift followed the trend of general European post-war industrial reconstruction, but, in the Portuguese case, was constrained by those interests which feared too rapid a change.

The Post-War Modelo

During World War II Portuguese neutrality had permitted the accumulation of large fortunes through the export of raw materials and speculation. 'Neutrality' had also attracted foreigners fleeing from the economic uncertainties of the rest of Europe. The presence of foreigners on Portuguese soil with their investment notions, as well as the example of the spectacular spurt of European reconstruction influenced the small group of large-scale industrialists and financiers
to push for a broad-reaching development policy.¹⁶ (J. M. Pereira, 1979: 28)

The man generally considered as the father of the movement to modernize Portuguese industry was J. N. Ferreira Dias, engineer and Secretary of State for Industry in the immediate post-War years. In his *Linha de Rumo, Notas de Economia Portugesa* (2nd ed., 1946) he urged Portuguese industrialists and government officials to remove their blinders, to begin to live in the Twentieth Century and to lose their fears of industry:

> The idea of not creating industry so as to not stimulate social dangers seems to me divorced from common sense; it reminds one of the old joke about the sick person who dies from the cure.... It is childish to lose the benefits that industry can bring to all of us in exchange for the illusion that we can detach ourselves from the social development of the world.... Why be afraid of industry? In view of the social problems, as real as man himself, there seem to be two condemnable attitudes: to cover one's eyes so as not to see or to react in the style of Torquemada, in the insensate hope of making time move backwards.... Let us march with the times, let us flee from anachronisms. Let us improve the country through industry, let us improve the lives of workers through salaries and social justice.... That a particular person draws away from this out of fear of losing money or of risking contact with socially dissatisfied people is understandable; but this attitude in official entities reminds one of the figure of the cowardly lion in the Wizard of Oz. *(Linha de Rumo: 215-217)*

Resistance to such revolutionary ideas was great, especially in the traditional and rather complacent North. For one striking example among many, Dr. Antunes Guimaraes, Minister of Commerce in 1931 and responsible for the first legislation on *Condicionamento Industrial*, in a 1945 speech to the National Assembly, argued against the inclusion of industrial zones in the urbanization plan of Porto:
Concentration of factories constitute flagrant anachronisms and are to be condemned as much in peace as in war—in peace because the family’s standard of living decreases, morality is poorly defended, and there is great stimulus to strikes and other subversions; and in war because such concentrations become the easy target of combat and destruction.19

Despite the fact that Condicionamento Industrial was changing in focus and intent, its initial beneficiaries, the small and medium-scale industrialists, while perceiving a loss of power, still maintained substantial influence in an inflexible system. While Condicionamento Industrial, as one form of protectionism, was in decline for the small and medium producers, protective tariffs, another key feature of the Modelo, were to remain in force until the early and mid 1960’s. Protective tariffs against foreign competition served well the general aim of "creating the conditions" for industrialization. It functioned, as well, to insulate Portuguese industry from pressures to modernize, in terms of both technology and labor relations.

Protective Tariffs

As with the earlier forms of Condicionamento Industrial, more stringent protective tariffs benefitted primarily the traditional industrialists of the North, who were among Salazar’s strongest supporters in the first half of the Regime. One of the more outspoken of the Northern industrialists, Albano de Sousa, in concert with the Lisbon-based Associação Industrial Portuguesa, inveighed early in the Regime against the dominance of the European economies over Portugal in terms that are both reminiscent of the two prior centuries and also peculiarly contemporary:
A people progressively invading a Nation with its products comes to dominate it so completely as to have conquered it with weapons. Economic dependence soon creates political dependence.

(Albano de Sousa, 1930: 29, quoting Gustave Le Bon)²⁰

The rhetoric of the Regime was replete with notions of nationalism and anti-capitalism from the outset, but the more stringent protective measures did not take effect until after World War II when European industry began its recovery and Portugal adopted an explicit import substitution policy.

Albano de Sousa saw an import substitution program as crucial to Portuguese economic expansion:

It is, thus, essential to our economic expansion that Portuguese prefer Portuguese products as the English, the Belgian, the Germans and the North Americans prefer products of their own countries, stimulating industrial expansion of those countries, expansion which later serves the needs of internal consumption and makes these industries capable of winning out over industries of other countries....

(Albano de Sousa, 1930. 72)

This isolation from the European economy was short-lived, however, bowing to pressures from Ferreira Dias and his followers, Portugal opted to join EFTA in 1960, with the special provision, outlined in Annex G of the Stockholm Convention, that Portugal would enjoy a more gradual removal of protective tariffs than any other EFTA members and that Portuguese products could enter member countries duty-free.²¹

The EFTA members had recognized that "the level of Portuguese industrial development, the size of her units of production, and the fact that a good deal of her manufacturing industry had been created behind a protective tariff, meant that Portugal was not in a condition to fulfill the general obligations of the Stockholm Convention. It was,
indeed, in recognition of this that the Stockholm Convention accorded Portugal the status of a 'young economy'" (Pintado: 198) The special provision was to allow an extra grace period of ten years in which Portuguese industry could begin to close the gap between it and industrialized Europe.

For many small and medium industrial producers, the decision to join EFTA was, not surprisingly, disastrous. The negative consequences for small and medium producers was almost inevitable, given the conditions and disincentives for development set by the internal barriers of condicionamento industrial and the external protective measures of Portuguese autarchy. The barriers to technological innovation, to growth of productive capacity, and to access to credit that were created by condicionamento industrial, as well as the complacency created by protective tariffs, cultivated within Portugal an atmosphere of 'dolce far niente' (do nothing sweetly) (Pinto de Almeida: 61). Ferreira Dias said in 1960 that the heavy protective tariffs had helped maintain Portuguese industry at a level that Europe has passed two centuries ago.22

Economist Francisco Pereira de Moura, one of the signers of the opinion of the Camara Corporativa on Portugal's entry into EFTA, tells the story of a manufacturer of wool textiles from Covilhã, one of the most traditional segments of the Portuguese textile industry, who, upon hearing the special provisions of Annex G, breathed a sigh of relief and said, "Ah, another ten years to relax."23

It will be recalled that the Regime's aim, in 1933, had been to establish "equilibrium of production" and "achieve at least cost the greatest salary compatible with the fair renumeration of the factors of
production, through the improvement of know-how, services and credit." In 1960, when Portugal decided to enter EFTA, 85% of the factories and workshops employed less than 10 people. (F. Medeiros, 1975: 14) In 1963, the value added per person employed in transforming industries was the lowest of Europe, (excluding Turkey and Greece), the U.S., Japan and Argentina (J. M. Pereira, 1979: 76). Those factory owners who wished to expand, either technologically or in size, without involvement in 'deals' with Regime officials, were often prohibited from doing so. Those new industries receiving monopolistic concession and State subsidies were secure in their positions of dominance. This did little to create an atmosphere of growth and innovation in a 'young economy.'

By 1960, a growing body of technocrats, following in the footsteps of Ferreira Dias, and the more forward looking of the large industrialists looked to the joining of EFTA as a badly needed stimulus to an industrial economy they recognized as badly lagging behind the rest of Europe. The opinion offered by the Camara Corporativa recognized the need for drastic change as well as the difficulties the membership would bring to those unable to compete eventually with European firms:

It can be expected that the international commitment now assumed by the country will contribute, in itself, to the task of reforms which are imposed. On the one hand, there will be, naturally, vast sectors of production that will immediately feel an appreciable reduction of the protective barriers which will move them to pull themselves out of their lethargy and to promote rapidly efficient organization. On the other hand, the State will feel even more justified in its interventions, for the problem is truly one of national salvation and one must not hesitate to apply drastic measures to these inefficient sectors.²⁸

The wool industrialist from Covilhã was not alone in his response to
EFTA. In fact, the initial response of many industrialists was the opposite of the intended reaction. Pintado, writing in 1964, noted that "one of the first reactions of many industrialists has been to adopt a more cautious attitude towards future investment planning." In a footnote to this point he says, "in the Introductory Report of the Minister of Finance to the Draft Budget Law for 1964, this reaction has been advanced as part of the explanation for the fall in productivity which occurred in 1962. Portugal's membership in EFTA is said to have introduced 'a new element of risk and hesitation in private investment.'" (Pintado, 1964: 198)

The reaction of small and medium industrialists to the threat of EFTA is just one example of inflexibility of the economy in general and of traditional industry in particular, an inflexibility fostered, in large part, by the long-standing constraints of the modelo economico. When the insulating protectionism began to disappear, the rest of Europe had already begun to demand labor from the less developed Southern European countries. Not only was Portuguese unable to compete with European industry, but it was also unable to absorb its own growing industrial force.

A standard criteria of development and industrialization is the percentage of the population involved in primary, secondary and tertiary sectors. By such a measure, Portugal's industrial base was expanding rapidly between the years 1950-1970. The percentage of the population involved in agriculture decreased from 47% in 1950 to 32.3% in 1968. However, the shift is not so much a reflexion of economic and industrial development as it is one of the growing abandonment of agriculture for emigration in the 1960's. (B. H. Fernandes: 39) The protectionisms of
the Regime were imposed initially to create the conditions for economic recovery and stimulate investment by guaranteeing markets. The ultimate result was a stagnant and inflexible industrial sector, unable to absorb the domestic labor force leaving agriculture.

**Industrial Labor -- Costs and Supply**

Protectionism also allowed for another key element of the *Modelo*, the maintenance of a cheap and abundant labor force for industry. In addition to insulating industry from Europe's competing products, it also insulated it from competing wage structures. Portuguese industry could not compete with Europe in terms of quality and quantity of production, but it could compete in terms of labor costs. Maintaining a plentiful labor supply and low labor costs was one of the conditions the Regime could offer to industry. It was also one of the primary means of keeping inflation low and thus helping, in principle, to maintain economic and social stability.

One of the principal mechanisms for labor cost maintenance was freeze on agricultural prices by means of subsidies to agriculturalists. The mechanism was best described by Dr. Correia de Oliveira, Economics Minister in the post World War II period: "...we had based industrial development on low salaries and these, (in turn) on cheap food stuffs, possible through long-term price freezes on agricultural products which discouraged investment in that sector."²⁴

There was no doubt that the price freeze kept the cost of agricultural products below that of rural salaries. If 1934 is taken as a base line of 100, male rural salaries had by 1956 reached a level of 271, while the price of wheat was only 202, potatoes 231, and rice,
Cheap agricultural products meant not only low industrial salaries but also, ultimately, a massive rural exodus which occurred for two reasons. First, the price freeze on products so decapitalized the interior of the country that small and medium agriculturalists, often with many dispersed parcels of land (a consequence of the Lei de Partilhas of 1863 discussed in the previous Chapter) found it difficult to make any profit. Second, the agricultural wages were, by necessity, so low that laborers were pushed out en masse because they could not afford non-food products. agricultural salaries, low food prices in the cities, and low industrial salaries. The price freeze contributed to a massive rural exodus of both landless and small and medium scale owners and, planners of the late 1950's and early 1960's hoped, an abundant industrial labor force. The labor available for industry would be a further means of keeping industrial wages down.

Abundant industrial labor, 'liberated' from agriculture was a conscious and well-documented objective of the traditional arm of Portuguese industry. Despite the early Development Plans (no. I of 1953-1958 and no. II of 1959-1964) with their "European type" rational language, the government was still faithful to its traditional schemes of budgetary orthodoxy and nationalist desires in relation to foreign capital, confident in the virtues of 'slow but stable' growth, without systematic problems, based on a large reserve of labor, refusing to listen to theories demonstrating the stimulating role of internal consumption, the profitability of educational investment, the economic function of social security systems.... (J. M. Pereira, 1979: 31-32)
Effects of Low Wage Structure

As the labor markets began to expand in the early 1960's, the policy of low wages and an abundant industrial labor force was to have dire consequences for traditional Portuguese industry. First, as will be shown in Chapter IV, emigration created labor shortages in all sectors and within both skilled and unskilled categories. Second, the low purchasing power of workers as a result of the low wages of both the agricultural and industrial workforce dampened the domestic market for industrial goods.

In relation to the rest of Europe, Portuguese industrial wages were very low in the 1950's and 1960's as can be seen from Table III-1.

Table III-1

Average Hourly Wage in Various Industries in Portugal and the Common Market Countries in 1962, Expressed in Terms of the Purchasing Power of the Escudo within Portugal

<table>
<thead>
<tr>
<th>Industries</th>
<th>Portugal</th>
<th>Germany</th>
<th>Belgium</th>
<th>France</th>
<th>Holland</th>
<th>Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar Refining</td>
<td>11.39</td>
<td>28.39</td>
<td>24.53</td>
<td>19.64</td>
<td>24.27</td>
<td>20.42</td>
</tr>
<tr>
<td>Beer</td>
<td>8.36</td>
<td>32.58</td>
<td>21.38</td>
<td>18.75</td>
<td>24.79</td>
<td>20.77</td>
</tr>
<tr>
<td>Cotton Spinning, Weaving</td>
<td>4.33</td>
<td>25.25</td>
<td>18.38</td>
<td>15.61</td>
<td>21.86</td>
<td>17.53</td>
</tr>
<tr>
<td>Wool Spinning, Weaving</td>
<td>4.55</td>
<td>25.49</td>
<td>17.85</td>
<td>16.61</td>
<td>20.64</td>
<td>18.73</td>
</tr>
<tr>
<td>Paper &amp; Pulp</td>
<td>5.73</td>
<td>30.74</td>
<td>23.90</td>
<td>21.32</td>
<td>26.20</td>
<td>21.50</td>
</tr>
<tr>
<td>Chemicals</td>
<td>8.12</td>
<td>35.80</td>
<td>25.74</td>
<td>25.07</td>
<td>29.36</td>
<td>23.14</td>
</tr>
<tr>
<td>Rubber</td>
<td>4.44</td>
<td>31.87</td>
<td>22.73</td>
<td>20.94</td>
<td>24.91</td>
<td>26.87</td>
</tr>
<tr>
<td>Cement</td>
<td>8.99</td>
<td>33.79</td>
<td>32.07</td>
<td>24.64</td>
<td>---</td>
<td>21.90</td>
</tr>
<tr>
<td>Ceramics</td>
<td>5.44</td>
<td>26.05</td>
<td>19.16</td>
<td>16.28</td>
<td>21.02</td>
<td>18.84</td>
</tr>
<tr>
<td>Machine Tools</td>
<td>5.85</td>
<td>34.29</td>
<td>27.40</td>
<td>23.31</td>
<td>27.81</td>
<td>24.83</td>
</tr>
<tr>
<td>Shipbldg.,Repair</td>
<td>9.41</td>
<td>33.61</td>
<td>31.91</td>
<td>23.22</td>
<td>28.56</td>
<td>24.05</td>
</tr>
</tbody>
</table>

Source: Pintado, "Níveis e Estruturas de Salários Comparados: Os Salários Portugueses e os Europeus" Analise Social V (17) 1967: 34.
From 1960-1967, the average annual rate of growth of real wages was 3.5% and 6.9% respectively, the lowest rate of all EFTA and EEC countries.\textsuperscript{31} In the two post-war decades, salaries in Portugal constituted only 45% of the national revenue, whereas the standard percentage is 60-70% (F. P. Moura, 1974: 32).\textsuperscript{32} Figures in Table III-2 show the low cost of labor in Portuguese industry. Pintado doubts whether low labor costs were ultimately the advantage to Portuguese industry that they were believed to be.

The most impressive fact emerging from this calculation is the small part played by labor in the total cost of production for most Portuguese industries. Three-quarters of the output of manufacturing and two-thirds of total industrial production came from industries where labor represents less than one-quarter of the total cost of production.... This is, of course, a function of the low cost of labor itself, implying an advantage over other countries where labor is much more expensive than in Portugal.\textsuperscript{33}
### Table III-2
Structure of costs in Portuguese Industry
1957–1959
(Percentages)

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Labour</th>
<th>Materials</th>
<th>Electricity</th>
<th>Fuels &amp; lubricants</th>
<th>Depreciation allowances</th>
<th>Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining &amp; Quarrying</td>
<td>45</td>
<td>28</td>
<td>4</td>
<td>7</td>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td>Food</td>
<td>7</td>
<td>85</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Beverages</td>
<td>9</td>
<td>73</td>
<td>1</td>
<td>2</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Tobacco</td>
<td>4</td>
<td>46</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>48</td>
</tr>
<tr>
<td>Textiles</td>
<td>16</td>
<td>68</td>
<td>2</td>
<td>2</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>Clothing &amp; Footwear</td>
<td>21</td>
<td>72</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Wood &amp; Cork</td>
<td>14</td>
<td>78</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Furniture</td>
<td>29</td>
<td>64</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Chemicals</td>
<td>11</td>
<td>73</td>
<td>4</td>
<td>2</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Oil refining</td>
<td>6</td>
<td>63</td>
<td>0</td>
<td>6</td>
<td>9</td>
<td>17</td>
</tr>
<tr>
<td>Basic metals</td>
<td>6</td>
<td>81</td>
<td>4</td>
<td>1</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Metal prod.</td>
<td>23</td>
<td>64</td>
<td>2</td>
<td>2</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Non-electric machinery</td>
<td>22</td>
<td>67</td>
<td>1</td>
<td>1</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Elec. Mach.</td>
<td>26</td>
<td>65</td>
<td>1</td>
<td>2</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Trans. Equip.</td>
<td>33</td>
<td>57</td>
<td>1</td>
<td>1</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Paper</td>
<td>14</td>
<td>66</td>
<td>2</td>
<td>7</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Printing &amp; Publishing</td>
<td>33</td>
<td>54</td>
<td>1</td>
<td>1</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Leather goods</td>
<td>8</td>
<td>87</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Rubber</td>
<td>15</td>
<td>70</td>
<td>2</td>
<td>3</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Non-metallic minerals</td>
<td>29</td>
<td>38</td>
<td>6</td>
<td>15</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>19</td>
<td>69</td>
<td>2</td>
<td>1</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Bldg., Constr.</td>
<td>26</td>
<td>68</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Electr., Gas</td>
<td>14</td>
<td>11</td>
<td>0</td>
<td>4</td>
<td>67</td>
<td>3</td>
</tr>
</tbody>
</table>

Sources: INE Inquerito Industrial and Estatística das Sociedades
Reproduced from V. Xavier Pintado, Structure and Growth of the
Portuguese Economy. EFTA. 1964: 147

In addition to the wide discrepancy between labor costs and total
production costs, there existed a similar discrepancy between wages and
price levels of goods, with the exception of those goods whose prices
were controlled. Low salaries permitted wide profit margins for industrialists, but they also severely constrained purchasing power for employees, and, as a consequence, the viability of the domestic market. Pinto de Almeida, in his general discussion of the effects of the regulating of industry, blames wage levels for the constraint of the market:

One cannot speak of the small size of our market (in a demographic sense) as a principal cause of our industrial limitations and on poverty. In terms of population, the Swiss, Swedish, Belgian, and Norwegian markets are smaller. What really is small and decisive in our market is the excessively weak purchasing power of our population....The explanation for the mediocrity of our industry should be sought in the very system in operation at present; in a combination of limiting conditions such as...institutions favoring lucrative capital (policies of containing salaries)....This conditioning necessarily generates a sharply asymmetrical distribution of wealth and a weak propensity to invest.

(p. 49)

In 1961 the average monthly wage for an industrial worker was approximately 650$00 (22 dollars), and of rural workers, half that amount (Pinto de Almeida: 47). Throughout the 1960's, with a mounting inflation that the Regime was trying to restrain and disguise (see Chapter VI), the purchasing power progressively declined. Indeed, the single most frequent reason for leaving given by the Portuguese migrants interviewed in France and the United States was the lack of cash for such goods and services as medical treatment.

Two examples will illustrate this point. 'First is the case of a twenty-six year old migrant from Tras-os-Montes, one of the most isolated and least industrialized areas of Portugal.' At the time of the interview, this man was working as a waiter in Paris, and living in
a small one-room apartment with his 18 year old bride of three months who had never been outside Tras-os-Montes before coming to Paris. He analysed his reasons for migrating by saying he had plenty of land, but it was divided into sixty or seventy small separated parcels. He never lacked for food because he grew most of it, but he never had enough cash, especially if there was a crop failure. Since the social services never really worked, he had to rely on private doctors and sometimes there wasn't enough money to pay for a visit. The second case is that of a woman in her mid-twenties from Montalegre in the Northern Minho, living in Bridgeport, Conn., since 1976. She described having to calculate the cost of a new dress on the basis of the sale of three or four sacks of potatoes. Although both migrants were from non-industrial areas, the consequences of low industrial wages are still relevant to these cases. It was the low wages paid to agricultural producers, either as salary or through the wholesale prices of products that permitted the maintenance of low industrial wages.

The question of salary levels was to be one of the most hotly debated issues throughout the 1960's. Northern industrialists clung, first, to the 'golden rule' that they had learned during the course of the Regime that salary increases should not exceed that of productivity increases, and, second, that the determining factor in the competitiveness of Portuguese enterprises was precisely the reduced labor costs. In the Industrial Policy Colloquium of 1972 industrialists were taken aback to hear Rogerio Martins, Secretary of State for Industry, and generally considered to be the successor of Ferreira Dias as the promoter of Portuguese industrialization, say that "wage increases should not only accompany productivity increases, but normally
tend to surpass them." (J. M. Pereira, 1979: 75) Although the issue of wage levels will be discussed in greater detail in Chapter IV, it is important to stress the fact at this point that the reluctance of traditional industrialists to abandon inherited wisdoms about labor costs, profits, and productivity, contributed in large part to the inflexibility which made the Modelo ultimately unworkable.

The picture of the relative low level of industrial salaries in general was made gloomier when one looks at regional imbalances within Portugal, not only regarding salaries, but with respect to a generalized maldistribution of infrastructure, services and industrial development. The discrepancies reflect both the aim to keep wage levels down and the constraints imposed upon industry by Condicionamento Industrial. The regional distribution of industry in 1960 can be seen in Tables III-3 and 4 -- within the divisions of industrialized districts, semi-industrialized districts and non-industrialized districts, the five industrialized districts are all on or near the coastal areas.

TABLE III - 3

Industrial Labor Force as Proportion of Resident Population in Industrial, Semi-Industrial and Non-Industrial Districts

<table>
<thead>
<tr>
<th>Group</th>
<th>Resident population (1960)</th>
<th>Industrial labor force</th>
<th>Value added by industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Industrial districts</td>
<td>49.1</td>
<td>68.5</td>
<td>80.0</td>
</tr>
<tr>
<td>II. Semi-industrial districts</td>
<td>23.3</td>
<td>18.5</td>
<td>14.2</td>
</tr>
<tr>
<td>III. Non-industrial districts</td>
<td>27.6</td>
<td>13.0</td>
<td>5.8</td>
</tr>
</tbody>
</table>

100.0                      | 100.0                     | 100.0                  |

Sources: INE Inquerito Industrial for the value added, and X Recenseamento Geral da População Portuguesa for resident population and labour force (as cited in Pintado, 1964: 152).
### TABLE III - 4

Regional Distribution of the Industrial Labor Force in Portugal (1960)

<table>
<thead>
<tr>
<th>Districts of Continental Portugal</th>
<th>Industrial labor force as a % of resident population</th>
<th>Industrial labor force as a % of active population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Porto</td>
<td>18.3</td>
<td>48.8</td>
</tr>
<tr>
<td>Setubal</td>
<td>15.7</td>
<td>38.7</td>
</tr>
<tr>
<td>Aveiro</td>
<td>15.3</td>
<td>43.2</td>
</tr>
<tr>
<td>Braga</td>
<td>14.2</td>
<td>40.3</td>
</tr>
<tr>
<td>Lisboa</td>
<td>13.7</td>
<td>32.3</td>
</tr>
<tr>
<td>Castelo Branco</td>
<td>9.4</td>
<td>26.1</td>
</tr>
<tr>
<td>Leiria</td>
<td>9.3</td>
<td>25.7</td>
</tr>
<tr>
<td>Faro</td>
<td>9.0</td>
<td>22.6</td>
</tr>
<tr>
<td>Santarem</td>
<td>8.6</td>
<td>23.1</td>
</tr>
<tr>
<td>Coimbra</td>
<td>8.0</td>
<td>22.7</td>
</tr>
<tr>
<td>Viano de Castelo</td>
<td>7.6</td>
<td>21.1</td>
</tr>
<tr>
<td>Evora</td>
<td>6.5</td>
<td>16.4</td>
</tr>
<tr>
<td>Portalegre</td>
<td>5.9</td>
<td>14.9</td>
</tr>
<tr>
<td>Guarda</td>
<td>5.3</td>
<td>15.7</td>
</tr>
<tr>
<td>Beja</td>
<td>5.1</td>
<td>12.8</td>
</tr>
<tr>
<td>Viseu</td>
<td>4.9</td>
<td>13.9</td>
</tr>
<tr>
<td>Braganca</td>
<td>3.9</td>
<td>11.0</td>
</tr>
<tr>
<td>Vila Real</td>
<td>3.8</td>
<td>10.7</td>
</tr>
<tr>
<td>Continental Portugal</td>
<td>11.1</td>
<td>29.5</td>
</tr>
</tbody>
</table>

Source: X Recenseamento General da População Portuguesa (1960); as cited in Pintado, 1964: 151

From Tables III - 3 and 4 regional imbalances in the early 1960's can be clearly seen. The five industrial districts, all in or near coastal areas, have slightly less than half the population and contribute 80% of value added by industry. The eight non-industrial districts have 28% of the population, less than 13% of the industrial labor force, and
contribute only 6% to the value added by industry (Pintado 1964: 151).

By the mid-1960's the regional distortion was even greater, pointing to an even greater concentration of capital investment in the coastal areas. Estimates presented in the Third Development Plan (1968-73) predicted that by 1965, Braga, Porto, Aveiro, Lisbon and Setubal would have contributed 78.2% of the internal industrial product. These same districts, with the addition of Leiria and Coimbra corresponded, in 1965, to 77.5% of new industrial facilities, 90.4% of new production and 99.4% of industrial expansion. It would appear that Condicionamento Industrial as a mechanism for the advancement of large-scale coastal industry, had done its job well.

The impressive industrial productivity rates of the 1960's must also be seen in relation to the growth of Portugal's banking and industrial monopolies (grupos economicos) whose development and support by the Regime signalled, first, the final demise of the alliance between the agricultural oligarchy and traditional industrial elite and second, the ascendancy of the new banking and industrial elite. The grupos were also the crucial institutional factor in the concentration of capital and industrial activity in the final phase of the Regime.

The Monopolies

Portugal's seven largest banking and industrial conglomerates had their origins in the policy of Condicionamento Industrial which granted exclusive concessionary charters in key industrial areas such as steel, cement, rubber, ship repair, petroleum, and chemicals, and selectively granted credit and tax incentives to key enterprises. Although the groups were by no means homogeneous with regard to attitudes and
policies on key economic issues (e.g. orientation to the Colonies vs. orientation to Europe), they nevertheless displayed certain common characteristics. Each group included one or more banks, insurance companies, newspaper and radio stations, in addition to the particular industries for which they held charters, and all were closely connected to the operation of the Regime. The interpretation is best described in the following quote from a study of the inter-linkages between political and economic power in the Salazar Regime.

Contrary to the usual manner of the old Republican, the men of the Estado Novo, with rare exceptions interpenetrated the large economic organizations and installed themselves within them.... One can find whole companies transformed into veritable beehives of ex-ministers, subsecretaries of state, directors-general and colonial governors.... (with dismissal from high government position) the nominations were, as a rule, not long in coming.... It is evident that, in most cases, these men do not enter the boards of directors because of their technical competence. It is enough to see how they pass from one company to another with completely different functions to know that the capacity that promotes them is always the same - that of being ex-minister.  

One of the consequences of the interpenetration between the Regime and the industrial and banking monopolies was a heightened concentration of industrial capital especially in the 1960's. By 1971, out of a total of 40,051 enterprises (including continental Portugal, the Azores and Madeira), 168 enterprises, or 4% of the total, held 53% of the capital. (M. B. Martins, 1975: 16) Concentration in specific sectors was particularly marked. The seven groups controlled 80% of commercial banking and 55% of the insurance market (A. dos Santos, 1977: 12) The near monopoly of banking is especially important in the context of the control of emigrant remittances which increased dramatically during the
1960's and early 1970's (see Chapter VI).

From the point of view of industry, and especially independent industrialists who were not attached to groups, the most crucial implication of the control of banking was accessibility or not of credit. The monopoly-linked banks controlled 75% of the credit, with 68% of all credit controlled by the five principal banks (A. dos Santos, 1977: 17). The owner of one medium-sized metallurgical firm in Braga, for example, felt that the system of selective credit created a delay of ten to fifteen years in his firm's development and for much of Portuguese industry. By not receiving credit when he needed it, he lost out on crucial markets. One had to be a "pessoa de confiança" (person of confidence) of one of the groups. Often, firms that did not need loans received them while others were shut out.\(^3\)

The inaccessibility of credit in the earlier phases of the Regime, before the onset of Portugal's gradual integration into the European economy - i.e. before entrance into EFTA, before foreign investment and before the emigration of the 1960's, was one of the causes of the proliferation of small enterprises that profited from an abundance of labor and lack of foreign competition. Small-scale labor-intensive industry could avoid the credit problems and bureaucratic entanglements by isolating themselves producing for the "mercado caseira" (home market) with an "industria caseira" (cottage industry) with an abundance of labor and without worrying about technological innovation, productivity and competition. The proliferation is evident in the disproportionate number of small enterprises. In 1964, 98.2% of industrial enterprises were small,\(^4\) representing 53% of salaried workers and 47% of production: 1.2% were medium and 0.6% were large,
together representing 47% of the salaried workers and 57% of production. The precarious situation of a large portion of small enterprises vis-à-vis credit, productivity and competition in the late 1950's resulted in the bankruptcy or take-over of 10,000 small firms between 1957-1957 and 1964. (J. M. Pereira 1979: 58) Still in 1974, the problems of credit for both small and medium firms was recognized as a major impediment to industrial growth. "Credit, almost in its entirety, is in the hands of these large groups," is a statement made during a public discussion of the Portuguese economy by a group of technocrats, generally considered to be part of the Liberal Wing (ala Liberal) of the Caetano Regime.41

One of the sectors most severely affected by the restrictive credit policies was that of textiles which was the single largest industrial employer and produced the greatest volume of export sales.42 "Access to credit has been beset with difficulties, for in our banking circles, there has predominated a general consensus unfavorable to the textile industry." (Barata, 1974: 51) Credit for modernization of the textile industry in the face of increasing outside competition was particularly important, because the textile industry had been both the strongest supporter and the most hard-hit victim of the Regime's policy of **Condicionamento Industrial** and abundant labor/low wages (see Chap. IV).

The textile industry could survive on outmoded machinery as long as labor was available. By the mid Sixties, however, with increasing shortage of labor, the substitution of a mechanical loom costing one-hundred contos for an automatic loom costing nine-hundred contos (Barata, 1974: 51) required a level of credit that was unavailable to all but the most favored of textile entrepreneurs.43 The Regime's policy of granting licenses (alvaras) for a certain number of looms exacerbated
the problem of out-modeled equipment because, in many cases, old looms were saved or traded in order to maintain or increase the capacity allowed under a granted license. "

Generally, the textile industry, located primarily in the North, seemed to be written off by the large banks as a poor investment. A report issued in 1966 on the condition of the Portuguese economy by one of the major monopoly banks states:

performance of the textile industry has been dominated by two different factors whose effects taken together produced a depressed economy within that sector.... the deterioration of external demand and the shortening of credit deadlines by the Banks.... The possibility of the maintaining or worsening of foreign trade, coinciding with a period of re-equipping (modernization) of the textile industry, and this re-equipping taking place, in many cases, on very precarious financial bases, the situation of the sector becomes particularly critical.... The uncertain future of the external market and the difficulties facing this industry should act as a brake on investment, when the rise in the cost of labor and the necessity to maintain competitive prices require the continuation of the efforts to mechanize. The short-range future of the textile industry becomes, then, somewhat uncertain."

The textile industry, then, was caught in the dilemma of being, first, a victim of the Regime's constricting industrial policies, and second, punished for its condition by further restrictions on credit.

An examination of figures for one category of the textile industry - that of 'spinning, weaving and finishing of cotton, synthetic, and mixed fibers' for the years 1967 and 1975 shows a marked drop in the number of firms and slight drop in the number of employees:
Table III - 5
Comparison of Numbers of Textile Firms and Workers in 1967 and 1975

<table>
<thead>
<tr>
<th>No. of firms</th>
<th>1967</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Braga</td>
<td>199</td>
<td>169</td>
</tr>
<tr>
<td>Porto</td>
<td>209</td>
<td>181</td>
</tr>
<tr>
<td>Lisbon</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>Other Cities</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>433</td>
<td>375</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of Workers</th>
<th>1967</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Braga</td>
<td>32,323</td>
<td>32,674</td>
</tr>
<tr>
<td>Porto</td>
<td>32,036</td>
<td>28,239</td>
</tr>
<tr>
<td>Other Cities</td>
<td>3,761</td>
<td>1,961</td>
</tr>
<tr>
<td>Total</td>
<td>68,120</td>
<td>62,874</td>
</tr>
</tbody>
</table>

A decrease in the number of firms of a "traditional" industry such as that of textiles in a country beginning to industrialize in a capital intensive manner is certainly not unusual. What is significant in the Portuguese case is the fact that the textile sector was the single largest industrial employer in a country where labor absorption and employment rates were stagnant if not negative. Regime policy vis-à-vis industrial growth - and by extension the policies of industrial and banking monopolies - placed explicit priority on the growth of capital intensive industry and, despite public statements decrying the effects of emigration on industry, an underlying recognition that labor could not be totally absorbed within Continental Portugal. As the end of the 1960's approached, Regime statements became more explicit with regard to support for both the conglomerates and for the concentration and fusion of smaller traditional industries within the larger monopolistic structure. In particular, support was given to those firms oriented to
the export market (see Chap. VI). Government policy openly stimulated "the fusions, incorporations and groupings of firms, especially groupings of exporters which could be considered of interest to the national economy." 47

Rogerio Martins, while Secretary of State for Industry (1968–72) made a similar statement on the occasion of the chartering of a new electric power monopoly, resulting from the fusion of several electric power companies. "We salute you because, as is well known today, whatever the school of thought one adopts, the existence of the large economic groups is indispensable to the acceleration of development and to the attainment of high levels of progress..." 48

The tendency toward capital-insensitivity and monopolization has been a constant, almost pre-determined, feature of industrializing societies since the Industrial Revolution. What is not pre-determined is the relationship between the State and those sectors of industry that are becoming 'outmoded', e.g. the traditional textile industry of Northern Portugal and that of France and Italy. For example, since World War II, support for traditional industry in both France and Italy has been motivated by the same concerns stimulating the economic measures of the early years of the Salazar Regime – i.e. absorbing large numbers of workers in labor intensive industry so as to avoid labor militancy, proletarization, and in order to maintain low labor costs. However, in an effort to garner political support among a wide variety of groups, government policy has protected traditional industry in France and Italy along with the growth of large-scale capital intensive industry. 49 In Portugal, with the exception of the extension of protective tariffs after joining EFTA, post World War II industrial
policy has been increasing in favor of large-scale capital-intensive industry to the neglect of traditional industry.

Effects of Capital-Intensive Industrial Growth

The trend of industrial growth in the coastal regions affected not only the geographical distribution of industrial labor opportunities, but also the degree of capital vs. labor intensity, and, thus, labor absorptive capacities. In the ten year period 1950-1960, employment in industry increased by only 17%, while industrial production increased by 90% (Pintado, 1964: 176)

An ILO official, Jean Mayer, observed:

It is somewhat paradoxical to observe that during the 1960's and early 1970's, Portugal's GNP grew at an average rate of 8%, whilst at the same time employment decreased.... on the one hand between 1963 and 1973, growth rates of 133 and 156 per cent respectively, whilst employment, on the other hand, did not grow more than 7 - 16%.... Instead of bringing jobs to people, no serious efforts were made to relocate industries closer to rural labor catchment areas.

(1977: 573)

The consequences for labor absorption and population movements were predictable. Semi- and non-industrial regions were losing their economically active population at a rapid pace, and would continue to do so, as may be seen in the following table:


<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Viana do Castelo</td>
<td>99,7</td>
<td>98,2</td>
<td>97,0</td>
<td>95,8</td>
</tr>
<tr>
<td>Vila Real</td>
<td>115,6</td>
<td>80,8</td>
<td>66,4</td>
<td>52,8</td>
</tr>
<tr>
<td>Braganca</td>
<td>82,6</td>
<td>55,8</td>
<td>40,2</td>
<td>25,9</td>
</tr>
<tr>
<td>Viseu</td>
<td>167,9</td>
<td>134,4</td>
<td>128,4</td>
<td>120,5</td>
</tr>
<tr>
<td>Guarda</td>
<td>95,3</td>
<td>69,3</td>
<td>51,7</td>
<td>34,0</td>
</tr>
<tr>
<td>Castelo Branco</td>
<td>113,5</td>
<td>89,4</td>
<td>76,5</td>
<td>65,0</td>
</tr>
<tr>
<td>Leiria</td>
<td>146,9</td>
<td>130,6</td>
<td>126,8</td>
<td>124,1</td>
</tr>
<tr>
<td>Santarem</td>
<td>172,1</td>
<td>149,8</td>
<td>140,5</td>
<td>131,8</td>
</tr>
<tr>
<td>Portalegre</td>
<td>75,2</td>
<td>59,4</td>
<td>46,5</td>
<td>34,5</td>
</tr>
<tr>
<td>Evora</td>
<td>86,9</td>
<td>72,2</td>
<td>62,1</td>
<td>53,0</td>
</tr>
<tr>
<td>Beja</td>
<td>109,1</td>
<td>78,8</td>
<td>74,3</td>
<td>73,8</td>
</tr>
<tr>
<td>Faro</td>
<td>125,7</td>
<td>102,6</td>
<td>98,2</td>
<td>94,9</td>
</tr>
<tr>
<td>Indices</td>
<td>100</td>
<td>80,6</td>
<td>72,5</td>
<td>65,2</td>
</tr>
<tr>
<td>% of total active population with professions</td>
<td>44,5</td>
<td>37,6</td>
<td>34,4</td>
<td>31,0</td>
</tr>
</tbody>
</table>


As coastal cities gained some population, they were clearly not absorbing the large mass leaving the non-industrialized areas. A comparison of emigration figures by district with figures for the loss of the economically active population for the same districts often show a significant correspondence between the numbers emigrating and the loss of the economically active population from the same decade.**
### TABLE III - 7

Emigration by District - 1950-1974

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aveiro</td>
<td>36 830</td>
<td>3 683</td>
<td>42 821</td>
<td>4 282</td>
<td>21 592</td>
<td>4 318</td>
<td>101 243</td>
<td>4 050</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beja</td>
<td>619</td>
<td>62</td>
<td>7 015</td>
<td>7 015</td>
<td>7 398</td>
<td>1 480</td>
<td>15 032</td>
<td>6 01</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Braga</td>
<td>20 715</td>
<td>2 071</td>
<td>60 215</td>
<td>6 021</td>
<td>20 848</td>
<td>4 170</td>
<td>101 778</td>
<td>4 071</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Braganca</td>
<td>21 673</td>
<td>2 167</td>
<td>24 451</td>
<td>2 445</td>
<td>6 148</td>
<td>1 230</td>
<td>52 272</td>
<td>2 091</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Castelo Branco</td>
<td>4 895</td>
<td>489</td>
<td>33 447</td>
<td>3 345</td>
<td>6 297</td>
<td>1 259</td>
<td>44 639</td>
<td>1 786</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coimbra</td>
<td>16 449</td>
<td>1 645</td>
<td>18 343</td>
<td>1 834</td>
<td>12 117</td>
<td>2 423</td>
<td>46 909</td>
<td>1 876</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evora</td>
<td>329</td>
<td>33</td>
<td>2 427</td>
<td>2 427</td>
<td>2 534</td>
<td>507</td>
<td>5 290</td>
<td>2 12</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faro</td>
<td>7 720</td>
<td>772</td>
<td>23 886</td>
<td>2 387</td>
<td>7 882</td>
<td>1 576</td>
<td>39 488</td>
<td>1 580</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guarda</td>
<td>23 186</td>
<td>2 319</td>
<td>37 538</td>
<td>3 754</td>
<td>6 436</td>
<td>1 287</td>
<td>67 160</td>
<td>2 686</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leiria</td>
<td>13 633</td>
<td>1 363</td>
<td>49 555</td>
<td>4 955</td>
<td>22 526</td>
<td>4 505</td>
<td>85 714</td>
<td>3 428</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lisboa</td>
<td>7 439</td>
<td>744</td>
<td>52 400</td>
<td>5 240</td>
<td>31 457</td>
<td>6 291</td>
<td>91 296</td>
<td>3 652</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portalegre</td>
<td>529</td>
<td>53</td>
<td>2 384</td>
<td>2 384</td>
<td>0 17</td>
<td>208</td>
<td>3 930</td>
<td>157</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Porto</td>
<td>35 909</td>
<td>3 591</td>
<td>55 295</td>
<td>5 529</td>
<td>25 074</td>
<td>5 015</td>
<td>116 278</td>
<td>4 651</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Santarem</td>
<td>6 668</td>
<td>667</td>
<td>24 517</td>
<td>2 452</td>
<td>10 829</td>
<td>2 166</td>
<td>42 014</td>
<td>1 681</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Setubal</td>
<td>1 114</td>
<td>1 11</td>
<td>11 305</td>
<td>1 130</td>
<td>8 253</td>
<td>1 651</td>
<td>20 672</td>
<td>827</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Viana do Castel</td>
<td>15 901</td>
<td>1 590</td>
<td>36 432</td>
<td>3 643</td>
<td>8 887</td>
<td>1 777</td>
<td>61 220</td>
<td>2 449</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vila Real</td>
<td>18 990</td>
<td>1 899</td>
<td>25 122</td>
<td>2 512</td>
<td>11 735</td>
<td>2 347</td>
<td>55 847</td>
<td>2 234</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Viseu</td>
<td>36 300</td>
<td>3 630</td>
<td>30 607</td>
<td>3 061</td>
<td>17 878</td>
<td>3 576</td>
<td>84 785</td>
<td>3 391</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CONTINENTE</td>
<td>268 899</td>
<td>26 890</td>
<td>537 760</td>
<td>53 776</td>
<td>228 908</td>
<td>45 782</td>
<td>1035567</td>
<td>41 423</td>
<td></td>
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</tr>
</tbody>
</table>

Source: Ministerio de Trabalho, Secretaria de Estado da Emigração, Boletim Anual, 1974: 16

The hemorrhage, as commentators on Portuguese emigration have called it through the decades, was in full force by the mid and late 1960's. It was, I argue, a direct consequence of the kind of political and economic options chosen throughout the Regime, and particularly during the post-War years. The controls instituted through the Estado Novo on education, wage levels, agricultural prices, channels of protest for labor (the sindicatos), development potential for industry (condicionamento industrial), as well as the developmental options (capital intensivity) chosen in the post-war years all constituted the
indirect emigration policy of the Salazar Regime. For both agricultural and industrial labor, emigration often presented the only viable alternative to near starvation wages and lack of social services. The strategy of constrained development meant that the Regime had to find alternatives for its 'excess' population. As will be seen in Chap. VI, the export of a portion of the Portuguese population was an explicit Regime policy. The numbers of the emigrating, however, was far greater than the numbers planned for. The exodus of the mid and late 1960's was a result of both the economic policies outlined above and the industrial and emigration policies to be discussed in Chapters IV and VI.

Summary and Conclusions

The Modelo, as it operated in the first half of the Regime was, above all, a strategy for stable, controlled, orthodox economic and social development, which both supported and was constrained by a traditional industrial bourgeoisie that saw safety in insulation from both external and internal competition. The economic policies and measures which are of concern in this discussion were carried out under the ideological and institutional framework of corporatism that, while proclaiming social justice for all, in fact operated to maintain strict class barriers and an isolated rural population.

The Modelo backfired. First, the attempt to keep industrial wages low was made to insure large profits and provide the one advantage over the industrialized European countries - cheap labor. Portuguese industrialists were to find, in the early Sixties, that the profits were being made at the expense of the stability of their own labor force which was leaving to take advantage of the salaries and social services
of Europe. Second, the attempts to control internal and external competition through the complex and often arbitrary regulations of Condicionamento Industrial and through protective tariffs were to support a complacency and insulation that limited labor absorption capacities.

The early 1960's mark a turning point in the pace of development and a shift in emphasis of developmental priorities. The First Development Plan appeared in 1953 and signified the beginning of the attempt by a group of 'Young Turk' technocrats to push Portugal into the Twentieth Century, if somewhat belatedly. The Sixties mark the beginning of the costly Colonial Wars (to be discussed in Chapter V) and a heightening of the rate of emigration. The period of the 1960's and early 1970's will be treated in a separate Chapter. It should be stressed here, though, that by the time the Modelo begins to shift, and the realization that Portuguese industry would have to change drastically in order to compete with Europe, the die was cast, in terms of emigration. Outcries from agriculturalists and industrialists in the 1960's that labor shortages were ruining their enterprises, even if heeded by Government officials, would have no force to stop the flow over the reality of poor wages and working conditions, low labor absorption, almost non-existent social services and a lack of legal political channels to protest the conditions.

As will be seen in the following Chapters, the measures that were taken in the 1960's vis-a-vis employment policies, symbolic wage raises and large-scale planning tended to exacerbate the crisis, for the investment priorities clearly pointed to a further concentration of industry on the Coast and in the South, and an emphasis on capital vs.
labor intensive industry. Indeed, one might question whether labor absorption and keeping labor within Portugal was even a priority at all.
FOOTNOTES

1 The term 'Modelo Economico does not imply a formal economic model, but has been used by a number of Portuguese social scientists to describe the economic strategies, plans and policies of the Salazar-Caetano Regime. See economist Mario Murteira, Desenvolvimento e Sub-desenvolvimento e o Modelo Portugues, 1979; historian Manuel Villaverde Cabral, in speaking of the "Model of Programmed Stagnation", (1976a: 895); and economist Francisco Pereira de Moura in Por Onde Vai a Economia Portuguesa?, 1974: 28, 32.

2 Ministerial turnovers under Salazar were frequent, especially in those ministries which were crucial to the survival of the Regime. (Graham, 1979: 3)

3 The First Republic ended in a bloodless military coup on May 28, 1926. After two brief changes in leadership of the military junta, General Oscar Carmona was appointed President and remained in that post until his death in 1951. Salazar was Finance Minister briefly in 1926 and returned to that post permanently in 1928, being "given carte blanche by the Military as a virtual economic czar, restoring order to the national accounts, balancing the budget, red-pencilling waste, enforcing austerity and actually producing a budgetary surplus for the first time within anyone's memory." (Wiarda: 94) In 1932 Salazar was named Prime Minister as well as Finance Minister. He was to remain Prime Minister until his incapacitating stroke in 1968.

4 This is in no way meant to be an exhaustive discussion of Portuguese corporatism and/or Portuguese fascism. I have drawn upon the following sources for this section: Cabral, 1976a; Wiarda, 1977; H. Martins, 1971; Schmitter, 1975a; Lucena, 1976.

5 See Hugh Kay, 1970: 22. On the influence of Catholic and right-wing writers on Salazar, Antonio de Figueiredo notes "In essence these doctrines offered the organic and hierarchal concepts and the corporate character of medieval society as the alternative to what they considered to be the excessive egalitarianism and individualism of the Industrial Revolution, and the atheism and internationalism of Marxism." (1978: 28)

6 The following quotes from Salazar are found in a compendium of speeches published by the Secretariat of National Propoganda in 1940, Salazar, Prime Minister of Portugal Says.

7 The quote is from an article in Diario de Manha of Sept. 25, 1935 entitled "O Campo e a Fabrica" (The Countryside and the Factory) cited in the excellent discussion of the ruralist ideology vis-a-vis education under Salazar by Maria Filomena Monica, 1978: 40.

8 Although described by some as the Portuguese version of Mussolini's "Carta del Lavoro", (Pinto de Almeida: 19), both Cabral (76a) and
Lucena notes some basic differences between the corporatism of Salazar and Mussolini.

9 Additional description of the gremio system may be found in Makler, 1979: 123-165; Lucena, 1979: 264-287; and Wiarda, 1977.

10 Wiarda also points out that the gremios had little real power: "Very little power was ever devolved upon the corporations or the gremios...the decisional authority continued to rest in the state and its bureaucratic apparatus, to which the gremios as well as all other corporate units were subordinated. The gremios functioned as a part of the bureaucratic apparatus dispense some goods and service and to carry out and implement decisions made higher up in the system. Seldom were real issues of importance discussed or decided, and later when they were obligated to meet on a monthly basis, the gremios became, according to one source, merely grupos de cha (tea-drinking societies)." (1977: 243)

11 One should not give Salazar all the credit (or blame) for such a notion which, according to A. Castro was a characteristic of the Republican social economy as well. Speaking of the period 1918-1921 Castro says "...we must arrive at the conclusion that, on the average, in the short run of three or four years, profits earned permitted the recovery of capital invested." Speaking of the textile industry, "one should note the circumstances of the large textile firms...which registered profits far beyond the average rate, which was already high: In a scant year and a half, the profits rendered on the books permitted the recovery of the capital investment, which is, without doubt, extraordinary." (1979: 104)

12 From Decreto-lei no.39, 634, as cited in Rafael, et. al, 1976: 38

13 It is noteworthy that in Spain from 1939-1959 the same principle of high profit-low cost was at play, and involved maintaining low labor costs at protection from foreign competition. These features have been seen as part of Franco's "economic model...of capital accumulation." (Soler, 1969: 4)


15 The notion of the Condicionamento Industrial functioning to regulate the process of selective capital accumulation is discussed in Cadernos de Circunstancia, 1967-70, 1975: 60 and Rafael, et al 1976: 38

16 Law 2005 "perhaps best translates the spirit of the dominant social groups and firmly consolidates and develops their interests." (Pinto de Almeida, 1961: 24)

17 Portuguese "neutrality" is better described as "ambivalence for pragmatic reasons". Salazar's support for Hitler is well known as
is the support for the Allied position when it became clear that Germany was in trouble. Keys to Portuguese War-time policy were both the security of the African colonies and the assurance of Franco's power in Spain. See A. de Figueiredo, 1975, esp. Chap. 4, Freyer and Pinheiro, 1961, for further discussion.

18 It will be recalled from Chap.II that approximately 80,000,000 pounds were "expatriated" from Portugal following World War I. Medeiros reports that much of this money returned to Portugal at the beginning of World War II in the form of fourteen million contos, a sum "which corresponds, approximately, to the capitalization of those 80,000,000 expatriated fifteen or twenty years before. (Medeiros, 1979: 331, citing Alberto Melo, Cadernos de Circunstancia, no.2, Paris, 1969)

19 As quoted in J. M. Pereira, 1979: 25

20 Albano de Sousa, a Northern industrialist and leading figure in the Industrial Association of Porto (Associação Industrial Portugueza) wrote a series of articles in the Lisbon daily Diario de Noticias in 1929-1930 which were re-published in 1930 by the Associação Industrial Portugueza in Lisbon, Portugal's main industrial association, under the title, Aspectos da Vida Industrial Portugueza.

21 It is interesting to note that Spain's decision to end its isolation from Europe occurred almost ten years earlier. The French textile industry was similarly protected by a gradual removal of protection tariffs. The difference, though, that French textiles profited from them, while Portuguese textiles weakened. See R. Barrier, 1978: 41.

22 Eng J. N. Ferreira Dias, "Politica Industrial." (Lecture given at Engineer Faculty of Porto, 26-5-60, as quoted by Joao Martins Pereira, 1979: 32.

23 Interview with Francisco Pereira de Moura, March, 1978. A propos of the Portuguese textile industry vis-a-vis Europe, Pintado makes the important point that the potential for growth of Portuguese textiles depends, in part, on the reception of goods by member EFTA countries. This reception was not universally positive. "To make the best of this potential advantage the Portuguese textile industry needs to complete the effort of rationalization and reorganization undertaken by some of its firms. But it is also necessary that other members' markets remain open to Portuguese textiles which is not as certain as it appears from the Convention rules." And in a footnote he says, "We have in mind the apparent unwillingness of some members, and in particular the United Kingdom, to let imports of Portuguese cotton textiles continue to grow unchecked." (Pintado, p. 167). Pintado presents this interesting bit of continuity with the 18th and 19th Centuries in the EFTA study published in 1964.

24 Pintado makes a similar statement in his EFTA study. He notes,
"Plants with five or fewer workers (which represent more than 3/4 of the industrial establishments in Portugal) employ only 17% of the total industry labor force. At the other extreme, 1% of the factories (those with more than 100 workers each) employ 44% of the labor force." (p. 143)

25 From "Paracer da Camara Corporativa sobre a Convenção que institui a Associação Europeia de Comércio Livre." Actas da Camara Corporativa, no. 92, 13 de abril de 1960. Parecer no. 30/VII. It is interesting to note that the nineteen signers of the Parecer include Francisco Pereira de Moura, an opposition economist whose book, Por onde vai a economia Portuguesa? has become a classic critical analysis of the Regime's economy; Eugenio de Castro Caldas, agronomist whose books and articles on Portuguese agriculture are highly critical of the Regime, and Antonio de Sommer Champalimaud, one of the biggest of the monopolists and perhaps the most forward and European looking of all the major monopoly industrialists.


27 The figures are quoted from Zozimo P. de Castro Rego, "Algumas notas sobre evolução dos preços e salários na agricultura entre 1934 and 1957," as quoted in Cabral, 1974: 104.

28 I have defined "decapitalization" as the process of the gradual removal from an area of capital or the potential for capital accumulation whether of land, or employment or investment opportunities. In the case of Portugal, the decapitalization of the interior was accompanied by a simultaneous capital accumulation in the coastal and Southern regions. For small-scale land owners and agricultural wage earners, this meant a lack of cash to buy non-food necessities and services, eg. health.

29 As a measure of the rural exodus, Cabral notes that by the mid 1960s, the numbers of landless rural laborers had fallen to 62%, a drop from 70-75% in the late 1950's. (Cabral, 1974: 105)


31 Cited in Joao Martins Pereira; 75, from Relatorio no. 4 of Colquio do Politécnico Industrial, Dras. Aurora Murteira and Isilda Branquinho, "Mao de Obra Industrial."

32 This point is also made in the article by Maria Emilia Castanheiro, "A Repartição dos rendimentos a longo prazo em Portugal." Economia e Socialismo, no. 25-26, Abril-Maio, 1978.

33 Pintado, 1964: 146. Pintado also argues that low salary levels
affected productivity levels, and questions the ultimate advantages of low labor costs when productivity levels are also low. For countries like Portugal, argues Pintado, with a young industrial sector, with low productivity, and a chronic balance of payments problem, productivity is of crucial importance and the maintenance of low wages is, in fact, counter-productive. (p. 181) The implications of Pintado's claim are that the "conditions" which the Regime offered to industry in the form of low wages in fact operated to restrain Portugal from reaching the point of being able to compete with Europe just at the period in which the protective barriers began to disappear.

Interview with the man from Tras-os-Montes was held in Paris in July, 1978. woman from Montalegre was interviewed by Lynn Penczer, doctoral candidate, Dept. of Anthropology, Yale University. Penczer is writing a dissertation on ethnicity among Portuguese migrants in Bridgeport, Conn.


Many of the Groups were started well before the Regime as industrial enterp or small banks. The largest group, Companhia Uniao Fabril (CUF), for example, began in 1865, as a manufacturer of soap, candles, oil and tobacco. The history of CUF is documented in a special anniversary issue of the CUF magazine, Industria, no. 17, Oct., 1965, and in "Homenagem a Alfredo da Silva" (one of CUF's founders who died in 1972), special issue of the Boletim do Sindicato Nacional dos Comerciantes, no. 4, ano II, 1952. It will be recalled from Chapter II that the granting of monopolistic concessions had begun in the 1860's. Other groups, such as the Grupo Espirito Santo, began as a family banking concern and expanded to acquire industries. Antonio Champalimaud, who held the steel producing license since the early days of the Regime, expanded into the Group of the same name, with the monopoly on steel and cement production as its base. These three groups, dominated by their respective families (Melo {CUF}, Champalimaud, and Espirito Santo), along with eleven other families, essentially controlled the Portuguese economy until 1974.

The most complete discussion of holdings of various conglomerates is found Maria Belmira Martins, Grupos e Sociedades em Portugal, and Americo Ramos, do Santos, "Monopolios, capital financiero e especulación: cinco anos de marcelismo," Economia e Socialismo, 17: 3-26 (agosto, 1977). A discussion in English may be found in Wiarda, 1977: 302-305. Wiarda tends to generalize the features of the groups, neglecting the variations in orientation, to the Colonies, degree of foreign financial involvement, and attitude toward Regime policies.

The quote is from Raul Rego, Os Politicos e o Poder Economico, Lisbo Author's Edition, 1969, as quoted in Schmitter, 1979: 22. Wiarda also notes "Al the grupos are so well connected in so many economic areas as well as with so many different political factions
and in so many government agencies that they will likely be protected and their profits assured no matter which political faction might come to power. ... Many of them [the companies] are partners with the government in various economic ventures crucial to the functioning of the national economy; they also loan the government money, lend it technical skills, and help keep the economy afloat. In this as in other respects the grupos, or holding companies, and their extended web of connections and retainers are closely involved in government and the functioning of the entire system that they are inseparable from it." (p. 304) And finally, J. M. Pereira, whose observations are based on a long professional association with one of the CUF companies notes: "The game of direct influence at the highest levels of administration, the frequent transit of men coming from the government or para-State agencies to the management of the large groups, the personal relations...the prominent action of these groups inside the corporative organization, etc., were the more than sufficient means to assure the indispensable control and the interlinkages of interest. JMP, 1979: 42

39 The firm in 1978 had 338 employees, an increase of 194 from 1970 at the height of emigration. Its market in 1970 was exclusively within the "Portuguese economic space", with 40% of the product going to the Colonies. In 1978, it was exporting 50% of its product to the U.S. and EEC countries.

40 Figures are from the Coloquio de Politica Industrial as cited in J. M. Pereira, 1979: 58. Small enterprises have 1-100 salaried workers, medium have 100-300, and large have more than 300.

41 The statement was made by Leonardo Ferraz de Carvalho, economist and industrialist, during a "Round Table" on the Portuguese economy sponsored by and published in a separate volume by the Lisbon weekly Expresso, Jan., 1974: 44. The statement was followed immediately in the volume by the comment of Rogerio Martins, Sec. of State for Industry from 1969-1972, "It is part of a grave distortion in the banking function." The important point is that such statements were made openly before the coup of April, 1974 by persons who at one time had been part of the Government. They represent the growing sentiment that the existing system was detrimental to development.

42 The textile industry employed in the late 1960's and early 1970's 148,000 or 21% of the labor used in transforming industry, and contributed, 1972, 28% of the exports from Metropolitan Portugal. (Barata: 36)

43 In 1965 the approximate dollar equivalents were as follows: 100 contos = $3,570; 900 contos = $32,130.

44 One of the ways to get around the restrictions of Condicionamento Industria was to buy and sell alvaras, licenses which granted permission for a certain number of looms and spinning machines and were sold with the equipment itself. There developed a brisk
business in the buying and selling of alvaras.


1967 figures are from Estatisticas Industriais, 1968: 20, Table 195, col. 2 for no. of firms and p. 124, Table 203, col. 2 for no. of employees. 1975 figures are from Estatisticas Industriais, 1975: 154, Table 231.30 (1), col. 2 for no. of firms and p. 155, Table 231.30 (4), col. 8 for no. of employees. For an unexplained reason, the printed total does not match the added figures. Using figures from before the coup of 1974 might have been a better indicator of the effects of banking and industrial concentration in the textile industry since the abrupt salary rises in 1974-75 created severe strains on a number of the more precarious firms. However, the trends of the mid and late 1960's vis-a-vis concentration and credit were still significant.

"Lei de Autorizacao de Receitas e Despesas para 1970."Comercio do 27/11/69, as reported in Almeida and Barreto, 1976: 147.


For discussions of State protection of traditional industry in France and Italy, see Suzanne Berger, "The Traditional Sector in France and Italy," in Berger and Piore, Dualism and Discontinuity in Industrial Societies; Robert Berrier, The Politics of Industrial Survival: The French Textile Industry. One might speculate as to the importance of regime type in comparing industrial policies. The need to satisfy constituencies in the parliamentary democracies of France and Italy versus the relative free hand of authoritarian Salazar is an obvious factor to consider.

A word of caution in comparing figures of legal emigration with those of the loss of the economically active population. Emigration figures are for the population in general, often including whole families of the economically active members. It was often the case that families joined the bread-winners only after several years. In addition, in cases where emigration figures are substantially lower than the figures of the reduced economically active population, the reason may be that the emigration figures did not account for the high clandestine emigration, or that the later emigration were a more accurate picture of both legal and clandestine emigration. See Chapter VI, FN 41 for a comment on the difficulties with Portuguese emigration statistics.
Chapter IV - Industry and Emigration - Results of a Structural Malady

Introduction

The question posed at the end of the previous chapter - Was labor absorption and keeping labor within Portugal a priority for the Regime? - raises some fundamental questions not only about development priorities, but also about political strategies. Salazar began his Regime as a mediator between, on the one hand, the extreme right and conservative forces grouped behind the religious flag and the idea of the restoration of the monarchy and, on the other hand, the Republican forces. The mediator role continued throughout the forty years of his rule. What changed was the interests he was to mediate. The traditional propertied industrial elites of the North found themselves increasingly pushed to the periphery as the process of the centralization of capital and large-scale capital-intensive industrialization in the Lisbon and coastal areas occurred. The traditional elites, however, had provided Salazar with much of his political support.

One of the mechanisms created to mediate between and 'harmonize' sectoral interests was the gremio, theoretically a channel of interest articulation for industrialists. However, as was noted above, the gremios acted as a "placating and buffer institution" (see Chap. III) which, in fact, did little to represent the interests of Northern industrial elites. Thus, the 'harmonization' of sectoral interests had limits. The policies promoted within the context of the Modelo Economico were part of a strategy of controlled development and of
maintaining political support among increasingly diverse interests. But, as was noted in Chapter III, they ultimately resulted in contradictions that severely restrained the development process. No where is this dilemma more clearly seen than in the specific policies regulating industrial labor, in the implications those policies ultimately had for the emigration wave of the 1960's, and the effects of emigration on Northern industry.

One of the most salient issues during the height of the Portuguese emigration to Europe in the 1960's and early 1970's was the effect of the massive exodus on industry. The effects of emigration on agriculture, especially in the North, were clear: widespread abandonment of cultivation and a substantial drop in productivity levels. The effects on industry, however, appeared to vary greatly, depending on type and location of industry, skill level involved, treatment of the labor force within a given factory and whether or not the factory owner operated with the 'formula' of abundant labor/low wages/large profits. Often, the anguished complaints of industrialists that their labor was disappearing were, in fact, complaints that their excess labor was disappearing or that their skilled labor was disappearing.

The issues of the effects of emigration on industry must be seen generally within the context of the Modelo Económico, and with reference to the particular features of the industrial framework - the wage structure, the apprentice system, the collective contracts (contratos colectivos), the vertical syndicates, and technical-vocational training (or lack of it). The issue of labor shortages in industry can be understood only with reference to these features.
Literacy and vocational training

One of the frequent laments of industrialists in the 1960's was that emigration was draining off their most skilled labor. The drain was, in fact, a double loss - that of the skilled laborers and of the time invested in training labor through a lengthy apprentice period. An examination of the attitude of the Regime toward education for "the masses" and of the grave lack of vocational training will make sense of the industrialists' complaint.

It will be recalled from Chapter III that the notion of stability was one of the prime ideological under-pinnings of the first half of the Regime. Stability was invoked not to prevent economic development, but to temper its consequences. It was fostered, in part, by a glorification of rural life. The virtues of rural life were inculcated in the primary school curriculum and were also implicit in the Regime's elitist notion that literacy was not really necessary at all for a productive life. Salazar and the early Caetano saw a non-literate population as secure against the corrupting influences of "subversive literature." (Monica, 1979)

Salazar and Caetano both saw society as an "immutable hierarchical structure" which inevitably led to a view of the school quite different from that assumed in modern societies. For Salazar, the school was not seen as an agency to allocate people or detect intellectual excellence but a place where different social groups were to receive a different type of training and indoctrination. In such a system, there was no need to justify economic inequality, since inequality as such was accepted as inevitable and God-ordained. What Salazarists would necessarily have to do would be to destroy all previous ideas of the role of the school as the 'great equalizer' of society: Salazar
clearly said that education by itself would achieve very little in that direction.\(^3\)

Marcelo Caetano also saw society as compartmentalized segments, ordered by innate intellectual abilities. "Merit and class were intimately related:

the social structure was not only divinely ordained but also had a concomitant psychological ground... The influence of social factors on intellectual performance was at the same time openly recognized and used to explain the impossibility of social mobility. In Caetano's words: 'An intelligent child, daughter or son of a good honest manual worker can, in the same occupation of his father, become an excellent worker, progressive and admired; he can even rise to the elite of his profession and so it ought to be.'

(as quoted in Monica, 1979: 26)

Given such a world view, literacy for the masses had little priority within the Regime in its first decade. For the Salazarists, "illiterate individuals had their own culture, conducted themselves properly and were hard-working men. Illiteracy ought not, therefore, to be considered as a synonym of either ignorance or immorality. Illiterates could be good, live decently and be happy - they generally did not cause harm to others, did not have ambitions, were submissive and content."

More important than teaching people to read, for Salazar, was the creation of a national elite. "I even consider the formation of vast elites more urgent than teaching people to read, because the great national problems must be solved, not by the people, but by elites (in) forming the masses."\(^3\)

Some Estado Novo supporters were critical of the attitude toward illiteracy, claiming that a certain amount of literacy would be useful for indoctrinating the population in support of the Regime. Salazar was
to reach a compromise position in monitoring carefully the content of material read in schools. The official position was that "The Government would fail in its most sacred duties were it to leave the people freely abandoned to all the inequities and aberrations of the human intelligence." (Monica, 1979: 8) The State responded to the threat of opening the consciousness of the masses too much by the reintroduction (after the more secular curriculum of the Republic) of massive doses of religious indoctrination in all the public schools. Given such an attitude, the effect on Portuguese literacy levels well into the 1960's was disastrous. This attitude also had grave implications for technical training for the masses. As can be seen from the following table, illiteracy rates were still high in 1970:
Illiteracy rates of the resident population over 14 years by district

<table>
<thead>
<tr>
<th>Districts</th>
<th>Resident Population over 14 yrs school</th>
<th>Persons 14 yrs &amp; older who never attended primary school of whom are illiterate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>%4/2</td>
<td>%4/3</td>
</tr>
<tr>
<td>TOTAL...8,611,125</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aveiro 545,230</td>
<td>403,470</td>
<td>189,290</td>
</tr>
<tr>
<td>Beja 204,440</td>
<td>151,285</td>
<td>100,695</td>
</tr>
<tr>
<td>Braga 609,415</td>
<td>450,967</td>
<td>207,585</td>
</tr>
<tr>
<td>Braganca 180,395</td>
<td>133,492</td>
<td>72,840</td>
</tr>
<tr>
<td>Castelo Branco 254,355</td>
<td>188,222</td>
<td>115,490</td>
</tr>
<tr>
<td>Coimbra 399,390</td>
<td>295,541</td>
<td>172,805</td>
</tr>
<tr>
<td>Evora 178,475</td>
<td>132,071</td>
<td>83,570</td>
</tr>
<tr>
<td>Faro 268,240</td>
<td>198,497</td>
<td>125,175</td>
</tr>
<tr>
<td>Guarda 210,720</td>
<td>155,932</td>
<td>93,150</td>
</tr>
<tr>
<td>Leiria 376,940</td>
<td>278,935</td>
<td>163,965</td>
</tr>
<tr>
<td>Lisbon 1,568,020</td>
<td>1,160,334</td>
<td>431,180</td>
</tr>
<tr>
<td>-city 760,150</td>
<td>562,511</td>
<td>174,375</td>
</tr>
<tr>
<td>Portalegre 145,545</td>
<td>107,703</td>
<td>71,295</td>
</tr>
<tr>
<td>Porto 1,309,560</td>
<td>969,074</td>
<td>390,240</td>
</tr>
<tr>
<td>-city 301,655</td>
<td>223,225</td>
<td>64,320</td>
</tr>
<tr>
<td>Santarem 427,995</td>
<td>316,716</td>
<td>187,985</td>
</tr>
<tr>
<td>Setubal 469,555</td>
<td>347,470</td>
<td>169,980</td>
</tr>
<tr>
<td>Viana de Castelo 1250,510</td>
<td>185,377</td>
<td>108,955</td>
</tr>
<tr>
<td>Vila Real 1265,605</td>
<td>196,547</td>
<td>103,850</td>
</tr>
<tr>
<td>Viseu 410,795</td>
<td>303,908</td>
<td>177,160</td>
</tr>
<tr>
<td>Angra do Heroísmo 85,650</td>
<td>63,381</td>
<td>32,580</td>
</tr>
<tr>
<td>Horta 40,600</td>
<td>30,044</td>
<td>15,470</td>
</tr>
<tr>
<td>Ponta Delgada 158,765</td>
<td>117,486</td>
<td>60,655</td>
</tr>
<tr>
<td>Funchal 251,135</td>
<td>185,840</td>
<td>99,220</td>
</tr>
</tbody>
</table>


Teodoro points out that 3,173,140 people, or 49.8% of the Portuguese population over fourteen years old had no primary education; of these, 1,789,360 or 28.1% could not read or write (Teodoro: 1977: 24).

The districts whose illiteracy rates were above the national average, Bragança (36.3%), Castelo Branco (43.7%), Vila Real (32.8%) and Viseu...
(33.0%) were also districts of the highest emigration rates. (See Table III - 7)

The illiteracy rates are the most striking consequence of the elitist mentality of the Regime. However, they must be seen with the figures on technical and vocational training of industrial workers to appreciate the full effects of the absence of educational opportunities in industry. Two studies carried out in the late 1960's, both using as a statistical base the Government's Industrial Survey of 1964, show conclusively the abysmally low level of vocational training of industrial workers.

The two following Tables demonstrate, first, the distribution, by district, of all industrial labor (including technical and management) with technical training, and second, the level of technical training of just factory workers.
### TABLE IV - 2

Distribution, by districts, of labor with technical training (%)

<table>
<thead>
<tr>
<th>Districts</th>
<th>Personnel in Industry</th>
<th>Personnel with Technical Training</th>
<th>Technical Agents</th>
<th>Voc. Training</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Engineers</td>
<td></td>
<td>Workers</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Continent</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Aveiro</td>
<td>9.5</td>
<td>6.2</td>
<td>5.8</td>
<td>6.7</td>
</tr>
<tr>
<td>Beja</td>
<td>0.6</td>
<td>0.1</td>
<td>0.3</td>
<td>0.2</td>
</tr>
<tr>
<td>Braga</td>
<td>9.6</td>
<td>3.1</td>
<td>2.7</td>
<td>3.2</td>
</tr>
<tr>
<td>Braganca</td>
<td>0.3</td>
<td>0.7</td>
<td>0.7</td>
<td>0.3</td>
</tr>
<tr>
<td>Castelo Branco</td>
<td>2.4</td>
<td>2.1</td>
<td>1.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Coimbra</td>
<td>2.9</td>
<td>1.8</td>
<td>2.3</td>
<td>1.0</td>
</tr>
<tr>
<td>Evora</td>
<td>0.8</td>
<td>0.4</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Faro</td>
<td>2.5</td>
<td>0.4</td>
<td>0.5</td>
<td>0.4</td>
</tr>
<tr>
<td>Guarda</td>
<td>0.9</td>
<td>0.6</td>
<td>0.6</td>
<td>1.1</td>
</tr>
<tr>
<td>Leiria</td>
<td>4.0</td>
<td>3.3</td>
<td>3.4</td>
<td>2.2</td>
</tr>
<tr>
<td>Lisbon</td>
<td>26.4</td>
<td>46.7</td>
<td>41.9</td>
<td>42.5</td>
</tr>
<tr>
<td>Portrelgere</td>
<td>0.7</td>
<td>0.6</td>
<td>0.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Porto</td>
<td>24.9</td>
<td>15.4</td>
<td>19.4</td>
<td>17.3</td>
</tr>
<tr>
<td>Santarem</td>
<td>3.4</td>
<td>3.5</td>
<td>4.0</td>
<td>3.7</td>
</tr>
<tr>
<td>Setubal</td>
<td>7.7</td>
<td>10.8</td>
<td>10.7</td>
<td>11.9</td>
</tr>
<tr>
<td>Viana do Castelo</td>
<td>1.0</td>
<td>1.0</td>
<td>0.7</td>
<td>0.9</td>
</tr>
<tr>
<td>Vila Real</td>
<td>0.6</td>
<td>0.2</td>
<td>0.7</td>
<td>0.2</td>
</tr>
<tr>
<td>Viseu</td>
<td>1.0</td>
<td>0.8</td>
<td>1.3</td>
<td>1.4</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>0.8</td>
<td>2.3</td>
<td>2.7</td>
<td>5.5</td>
</tr>
</tbody>
</table>

### TABLE IV - 3

Technical Skill Level of Industrial Workers

<table>
<thead>
<tr>
<th>Districts</th>
<th>Workers</th>
<th>Personnel with Secondary Vocational Training</th>
<th>( \times 100 )</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(2)</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Continent</td>
<td>498,174</td>
<td>6,032</td>
<td>1.21 %</td>
</tr>
<tr>
<td>Aveiro</td>
<td>48,374</td>
<td>378</td>
<td>0.78 %</td>
</tr>
<tr>
<td>Beja</td>
<td>2,772</td>
<td>1</td>
<td>0.03 %</td>
</tr>
<tr>
<td>Braga</td>
<td>50,471</td>
<td>191</td>
<td>0.37 %</td>
</tr>
<tr>
<td>Braganca</td>
<td>1,263</td>
<td>43</td>
<td>3.40 %</td>
</tr>
<tr>
<td>Castelo Branco</td>
<td>12,108</td>
<td>154</td>
<td>1.27 %</td>
</tr>
<tr>
<td>Coimbra</td>
<td>14,6</td>
<td>111</td>
<td>0.74 %</td>
</tr>
<tr>
<td>Evora</td>
<td>4,279</td>
<td>24</td>
<td>0.56 %</td>
</tr>
<tr>
<td>Faro</td>
<td>13,185</td>
<td>18</td>
<td>0.13 %</td>
</tr>
<tr>
<td>Guarda</td>
<td>4,763</td>
<td>26</td>
<td>0.54 %</td>
</tr>
<tr>
<td>Leiria</td>
<td>20,270</td>
<td>211</td>
<td>1.04 %</td>
</tr>
<tr>
<td>Lisbon</td>
<td>124,430</td>
<td>2,979</td>
<td>2.39 %</td>
</tr>
<tr>
<td>Portalegre</td>
<td>3,476</td>
<td>40</td>
<td>1.15 %</td>
</tr>
<tr>
<td>Porto</td>
<td>127,138</td>
<td>820</td>
<td>0.64 %</td>
</tr>
<tr>
<td>Santarem</td>
<td>16,724</td>
<td>201</td>
<td>1.20 %</td>
</tr>
<tr>
<td>Setubal</td>
<td>37,709</td>
<td>644</td>
<td>1.70 %</td>
</tr>
<tr>
<td>Viana do Castelo</td>
<td>4,932</td>
<td>72</td>
<td>1.45 %</td>
</tr>
<tr>
<td>Vila Real</td>
<td>2,898</td>
<td>6</td>
<td>0.20 %</td>
</tr>
<tr>
<td>Viseu</td>
<td>4,955</td>
<td>28</td>
<td>0.56 %</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,510</td>
<td>85</td>
<td>2.42 %</td>
</tr>
</tbody>
</table>


The figures appearing in the two Tables show not only the low level of technical and vocational training of the industrial labor force, but also reaffirm the geographic concentration on the coastal cities of the more technically advanced industries, as measured by the level of technical training. As Sedas Nunes et al. point out, in the districts of Braga, Aveiro, Lisbon, Porto, and Setubal are found 78.1% of the total industrial population of the country, 82.2% of those with technical training; 80.5% of the total of engineers, and 83.0% of industrial workers with vocational training. Even more striking are the
figures when broken down by industrial sector. Of most relevance to the present discussion is the technical level of the textile workers who comprise the single largest industrial group in Portugal (119,400 in 1964) with one of the lowest technical levels. (Table IV-4)
TABLE IV - 4

Percentage of Labor with Secondary, Intermediate or Higher Level Training Relative to Total Number of Employees in Each Sector (in 1000's)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric, Gas &amp; Steam (1.8)</td>
<td></td>
</tr>
<tr>
<td>Tobacco (1.4)</td>
<td></td>
</tr>
<tr>
<td>Chemicals (22)</td>
<td></td>
</tr>
<tr>
<td>Construction of Electrical Material (11.3)</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous (4.9)</td>
<td></td>
</tr>
<tr>
<td>Basic Metallurgy (8.6)</td>
<td></td>
</tr>
<tr>
<td>Beverages (3.8)</td>
<td></td>
</tr>
<tr>
<td>Manufacture of Transport Materials (43.8)</td>
<td></td>
</tr>
<tr>
<td>Machine Manufacture (21.4)</td>
<td></td>
</tr>
<tr>
<td>Typography, Publishing, and related industries (12.3)</td>
<td></td>
</tr>
<tr>
<td>Raw Petroleum and coal products (.1)</td>
<td></td>
</tr>
<tr>
<td>Paper and paper products (11.2)</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous transforming industries (10.2)</td>
<td></td>
</tr>
<tr>
<td>Rubber (4.5)</td>
<td></td>
</tr>
<tr>
<td>Non-metallic mineral products (37.1)</td>
<td></td>
</tr>
<tr>
<td>Metal Products (33.7)</td>
<td></td>
</tr>
<tr>
<td>Furniture (7.7)</td>
<td></td>
</tr>
<tr>
<td>Food industries (47.9)</td>
<td></td>
</tr>
<tr>
<td>Tanning and leather articles (4.1)</td>
<td></td>
</tr>
<tr>
<td>Construction and public works (69.3)</td>
<td></td>
</tr>
<tr>
<td>Textiles (119.4)</td>
<td></td>
</tr>
<tr>
<td>Extractive industries (14.4)</td>
<td></td>
</tr>
<tr>
<td>Wood and cork (35.2)</td>
<td></td>
</tr>
<tr>
<td>Shoes and Garments (23.8)</td>
<td></td>
</tr>
<tr>
<td>National Average</td>
<td></td>
</tr>
</tbody>
</table>

The largest proportion of textile factories are found in the Northern industrial area stretching from Porto to the Braga-Guimaraes area. It is precisely the textile sector in this area that was claiming the greatest labor shortages as a result of emigration.4

It might be argued that educational levels must necessarily be higher in the technically advanced petro-chemical industries or highly automated metallurgical plants than in textile factories. This may the case if one assumes that the textile industry had to be the traditional non-automated sector that it was, with a few notable exceptions, until the 1960's. It is my argument, though, that the nature of the economic 'principles' promoted by the Salazar Regime - the elitist educational system, the maintenance of an abundant and cheap labor force and the protection from internal and outside competition (See Chap. III) - all operated to maintain industry, and in particular the textile industry, in a state in which it could survive without major technical advance, and with a labor force trained in excessively long apprenticeships within the factories. The apprenticeships provided technical training.

The Apprentice System

The Regime's formal policy with regard to apprenticeships for categories of skilled labor may be seen most clearly in the "contrato colectivo de trabalho" (collective labor contract), produced for each industrial sector as an 'agreement' between the industrial gremio and the sindicatos of that sector. The section on apprenticeships in the Contrato Colectivo de Trabalho para as Indústrias Metalúrgicas e Metalomecânicas (Metallurgy) of both 1960 and 1968 stipulates that the age for admission to apprenticeships is fourteen years, although twelve
year olds may be admitted with the authorization of the Instituto Nacional de Trabalho e Previdencia (National Institute for Labor and Social Security - INTP). Apprenticeships formally lasted from four to six years, the period depending on the particular skill group.¹

Despite the regulation of the contract, however, children as young as nine or ten were often admitted as apprentices and remained such for eight to ten years. Interviews with factory owners and managers in the textile sector revealed that the length of apprenticeships often exceeded the official period. Prolonged apprenticeships were seen as a means of maintaining lower labor costs, since the official rate of pay for apprentices was anywhere from 1/3 to 2/3 the rate for already trained personnel, depending on age and number of years in service.²

From the point of view of factory owners, the apprenticeships, aside from acting as a brake on wages, were the sole source of technical training for their labor. Despite abuses of the collective contracts' regulations on apprenticeships, the owners recognized the training role of their factories in the absence of state-sponsored technical training, and recognized, as well, the investments they were making in the Portuguese labor force. As will be seen below, the overwhelming complaint of industrialists in the wake of emigration was the grave lack of technical training, loss of their factory-trained skilled labor to emigration, and, thus, of their investments in labor. Given the general attitude of the Regime toward literacy, education and technical training, industrialists in the North of Portugal in particular, felt themselves to be suffering both from the loss of labor to emigration and especially from the absence of vocational training.

The contribution of the apprenticeship system in keeping wages low
was crucial to the overall aim of the **Modelo Económico**. Evidence for the claim that Portuguese industrial wages, relative to the more industrialized EEC countries, were excessively low were presented in Chapter III (Table III - 1). The wage structure was a crucial factor in the emigration push. Salaries in the textile industry in particular are not only the lowest of the industries in Portugal, but are among the lowest Portuguese sectors in relation to the other Common Market countries. The textile industry is located primarily in the North, the area of highest emigration.

The discussion of wage levels in Portugal, or in any labor export country, is not meant to suggest that wage differentials between Portugal and the European receiving countries are the critical factor in the emigration process. Rather, it is one of a series of interlocking factors in, this case, the Salazarist political economy, which have constrained the possibilities of labor absorption and have limited the options of labor in seeking tolerable working conditions. The point is that the issue of wage differentials is as much a political factor as it is an economic one.

Piore (1979: 8) has made a similar point with regard to traditional economistic views of wage differentials in migration. He argues that migrants are not just commodities whose labor has a certain market value, but that they are "rooted in a social context" which ascribes certain meanings to their jobs. Although Piore is interested in the social context of jobs in addition to just the economic (i.e., wages), the point has relevance to the political discussion of Portuguese emigration, for it says that the issue of wages must not be isolated from its larger context, whether social or political. Wages in
Portugal, then must be viewed within the context of the institutions of the Regime.

Clearly, the efforts of the Regime to maintain an abundant and cheap labor force were aided through the mechanism of extended apprenticeships, which, in turn, were necessitated by the lack of State-sponsored technical training. The maintenance of low wages was also made possible by the removal of the possibilities of true labor bargaining through independent unions. I turn next to a discussion of vertical syndicates and the perceptions of workers of their viability as a channel of demand-making.

**Sindicatos**

Wages in Portugal, like regulations on apprenticeships, were determined through "agreements" between the employers' associations - gremios - and the trade unions - sindicatos - both entities being controlled through the Ministries of Salazar's Corporate State. The weak bargaining power and almost total lack of independence of the sindicatos are well-documented facts.¹⁰

Not only were the standard channels of labor representation and protest eliminated, such as collective bargaining and strikes, but the sindicatos were often perceived as either representing the interests of management (the patrão) or as a charity dispensing aims. The suspicion on the part of workers that the sindicato was more a control mechanism for management than a support to labor is reflected in the following quotes from interviews with factory workers in 1971.¹¹

**Question:** Do you trust the sindicato?

**Answer:** I have no confidence at all in the local town delegation from what I hear and what I see,
because we go there to get information, and as we're going down the stairs to go out, the boss of the factory already knows what we want to do. Look, that's not right. We're automatically put on the firm's black list and the boss can fire me for no good reason ... (p. 57)

Question: What does the sindicato do for you?

Answer: It doesn't do anything. For anyone who goes there to ask something, the sindicato is more for the boss than for the worker. (p. 77)

Question: Are you a member of the sindicato?

Answer: I deduct for it, but I'm not a member. In my opinion, the sindicato should do more for the workers, because when the workers go there to complain about something, it doesn't take an interest in them. Maybe they have a greater interest in the boss than in the worker ... (p. 92)

Question: What is your opinion of the sindicato? Does it do something for the workers, not do anything? Should it do more?

Answer: The sindicato is bought.

Question: Bought?

Answer: Bought by the bosses, and the workers who go there soon "are seen as suspect." (p. 105)

An alternative response to that of the cynicism expressed above is that of total deference and obsequious hat-doffing, a response stimulated by and almost demanded by the paternalism so characteristic of the Regime. The following letters from the files of the Sindicato Textil do Distrito de Braga were written to a sindicato official by a worker in 1965.12

Most Honorable Alberto Martins:

In the first place, I trust that your honor, upon receiving my letter, will be found in good health, along with all Sr. Martins' colleagues of the Sindicato, and I also wish health to Sr. Martins' wife and children. I, Jose Augusto de Freitas, the sick man who is receiving alms from the Sindicato,
ask your pardon for my forwardness in writing this letter to your honor. But my unhappy lot forces me to do so. Sr. Martins, I pray to you in the name of the happiness of your children not to refuse me and mine. They are accustomed to give me those alms every two months and since May I have not received any, from which I am greatly in need along with my family. In my prayers to God, I only ask for the good health of Sr. Martins and all his family and friends; may he have pity on this poor sick man who so badly needs your honor and the sindicato.

I ask Sr. Martins to hear my petition to give these alms. I will ask my brother to go to talk with Sr. Martins.

For a long time already, I have thanked your honor and the sindicato, and I remain here asking God for the well-being of your honor and your honor's family. May God repay you with health for what you have done for this poor sick man. Please excuse and pardon me, your honor, for my forwardness and I ask you once again to have pity on me and my children that they may not go hungry.

With the help of the alms that you give me, I am this man the servant of Sr. Martins.

Both the interview responses and the letter, while different in tone, demonstrate the role of the sindicato as either a handmaiden of management or as a perpetrator of the class relations that determined the position of labor. The lack of freedom of the sindicatos to act as independent agents was a well-recognized fact both inside and outside Portugal. The International Labor Office publicly censured the Portuguese government for its position on labor in 1961, an act which the Portuguese government largely ignored until the Revolutions of 1974 when labor violations were eliminated in the course of the general dismantling of the Salazar-Caetano Regime.

Although the Government enacted a number of changes in labor legislation in the generally liberalizing period of the early Caetano years, 1968-69, the severe constraints on labor as outlined in the
following excerpt from an ILO Report, were clearly in effect during most of the period of European emigration.\textsuperscript{13}

Formal allegations were originally brought before the Committee on Freedom of Association of the ILO by the International Confederation of Free Trade Unions on May 23, 1961. At that time Portugal had not ratified the Freedom of Association and Protection of the Right to Organize Convention of 1948 (no. 87) or the Right to Organize and Collective Bargaining Convention of 1949 (no. 98). The ILO Report reads as follows:

6. Apart from the general allegation that many of the provisions of Portuguese legislation were contrary to the letter and spirit of Conventions Nos. 87 and 98, the complaint contained a number of subsidiary allegations concerning specific aspects of the Portuguese system of trade unions. In essence these allegations were as follows:

(a) under the terms of the legislation then in force only one trade union could be established in any one area for each occupation;

(b) the conditions to be fulfilled by trade unions in order that they might obtain ministerial approval of their statutes - an essential prerequisite to their legal existence - were such as to restrict seriously the right to organise;

(c) the elected management committee of a trade union required the approval of the Minister of Corporations before the election could be considered legally valid, and even where such committees had received ministerial approval, they could still be replaced by government appointees;

(d) trade unions could be suspended or dissolved for a variety of reasons, including that of promoting strikes or stoppages of work, by simple decision or an administrative authority;

(e) the Minister of Corporations could require workers to make contributions to the sole trade union allowed to exist in any one area for each occupation; and this even if the workers in question were not union members;
(f) the right of workers' and employers' organisations freely to draw up collective agreements was seriously impaired by, in particular, the fact that such agreements once drafted were subject to revision by a government agency (the National Institute of Labour and Social Welfare) and by the fact that before coming into force they had to receive the approval of the Minister of Corporations;

(g) a trade union might not become a member of any organisation of an international character or appoint representatives to any international congress or demonstration without the permission of the Government;

(h) strikes and lockouts were illegal in Portugal and penalties were prescribed for persons convicted of these "offenses";

(i) the right of association was denied to indigenous workers in Portuguese "overseas provinces".


In 1964 Portugal did ratify Convention no. 98, although there is substantial evidence that the right to organize and the right to collective bargaining were not put into practice.

In short, labor in Portugal was prohibited from protesting such working conditions as low wages and prolonged apprenticeships. The Regime, through the syndical structure, maintained the outward appearance of social harmony, while attempting to maintain its support among the insular Northern industrial elite. In fact, the Regime was creating the conditions which would lead to its own long-term social transformation by supporting policies that resulted in emigration.

**Labor Shortages in Industry**

Emigration, resulting in labor shortages in industry, helped to
bring about the end of the *Modelo Econômico*. It put an end to the abundant labor supply which industrialists, especially those of the North, had relied on for so long. It forced an increase in wages in the late 1960's, contributing to a rising inflation which, although it had begun to rise with the Colonial Wars in the early 1960's, the Regime had managed to control for thirty years.

Before examining the evidence for labor shortages, it is important to stress the difficulties with the notion of "shortage" in the Portuguese context, and relate it to the basic principles of the *Modelo Econômico*. One must ask the question - "shortage of labor relative to what?" Before the 1960's, most Portuguese factories maintained a labor force approximately 20% in excess of their actual labor needs. Such an excess served the general purpose of assuring an adequate labor force in the face of a high absenteeism rate, and allowed for the maintenance of a large apprentice sector, from which only a relatively few actually became permanent "tecnicos". The apprentices, upon reaching the end of their "experiencia" phase, were either rotated to a permanent technical position, or dismissed, to be replaced easily by a large pool of unemployed. When the factory owners' "reserve army" began to disappear in the 1960's, they complained bitterly, as will be noted below. The lack of conditions conducive to maintaining a supply of skilled labor, such as vocational training, for example, created for the majority of factory owners a trap in part of their own making, and, in part, a consequence of State action, or inaction. For the flight of "excess" labor was soon followed by the flight of permanent skilled labor, an even greater loss to industry. The notion of shortage, then, is a relative one, linked to a series of other factors such as labor
conditions for the work force (apprentice system, wages) and provisions by the State (or lack of them) for training new labor.

Evidence for claims that emigration was creating a shortage of skilled labor in industry is based on two studies carried out in 1966 and 1970 by, respectively, the Associação Industrial Portuguesa, based in Lisbon, and the Associação Industrial Portuense, based in Porto, a primarily Northern organization. As might be expected, the gravity of emigration for industry did not emerge as great in the earlier survey as in the second survey. First, the 1966 survey was based on the years 1960–65, several years before the highest recorded emigration figures. Second, the first survey included firms from all over Portugal, not just from the highest emigration areas in the North. Nonetheless, the results are significant in terms of both losses to industry and of attitudes of industrialists regarding solutions to the problem.¹⁴

The 1966 Survey was carried out in two stages, the first in November, 1965, and reported in the Association's magazine, Industria Portuguesa (June, 1966) A follow-up study was done several months later and reported in Industria Portuguesa of December, 1966. I have used results of both versions of the survey since the responses to the same questions vary between the two, the sample sizes are different (247 in the first, 298 in the second), and an important question asked in the first version (national solutions) was not reported for the second version.

Of the 247 responses in the first version, 18% of the firms reported serious effects from emigration, and 44% reported being affected "in greater or lesser degree". Most gravely affected were the following sectors: 40% of those responding from the Lumber, Cork, and Furniture
Sector; 26% of the non-Metallic mineral products sector (ceramics, cement, glass); 27% of the Metallurgical Sector; and 31% in various transforming industries (paper, rubber, plastics).

More interesting as an indicator of the industrialists' attitude toward the Regime's industrial policy were responses to the open-ended questions - 1) "What measures has your firm taken to ease the difficulties resulting from emigration?" and 2) "What suggestions would you consider pertinent to relieve the difficulties resulting from the emigration of skilled labor?" The second question referred to solutions to be adopted on a national scale. To the first question, using the later versions of the Survey, responses from 228 firms fell into the following categories: wage increases (84%); admitting new personnel either better paid or less skilled, and reorganization and mechanization of equipment (47%); increase in training and promotion of personnel, and improvement of social conditions (40%); institutions of bonuses (premios) and greater use of overtime (20%). The responses are summarized in Table IV - 5. To the second question - "What measures should be adopted at the national level?" - whose answers were reported for the first version but not the second, wage increases were once again the single most frequent answer, occurring in 40% of the responses.
### TABLE IV - 5

**Measures adopted by firms in response to emigration**

<table>
<thead>
<tr>
<th>Industrial Sectors</th>
<th>No. of firms taking measures</th>
<th>Wage Increase</th>
<th>Admission of new personnel</th>
<th>Reorganization &amp; Mechanization</th>
<th>Improvement of social &amp; work</th>
<th>Vocational Training</th>
<th>Instituting or improving bonuses</th>
<th>Overtime Work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; Bev.</td>
<td>33 (91%)</td>
<td>8</td>
<td>13</td>
<td>13</td>
<td>7</td>
<td>5</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Textiles, garments, shoes</td>
<td>28 (79%)</td>
<td>20</td>
<td>11</td>
<td>7</td>
<td>12</td>
<td>7</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Chemical, Petrol products</td>
<td>48 (79%)</td>
<td>15</td>
<td>18</td>
<td>19</td>
<td>18</td>
<td>8</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Metallurg., Electrical prods.</td>
<td>65 (91%)</td>
<td>36</td>
<td>32</td>
<td>31</td>
<td>28</td>
<td>14</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Misc. Transforming Industries</td>
<td>32 (75%)</td>
<td>17</td>
<td>17</td>
<td>13</td>
<td>14</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>All sectors</td>
<td>228 (84%)</td>
<td>107 (47%)</td>
<td>104 (45.6%)</td>
<td>91</td>
<td>86 (40%)</td>
<td>46</td>
<td>46</td>
<td></td>
</tr>
</tbody>
</table>


Several observations can be drawn. First, as stated previously, the overwhelming majority of firms were from the South and Center regions, where the effects of emigration were substantially less than in the North. The survey reached only a small fraction (12%) of the industrial population of a region (North) in which the greatest percentage of the industrial population of the country and the heaviest emigration was found. This rather unbalanced distribution gives greater weight to the figures indicating the gravity of the effects of emigration on industry in the North.
TABLE IV - 6

The regional distribution of responses to emigration survey

<table>
<thead>
<tr>
<th>Region</th>
<th>Industrial Population (total)</th>
<th>Indust. pop. surveyed</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>148,700</td>
<td>19,108</td>
<td>12.1</td>
</tr>
<tr>
<td>Center</td>
<td>60,200</td>
<td>10,953</td>
<td>18.2</td>
</tr>
<tr>
<td>South</td>
<td>144,400</td>
<td>68,241</td>
<td>47.3</td>
</tr>
<tr>
<td>Other</td>
<td>18,200</td>
<td>782</td>
<td>4.3</td>
</tr>
</tbody>
</table>

Based on Government's Industrial Survey of 1957-59 for firms with 21 or more per


Secondly, with regard to the measures already undertaken by industry or those that should be taken by the Government to correct the shortages due to emigration, the overwhelming solution was wage increases. This concern contrasts sharply with that of Northern industrialists as reported in a survey done five years later. As will be seen, for the Northern industrialists, the overwhelming issue was lack of technical training and the shortage of skilled labor. The common theme of the responses was that of the need for technical training. The basic difference in the concerns of the two regional sets of industrialists reflects not only the lack of technical training provided by the State, as noted earlier in the Chapter, but the differences in the technical levels of industry in the various regions. The 1966 Survey noted the following differences in technical levels of industry.
TABLE IV - 7
Technical Level of Industry in Four Zones

<table>
<thead>
<tr>
<th>Zone</th>
<th>Technicians per 1000 Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Zone</td>
<td>15 technicos (tecnicos)</td>
</tr>
<tr>
<td>Central Zone</td>
<td>21 technicians</td>
</tr>
<tr>
<td>South Zone</td>
<td>24 technicians</td>
</tr>
<tr>
<td>Other</td>
<td>15 technicians</td>
</tr>
</tbody>
</table>


The figures serve to underscore several general points about Portuguese industry. First, the higher technical level in the Lisbon-Setubal areas (South Zone) demonstrates the neglect of the North in the establishment of newer technologically advanced industry. In a region with the heaviest concentration of the industrial population (North), little attention was given to problems of wage levels and vocational training aid, both of which were crucial factors in the effects of emigration on industry. The survival of Northern traditional industry was based on the principles of *Modelo Economico* (abundant and cheap labor, limited investment and constrained technological development). The fact that emigration has been heaviest in the North suggests that, in effect if not in intent, the North and its industrial problems due to emigration were largely ignored by the priorities of the Regime. Such a sentiment was clearly expressed in the responses to the 1970 survey of the Associação Industrial Portuguesa.

The AIPorto survey came about as a result of inquiries made by AIP to the Secretaria Nacional de Emigração in 1970, expressing concern over the gravity of the problem of labor shortages in the North from emigration. The AIP letter expressed impatience with the Government's
inaction concerning emigration in general and specifically the existence of illegal labor recruiting facilities through which most of the emigration was occurring at the time.

At present, a considerable rise in emigration abroad has been noted for several years, which has caused serious difficulties for the country's economic activities, especially industry, in which the labor problem has been aggravated by the lack of workers. The problem is even more serious with regard to skilled workers, of which there is such a shortage in industry, the focus of our so dearly desired economic development.

Another negative aspect relevant to emigration is the existence of illegal centers of recruitment of labor to go abroad, an action which should be severely repressed.

This organization also noted the interest of the different sectors with regard to the just wages for skilled labor under conditions which permit the stemming of the emigration flow referred to, showing that there is no significant reason to think that, on the part of industry, there is no attempt to act in good faith. But the fact is that, for a long time now, there has been a growing preoccupation, in labor circles, with getting greater renumeration for less effort, when it is certain that, only by work and an increase in productivity will it be possible to reach the objective which is of interest to us all - our well-being.

Excerpts from Letter to the Secretario Nacional de Emigração from the Associação Industrial Portuense - of 23 October, 1970.18

Aside from fears about the loss of labor and its effects on the growth of certain industrial sectors, the letter clearly reveals the belief that wages were not the problem. Rather, for the AIPortuense, the fault lie, in part with the unjust demands of labor for higher wages for "less effort" and with the illegal emigration recruiters. The attitude with regard to wages contrasts sharply with that of Southern industrialists who saw higher wages as the solution.
The response from the Secretaria Nacional de Emigração seven days later noted that AIP had been officially informed several months earlier in May, 1970, that the Government's role in facilitating the legal emigration of workers, through the services of the Junta de Emigração comes only after the Serviço Nacional de Emprego (National Employment Service) of the Ministry of Labor has determined that labor of a certain sector and a certain geographic area is not in great demand. Moreover, claimed the Secretaria, requests by the French and German governments in 1970 were for unskilled labor only, and the Secretaria had hardly begun to satisfy those requests. The Secretaria had no means by which to verify if skilled workers were registering as unskilled workers in order to emigrate legally. The May letter states:

With respect to the District of Porto, applications are made at the Regional Division in Porto, of the Servico Nacional de Emprego, and based on those, this Junta selected, in 1970, in that District, 67 workers for France and 213 for Germany. (Letter dated May 22, 1970)

The Secretaria requested that AIP furnish more specific details on the labor shortages and to aid in the identification of illegal labor recruiters.

The emigration crisis was, thus, seen in the narrowest of terms, placing much of the blame on the actions of illegal recruiters rather than on larger structural problems. Moreover, the Secretaria was operating on the premise that emigration occurred through official channels, ignoring the fact that whatever the formal requests from France and Germany might have been, and whatever the formal activities of the regional centers of the Junta de Emigração, most of the emigration was clandestine and much of it, by 1970, was of skilled
labor. Official statistics for the year 1970 report emigration to be 66,360 (legal) and and 106,907 (clandestine). The clandestine figures refer only to migration to France, "the only country where such a movement was considered relevant and where official statistics (French) permit such a calculation."19

AIP then responded by surveying its members by mail, 356 of who sent back questionnaires.20 The AIP survey is more conclusive for its qualitative responses than for its statistical evidence from which no firm conclusions on labor shortages can be drawn. The one-page, ambiguously worded questionnaire was often returned with accompanying explanatory letters. Despite certain unclarities, however, the concern of industrialists was undeniable in the fact that only twenty firms out of the total reported no labor problems at all. The shortages ranged from 10% to 100%, with most falling into the 20-30% range.

The official AIP Report to the Secretaria Nacional de Emigração noted the following results:

Out of a total workforce of 46,622 in the factories surveyed, there is a need for 6,656 additional workers, or 14.3%. The greatest need is for skilled male workers. The lack of skilled male workers must be compensated by:

a) the use of female personnel for equivalent tasks

b) recruitment of unskilled workers who are trained within the factory

c) substitution of skilled workers by apprentices or by workers with no specialized skills.

Any of these solutions and the turnover of personnel which accompanies them disturbs profits, quality of production, making labor less productive by the introduction of persons badly adapted to their respective jobs. The constant mobility of personnel within and between firms also stimulates wage increases, which, most of the time, does not
resolve the problem.

There exists, therefore, in addition to a labor shortage, a notable decrease in the quality of work, for it is the better workers who emigrate. In addition, with respect to apprentices, it has been verified that these people remain in or employed in absentia by the factories until the completion of their military service. After release from service, they are attracted by other interests, principally emigration. This phenomenon invalidates much of the effort of firms with respect to vocational training.21

The problem of the lack of technical training was clearly an issue of high priority for the industrialists, as revealed further in the AIP official report:

It is essential, for this reason, to create the necessary conditions of the retention of labor, and much of the effort should be undertaken by the State through the intensification of technical training. This preparation should focus, above all, on a solid basic training through formal teaching (technical schools which should be adapted to the realities of our industrial structure) and complemented by more specialized training. Only in this way will it be possible to create the conditions to stimulate the permanence of younger workers, giving them the necessary preparation for the entrance into industrial activity with the possibilities of obtaining remunerations substantial enough for their relative well-being; only this way will it be possible to increase productivity.

Unlike their Southern counterparts, the Northern industrialists saw their problem of low salaries only indirectly related to emigration. Reiterating their position vis-à-vis salaries, the letter states,

Industrialists are conscious of the fact that the focal point of emigration may be in the low remuneration which they say is offered to our skilled labor, but in their view the situation can only be improved once the degree of productivity merits the reward of better pay, a situation which they do not deny. Moreover, we know that among the motivations which lead workers to emigrate, it is not only the search for pay which the employers do
not succeed in offering inside the country, but also the obtaining of a certain degree of specialization more rapidly and consistently with the needs of industry.\textsuperscript{22}

A close examination of all 356 questionnaires, together with the accompanying explanatory letters, revealed several themes expressed by the industrialists which substantiate, in a qualitative way, the official AIP response. These themes were further reinforced in 30 follow-up qualitative interviews carried out in 1978-79 among firms selected on the basis of sector, geographical area, and size.\textsuperscript{23}

As the official correspondence noted, the shortage of skilled labor affected all industry, apparently regardless of size, location, sector or age of factory, and, eventually, sex of the labor force. The gravity and timing of the shortage is difficult to document precisely because of the inconsistency of answers to the questionnaires. However, the general trends are clear. To the question "Since what date have you noted difficulties in obtaining labor?" the responses were the following:

\begin{table}[h]
\centering
\caption{IV - 8}
\label{tab:iv-8}
\begin{tabular}{|c|c|}
\hline
Date of onset of Labor Difficulties from Emigration & \\
\hline
1965 or before & 38 firms \\
1966 & 24 firms \\
1967 & 60 firms \\
1968 & 96 firms \\
1969 & 73 firms \\
1970 & 18 firms \\
\hline
\end{tabular}
\end{table}

One of the most consistent comments of industrialists was that
production was suffering because, by the late 1960's, the best workers were leaving. It should be noted that labor shortages were felt in a wide range of sectors, not just the textile and metallurgic sectors which make up the majority of firms. The following are a sample of the supplementary comments made by the firms:

1) Paper factory, Porto, 117 employees (104 m; 13 f) Shortage since 1968 of 50% of male skilled labor. "Difficulties in obtaining labor were felt primarily in area of male skilled workers where substitutions are more delayed than normal, or, in other words, the supply of skilled labor has disappeared."

2) Metallurgy factory, coastal area of North of Porto (Espirinho); 73 employees (56 m; 17 f); needing 100% and 50% respectively of male and female work force.

3) Electrical utility (private), Porto. "We can, however, inform you that the shortage of labor, male and female, is acute in the area of our hydroelectric facility in Lindoso, County of Ponte de Barca, and that the situation worsens continuously at an alarming rate. To cite a concrete example, we relate the following: having had about 200 casual workers on geological reconnaissance in 1960–62, by 1965, all but three had migrated. And the process has not stopped; to the contrary."

4) Textile factory; environs of Porto; one of Portugal's 5 or 6 largest; 2,044 employees (1111 m; 933 f). "The shortage of labor is a fact. But there is, besides, a factor which has or may come to have a decisive influence on the placing of products in the market - that of quality. Actually, it is not only the shortage of labor which emigration has stimulated and continues to do, but principally the shortage of skilled labor, for it was and continues to be the most capable who migrate. The ones who stay here are the ones who, in general, by their scant knowledge or lack of aptitude for various jobs, have a fear of migrating. And it is with these that the factories have to get by, being hampered by their poor work..."

5) Textile factory, Santo Tirso (industrial town 20 km. from Porto); 837 employees (479 m; 358 f). "For normal operation, we would need 40% more male
workers and 40% more female workers."

6) Textile factory; Vila do Conde (coastal town near Porto); "To give you a faint idea of the complex problem which plagues the textile industry in general and this factory in particular, we should inform you that in the month of October alone we admitted eighty workers, in substitution of the same number that left, which represents approximately 10% of the total number of personnel presently in service in this firm. With the continuous turnover, with this constant and forced substitution of personnel, it is certain that the quality of work suffers a considerable reduction, for the reduced time that the worker is maintained in a certain place does not permit the kind of adaptation which ordinarily would make his work profitable."

7) Textile factory, Famaliquão, (industrial town ca. 35 km. from Porto) one of 5 or 6 largest textile factories in Portugal; 1985 employees (1,148 m; 827 f). 300-400 skilled workers per year have left work posts which can, in general, be filled by either men or women. Were all these losses due to emigration? For certain no, but most of them must have been. Just this year we have begun to note the loss of apprentices."15

8) Textile factory, Vila do Conde (industrial coastal town near Porto); 1445 employees (616 m; 829 f). "The problem of this firm vis-a-vis obtaining labor is not so much a quantitative one as that of the supply of skilled labor which has tended, in recent times to be continuously decreased if not altogether non-existent."

9) Textile factory, Vila Nova de Gaia (suburb of Porto); 350 employees (90 m; 260 f). "We wish to express our highest hopes for the results that may be attained towards the goal of overcoming the labor crises (essentially male) which have substantially affected our textile sector, although we cannot foresee any possibility of its normalization. We offer best wishes with respect to the receptivity of your presentation which you are going to make to the Department of State, convinced and conscious, as we are, of the benefits which the entire industry might enjoy from a Higher (i.e. of the State) decision."

10) Metallurgy and Metal working factory; Porto; 35 employees (30 m; 5 f). Has felt the shortage since 1969. "At the time we had 40 men and 30 women. The shortage of personnel has forced us to close down a section of the factory."
11) Metallurgy factory, Espinho (coastal town near Porto); 95 employees (74 m; 21 f). Has felt shortage since 1965. Personnel needs are the following: "Male skilled, need of 100%; female skilled, need of 50% - This is no exaggeration!"

Almost every firm complaining about a shortage of skilled labor implied in its answer, a simultaneous complaint about the poor educational level of the population. The following responses from a hydro-electric company in Viana do Castelo and a branch of the National Printing Office in Porto discuss the specific problem of vocational training. The hydro-electric company:

As for vocational training, the problem is exacerbated by the miniscule number of persons with adequate schooling living within the same District. We have tried to resolve the difficulty by promoting and investing in a program of apprenticeships totally carried out in our factory for those persons who seem to be more adept.

The printing firm:

...We have noted a grave shortage of qualified workers in our sector, the cause of which is not emigration but rather the lack of technical schools where industrialists can, as happens in other countries of Europe, recruit qualified personnel. This vacuum is what makes difficult the functioning of our industry and prevents us from competing, along with other factories, with foreign industry.24

A metallurgy factory in the suburbs of Porto with 557 employees (359 m; 196 f) said of the lack of technical training:

We have felt a shortage in the last two years, most severely in 1970... Given the great turnover of personnel (almost 35% of the permanent staff of men and 10% of the permanent staff of women) we feel grave problems in the training of newly admitted personnel.

And, finally, a metallurgy factory on the outskirts of Braga with 194
employees (161 m; 348 f) reported,

...It is grave, the constant hemorrhage of workers whose training has cost the country and the firms many dozens of contos and whose collaboration we find ourselves helplessly deprived of.

The preceding examples show that factory owners connected shortages of skilled labor to productive capacities and problems of vocational training. Implicit in all the excerpts is a criticism of government neglect of the industrialists' problems, and, as in the last statement, the feeling factory owners were losing their investment as well as their labor.

Although not as frequently mentioned in the supplementary letters, the issue of wage inflation as a consequence of emigration was of great concern to the industrialists. It will be recalled from the AIPorto letter to the Secretaria Nacional de Emigração that increasing wages was not seen publicly as a solution to the emigration problem. On the contrary, the rise in wages due to labor shortages was seen with great alarm by factory owners, for a substantial rise in wages would jeopardize the majority of firms operating on a low wage structure. In fact, wages were rising as a result of shortages due to emigration (see Table IV - 10), and workers who remained behind often shifted from factory to factory, or threatened to do so, in search of higher wages.
### TABLE IV - 9

Annual Salary Indices in the Textile and Metallurgical Industries for the City of Porto, 1964 - 1978 (Base-1958)

<table>
<thead>
<tr>
<th>Year</th>
<th>Textiles (Spinning, Weaving, Finishing)</th>
<th>Textiles (Knitting)</th>
<th>Metallurgy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>778.1</td>
<td>980.8</td>
<td>793.1</td>
</tr>
<tr>
<td>1977</td>
<td>740.17</td>
<td>906.1</td>
<td>745.57</td>
</tr>
<tr>
<td>1976</td>
<td>688</td>
<td>849.1</td>
<td>666.32</td>
</tr>
<tr>
<td>1975</td>
<td>640.55</td>
<td>745.57</td>
<td>571.07</td>
</tr>
<tr>
<td>1974</td>
<td>506.47</td>
<td>521.57</td>
<td>471.3</td>
</tr>
<tr>
<td>1973</td>
<td>313.35</td>
<td>328.75</td>
<td>349.62</td>
</tr>
<tr>
<td>1972</td>
<td>274.47</td>
<td>292.62</td>
<td>337.67</td>
</tr>
<tr>
<td>1971</td>
<td>253.53</td>
<td>241.33</td>
<td>276.3</td>
</tr>
<tr>
<td>1970</td>
<td>188.9</td>
<td>204.3</td>
<td>251.45</td>
</tr>
<tr>
<td>1969</td>
<td>176.92</td>
<td>192.65</td>
<td>222.18</td>
</tr>
<tr>
<td>1968</td>
<td>171.43</td>
<td>188.53</td>
<td>204.05</td>
</tr>
<tr>
<td>1967</td>
<td>165.95</td>
<td>166.1</td>
<td>187.5</td>
</tr>
<tr>
<td>1966</td>
<td>162.5</td>
<td>152.6</td>
<td>171.08</td>
</tr>
<tr>
<td>1965</td>
<td>158.97</td>
<td>139.92</td>
<td>153.85</td>
</tr>
<tr>
<td>1964</td>
<td>127.35</td>
<td>123.87</td>
<td>139.32</td>
</tr>
</tbody>
</table>

Sources: *Anuario Estatistico*, for years 1964 - 1978, INE

Job-hopping was noted by several industrialists interviewed. It was at this point that the balance had shifted from available "excess" labor to a real shortage of skilled labor, for the wage increases of the 1960's, while high for Portugal, in no way began to match the wages available in the rest of Europe.²⁷

The following letter from a knitting factory in Coimbra decries such a phenomenon and blames government policy. It is the only response that mentions the possibility of indirect and implicit government encouragement of emigration for purposes of obtaining foreign exchange through emigrant remittances, a factor to be discussed in Chapter VI. Wage inflation, the firm felt, will bring about the economic ruin of the country.
Excess labor has long since disappeared from Portugal. The difficulties of labor are aggravated every day with irremediable prejudice to the volume of costs and production. They are the results of a policy of wage inflation which causes price inflation which seems to serve no useful purpose, and runs the risk, through the bankruptcy of firms, of ending up in the unemployment of workers who have not yet emigrated, but then will have to do so, if they then have anywhere to go.

It has been shown that wage inflation has not held back emigration - that was to have been predicted. It has accentuated it, by workers wanting ever higher salaries, by the growing disorganization which causes problems for our firms.

No less an evil than emigration, which is already severe, is the "jumping" from factory to factory on the part of workers in search of better wages, undertaking to do jobs that they are not familiar with and leaving their habitual skills which they learned in many years of remaining in the same occupation.

The obtaining of foreign exchange by the promotion of emigration has cost dearly: through the economic ruin of the country.

The relation of wage levels to emigration reflects one of the major contradictions within the Modelo Economico. On the one hand, the "logic" of the Modelo demanded low wages and abundant labor. The wage levels permitted the survival of labor-intensive industry up to the point at which the levels of emigration reached crisis proportions. On the other hand, the Northern industrialists, while recognizing and complaining bitterly about shortages due to emigration, by and large refused to recognize the need to raise wages substantially, and complained of the wage inflation due to emigration. The industrialists were caught in a vicious circle which they seemed unable or unwilling to understand. They were critical of long-standing Government policy which, thirty years earlier, they had favored. The policy had worked
for them in the earlier stages of the Modelo. It was now working against them. The industrialists were fearful of rising wages because their firms' survival had for so long depended on abundant labor. Those same wage levels, though, were creating a crisis just as great - the disappearance of the most valuable sector of their work force.

The Regime was caught in just as difficult a bind with regard to wages. While the industrialists were fearful of the viability of their firms if wages rose too sharply, the Regime was fearful of inflation if wage levels rose too quickly. Faced with an already rising inflation as a result of the Colonial Wars, the Government was reluctant to raise wages rapidly. Although the problem of inflation will be discussed more fully in Chapter VI, it is relevant to the industrialists' plight, since the latter were blaming the Government for their labor shortage difficulties. The Regime, too, was caught in the dilemma of the contradictions of the Modelo - it was attempting to consolidate, belatedly, the process of industrial modernization and to fight the costly Colonial Wars, while at the same time attempting the control of industrial salaries.

No one was more aware of the dilemma than Marcelo Caetano who became Prime Minister in September, 1968, when Salazar suffered an incapacitating stroke. While recognizing need for reforms in wage and syndical policy, Caetano was fully cognizant of the inflationary effects of a rapid wage hike. He describes his position in a letter to me in December, 1978:28
...As for the industrial labor force, its exodus from the country was undesirable. Skilled labor was costly to train and was not easily substituted. We were in a phase of intense industrialization. The government had no doubts about advising an improvement in salaries of the export industries. But it was difficult to attain rapidly the levels of productivity and salaries equivalent to those in the European centers.

As it should be noted, the salaries were determined by collective labor agreements resulting from direct negotiations between management and labor. The Government would intervene only in the last resort, although naturally it would seek to have adopted an anti-inflationary policy. (emphasis mine)29

Two observations are relevant to Caetano's response, both of which will be elaborated on in Chapter VI. First is the claim that the government advised an improvement in the salaries of industries producing for the export market. The implication behind the statement is that Portugal was interested in supporting those export-oriented industries that would be able to compete in the EEC and would bring in foreign exchange. A further implication is that there was no particular interest in stemming the tide of emigration for the segment of Northern industry which did not produce for the export market.30

Although the Regime's economic priorities for the late 1960's will be discussed more fully in Chapter VI, it is important to stress the implications of the policy at this point. The Government's apparent lack of concern for the plight of most Northern industry, together with the fear by Northern industry of breaking out of the early phase of the Modelo, served to feed the emigration flow. The emigration flow, in turn, served to feed the foreign reserves flow, certainly a crucial variable in an economy that was in the throes of intensive industrialization and costly Colonial Wars. On purely economic grounds, the aim of controlling inflation was aided, in the mid and late sixties, by
keeping a ceiling on wages and thus stimulating emigration. Internal labor absorption, especially in the North, then, was sacrificed to other national economic priorities. The inflation-wage-emigration relationship, though, brought further contradictions to the Modelo since the salary increases that resulted from the labor shortage, as well as the increased flow of cash from remittances (see Chapter VI), only served to fuel the inflation.

The Regime's position in the mid and late sixties, as indicated in Caetano's comment, was one of support for export-oriented industry. This position, however, represented a relatively new phase in the Regime's Modelo Econômico, a position which could do little to relieve the consequences of decades of industrial constraint - severe shortages in all levels of Northern industry. While one might expect the shortages to be more severe in the older traditional, labor intensive industrial plants, they were, in fact no less a problem for new (since 1960) industry whose technological level was competitive with foreign industry. Despite higher levels of automatization and orientation to the export market, these firms were caught in the same bind as were their older, less competitive industrial colleagues.

An example from a plant which opened in 1967 will illustrate the point. I quote briefly from a lengthy report by the firm's personnel department which addresses the issue of maintaining a labor force under the general conditions imposed on labor and industry by the Regime. The example serves to sum up a number of themes discussed in this section on labor shortages to industry.31 The firm, COTESI, was an off-shoot of another firm in nearby Espinho (environs of Porto) which initially transferred 800 workers to the new firm.
In the first years, recruitment of necessary personnel was very difficult, given the dimension of the factory and the scarcity of personnel in the town of Grijo and the surrounding areas. Thus, the intended labor pool—around 2,000—was reached only in 1972, resulting in the firm's having to recruit rural labor from distant areas, in many cases situated dozens of kilometers from the factory. The difficulty in obtaining labor, even from the distant rural areas, was particularly acute with regard to male labor, because of the tremendous rise in emigration to Europe which attracted many young men, normally between the ages of 18 and 35, to seek salaries abroad at levels they could not obtain here.

The COTESI report related the following emigration statistics for their own employees:

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<td>32</td>
<td>55</td>
<td>55</td>
<td>82</td>
<td>13</td>
<td>22</td>
<td>28</td>
<td>32</td>
</tr>
</tbody>
</table>

The most abrupt change came in the years 1973 and 1974-75, the latter being the period of the Portuguese Revolution. With the downfall of the Regime, there was clearly an expectation that labor conditions would improve, and this expectation was seen in the sharp decrease of emigration. The COTESI Report notes
In 1974 and 1975 the number of people leaving the factory decreased sharply, especially in view of the Revolutionary Movement of April 25 which generally led people to remain with their jobs in the expectation of an improvement of the conditions of work and wages. For this reason, those who might have ordinarily migrated put off their leaving, waiting for the possibility of improving their life's condition, without having to leave their homeland.

In 1976, as Table IV-11 notes, the number of workers emigrating from the factory rose again, indicating a general disillusionment with the expectations created by the Revolutionary Movement. Although the destination of emigrants had shifted from Europe to Venezuela, the conditions stimulating emigration had remained largely the same.

The case of COTESI is particularly interesting for two reasons. First, it is an example of a new, technologically sophisticated industrial plant suffering from labor shortages as severely as older industry because of the general structural conditions which the Regime's economic and industrial policy had created. Second, the COTESI personnel possessed the kind of management mentality and perspective not often found in the North, almost as if they were outsiders to the system (and, in fact, had not operated as a firm within the system before 1968). Rather than narrowly blaming their troubles on the Regime's wage policy and failure to provide technical training, complaints which are not without merit, they were able to place the labor loss within the larger context of the needs of labor in society.
It appears to us significant that in a work force of 2,000 persons, within a decade, 350 persons have left their jobs to seek work abroad... The lack of sufficient remuneration to assure the necessities of subsistence for their families, in some cases the temptation to enrich themselves, and the possibilities of obtaining the means necessary to build their own houses, the acquisition of a piece of land or a small farm, the purchase of a car will have been the basis for the decision to leave the country to get work abroad.

In short, there was a recognition that the wage structure was insufficient for their employees' needs.

The attitude expressed in the COTESI comment contrasts sharply with that of the owner of an older, more traditional textile firm who told me, in 1978, that Northern industrial workers did not need higher wages because most of them had the opportunity to grow much of their own food on small garden plots, and therefore could supplement their income by subsistence agriculture. (see Chapter III)

It has not been the purpose of this study to decide definitively if there was or was not a real shortage of skilled labor. That is the job of a labor economist. It has been, rather, to discuss the perceptions of Northern industrialists of their own labor needs in relation to the Modelo Económico and the political strategies of the Regime. During most of the 1960's, the Regime seemed not to be overly concerned with the plight of Northern industry. By 1968, however, it appeared that shortages of skilled labor had begun to affect industry as a whole. The Third Development Plan, published in 1968, made the following observation:

The economic studies carried out by the Corporation of Industry prove that the difficulties in the labor supply, especially skilled labor, have increasingly disturbed domestic industry. While at the beginning of 1964, only 5.3% of the industrialists surveyed considered these difficulties as the main obstacle to the expansion of production, in April of 1966,
this percentage had increased to 10.2%. In the entire industrial sector, there has been verified a shortage of skilled labor of approximately 9% in relation to the actual employment levels. It is not possible to attribute these difficulties exclusively to emigration, but the evolution of emigration, together with the urgent and increasingly greater need for labor in management planning ... confirms the hypothesis of the existence of a close relationship between the two phenomena. 

(III Plano de Pomento, Vol. I, pp. 348-349)

By 1972, large-scale Southern industry was claiming to be suffering from labor shortages. Portugal's largest industrial employer (6,500 employees), the ship-building and ship repair firm of Lisnave, then the largest holding of Portugal's largest conglomerate, Companhia Uniao Fabril (CUF), was recruiting emigrants already working abroad and those returning from vacation, meeting them at border stations.33

Thus, by the time emigration had reached its peak, the shortage of skilled labor appears to have affected industry as a whole. The Regime's industrial and economic policies, then, were affecting all sectors of industry. While the supply of general labor was to change markedly in the years 1973 to 1975 for both internal and external reasons, skilled labor, still today, is in short supply for firms with "lower technical capabilities". A recent joint study (1983) by the Center for Policy Alternative, MIT, and the National Laboratory for Engineering and Industrial Technology in Portugal notes a shortage of skilled labor in certain industries with consequences for both labor absorption and the balance of payments. From the study's sample of 85 firms, 50 reported a shortage of skilled labor. "Of the firms with skilled-labor constraints, 30 per cent were in the resource-based sector and 26 per cent in the electrical/mechanical sector, both of which are important to Portugal as providers of jobs and foreign exchange
earnings." The foreign exchange earnings being lost through the shortage of skilled labor are being gained through emigrant remittances, as will be seen in Chapter VI.

Advantages to Industry

Most of the foregoing discussion has focused on the disadvantages of emigration to Northern industry. There was a segment of Northern industry, though, that was able to profit, ultimately, from emigration, through the automatization and mechanization necessitated by the labor shortages. While this process affected only a minority of Northern industry, it is nevertheless an important factor in the emigration phenomenon.

As discussed in detail above, Northern Portuguese industry had traditionally been thought of as an "industria do centavo" (industry of penny capitalists), largely made up of those unwilling to risk capital, innovate and break out of the Modelo. However, interviews with several of the more forward-looking industrialists revealed a major shift in orientation for a few key firms in the mid and late sixties as a result of emigration. One head of a metallurgical firm in Braga claimed that emigration had made "donos into industriais" (i.e. had pushed factory owners to become industrialists, forcing them to think about technology.) Two of Portugal's largest textile firms went through similar transformations. One brought in a German management consulting firm for the first time in the mid sixties. For another, emigration "forced a technological revolution" in the textile industry.4

Little research has been done on the modernizing effects of emigration on industry and it is not the point of this study to fill the
gap. However, it may be said that while emigration undoubtedly had a modernizing effect on a few firms, for the majority, the unavailability of credit and the force of long-term constraints of the Modelo, and especially Condicionamento Industrial, helped to discourage entrepreneurial innovation. Investment, modernization, and expansion seemed to be for those who had the resources and the wherewithall to manipulate the system, for those who had the connections. The connections were the key to side-stepping the constraints of Condicionamento industrial. They were the key to access to decision-making channels in a Regime in which formal representative bodies within the corporatist structure, the gremios and sindicatos had little real independence or power.

Summary and Conclusions

The emigration wave of the 1960's and 1970's was, fundamentally, the most blatant consequence of the contradictions of the Modelo Economico. The peripheralization of the Northern industrial elite had begun earlier in the Nineteenth Century, but the process was perpetuated and heightened throughout most of the Regime by way of the political structure of the Corporate New State and the social and economic policies of its Modelo Economico regarding education, vocational training, wages, and labor conditions.

By the end of the 1960's, all industrial sectors claimed to be suffering from shortages of skilled labor as a result of emigration. While the shortages first affected Northern industry, the segment most attached to the principles of the earlier stages of the Modelo, the shortages ultimately came to affect most industry regardless of
location, sector, size and technological level. And while those shortages were ultimately beneficial to the relatively small number of enterprises capable of introducing new technologies, most of Northern industry suffered from the double loss of skilled labor and the heavy investment of *in situ* vocational training.

Northern industry, then, was in a bind - suffering the consequences that it had helped to produce by supporting Salazar and the Modelo in the first decades of the Regime. The Regime's elitist education policies were instituted in the name of maintaining stability in the face of potential social and political dangers inherent in development. The results of the policies, however, had grave effects on literacy and vocational training for industry. Lengthy apprenticeships in industry served as a substitute for state-sponsored vocational training, while at the same time reducing industrial wages.

The strategy was beneficial to both Northern industry and the Regime until the early 1960's. However, with the changes in Portugal's developmental priorities and with demands of labor from Europe, Northern industry found itself trapped in a situation in part of its own making. It was being neglected in favor of Southern and capital-intensive industry. As was noted in Castano's comment regarding support of the industrial export sector, and as will be seen in the following chapter on Colonialism, Northern traditional industry in the 1960's was being sacrificed. Emigration of a certain portion of the labor force -- that in excess of the limited number of new jobs projected in the development plans -- was a positive and necessary process, so thought the planners of the 1960's. Emigration of a much greater portion of the labor force than had been planned for, though, was at the expense of the
industrialists who had profited by labor and industrial policies in the first half of the Regime.
FOOTNOTES


2 Monica, 1979: 8-9, quoting the speech of a priest in the National Assembly in 1938 "constituting the best instance of how the Nationalists perceived illiteracy."


4 It is interesting to note that those districts with the highest illiteracy rates (column 9), in particular Beja (46.2%), Evora (40.4%), Portalegre (44.9%) are all located in the Alentejo, where latifundary wage labor predominates and where the "massive doses of religious indoctrination" would find least acceptance since the Catholic Church was seen with, at best, scepticism.


6 The low educational levels of the work force are reflected also in age levels of the civilian labor force as reported by Peter Thormann, "Employment and Earnings in Portugal, 1953-1967," International Labor Review, vol. 99, 1969: 592.

TABLE

Civilian Labor Force Distribution by Age, And Participation Rates by Age and Sex, 1960

<table>
<thead>
<tr>
<th>Age</th>
<th>Civilian labor force (%)</th>
<th>Civilian labor force participation rates (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Male</td>
</tr>
<tr>
<td>-------------</td>
<td>--------------------------</td>
<td>------</td>
</tr>
<tr>
<td>10-14</td>
<td>5.0</td>
<td>34.7</td>
</tr>
<tr>
<td>15-19</td>
<td>11.6</td>
<td>86.5</td>
</tr>
<tr>
<td>20-29</td>
<td>23.0</td>
<td>92.4</td>
</tr>
<tr>
<td>30-39</td>
<td>20.4</td>
<td>97.3</td>
</tr>
<tr>
<td>40-49</td>
<td>16.3</td>
<td>95.9</td>
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<tr>
<td>50-64</td>
<td>17.4</td>
<td>88.2</td>
</tr>
<tr>
<td>65 and over</td>
<td>6.3</td>
<td>61.9</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.0</td>
<td>80.8</td>
</tr>
</tbody>
</table>

Source: Anuario Estatístico, 1968.
Thormann points out that the percentage of the labor force under 20 - 16.6% - is considerably higher than that of Northern European countries where the average percentage for the under-twenty workforce is 7%. (p. 592) Data for Northern European countries is from E. F. Denison, Why Growth Rates Differ, Washington: Brookings Institution, 1967. The other countries surveyed are Belgium, Denmark, France, West Germany, the Netherlands, Norway, and the U. K. These figures are corroborated by those of the OECD Mediterranean Regional Project - Portugal, (Paris, 1966) Appendix B, pp. 193-220. The OECD study further reports that among foremen, skilled and unskilled workers who together make up 93% of the industrial work force, 95% had four years or less of primary education "indicating a very low level of education attainment in the Portuguese industrial labor force." (Thormann, p. 594)

The age of apprentices is stipulated in Clause 10, p. 18 of both the 1960 and 1968 contracts. The length of apprenticeships may be found in Clause 12, p. 19 of the 1960 Contract. In the 1968 Contract the length was reduced to four years for most groups, Clause 12, p. 18.

Wage tables divided by zones of the country, skill group and levels are found on pp. 63-66 of the 1960 Contract and pp. 59-60 of the 1968 Contract.

In addition to the data presented by Pintado, a discussion of low Portuguese industrial salaries relative to the EEC countries may be found also in Thormann: "The industrial wage in Portugal during the period under consideration (1953-67) was quite low compared with that in the countries North-West Europe. The manufacturing industry wage level, for instance in the best paying region and industry seldom earned more than 4.50 US dollars per day." (p. 596)

Discussions of the role of syndicates within the corporatist framework and/or their ineffectual power as the true representative of labor may be found in Pinto e Moura, 1973; Lucena, 1976: Wiarda, 1977; Schmitter, 1975a; and Thormann, 1969.

Raul da Cruz, Operarios em Dialogo, Lisboa: Instituto Gulbenkian de Ciencia, Centro de Estudos de Economia Agraria, 1976. The interviews were part of a study of industrialization of rural areas, carried out in 1971 in an industrialized township in Central Portugal.

I would like to thank Alice Ingerson, doctoral candidate in Anthropology, Johns Hopkins University, for sharing her findings and documentation with me.

The ILO action was first brought to my attention by the personnel director of one of Portugal's largest textile firms in 1979. I would like to thank Mr. Manuel Araoz, Chief of LIBSYND, ILO in Geneva for helping me to obtain the reports. Discussion of the ILO action may be found in Jose Gaspar Teixeira, "Legislação OIT - Legislação Portuguesa," Teses do 3º Congresso da Oposiçao

14 The survey was carried out by economist Dr. Francisco Pereira de Moura who was at the time associated with AIP. I would like to thank Dr. Rui Ferreira Leite, General Secretary of AIP for making the survey material available to me.

15 The second version, with a larger sample, showed a smaller percentage, only 8%, gravely affected by emigration ("grave" is never defined), but 52% reported being affected "in greater or lesser degree." Industria Portuguesa, Dec. 1966, p. 730.

16 The sectoral breakdown of responses to the question about measures to be adopted at the national level was as follows:

<table>
<thead>
<tr>
<th>Sector</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
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</thead>
<tbody>
<tr>
<td>Food &amp; Beverage</td>
<td>0</td>
<td>35</td>
<td>20</td>
<td>20</td>
<td>20</td>
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<tr>
<td>Textiles, Garments &amp; Shoes</td>
<td>20</td>
<td>20</td>
<td>0</td>
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<td>13</td>
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<td>Wood, Cork &amp; Furniture</td>
<td>7</td>
<td>53</td>
<td>13</td>
<td>20</td>
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<tr>
<td>Chemicals &amp; Petroleum Products</td>
<td>0</td>
<td>46</td>
<td>11</td>
<td>31</td>
<td>9</td>
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<tr>
<td>Non-metallic mineral products</td>
<td>5</td>
<td>40</td>
<td>30</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td>Metallurgical Products</td>
<td>12</td>
<td>32</td>
<td>9</td>
<td>17</td>
<td>25</td>
</tr>
<tr>
<td>Electrical Materials</td>
<td>12</td>
<td>35</td>
<td>24</td>
<td>24</td>
<td>0</td>
</tr>
<tr>
<td>Misc. transforming industries</td>
<td>7</td>
<td>33</td>
<td>20</td>
<td>20</td>
<td>7</td>
</tr>
</tbody>
</table>

All Sectors                    | 8   | 40  | 15  | 21  | 13  |

(1) Prohibitions or restrictions on emigration (2) Salary raises (3) Improvement of social conditions (4) Training of new personnel (5) National economic progress


17 The terms "technical level of industry" and "tecnico" are never defined.

18 In 1970 the Regime created the Secretario Nacional de Emigração which answered directly to the Office of the President, thus raising the problem of emigration, theoretically at least, to a new and elevated priority. (See Chapter VI)

19 Emigration figures are from the Boletim Anual, Secretaria de Estado de Emigração, 1975, p. 8.

20 The existence of the AIP Porto survey was brought to my attention by a manager of a textile factory who vaguely remembered there had been such a survey a few years back. The new younger officials at AIP Porto had no knowledge of the survey, and finally discovered the original responses wrapped in brown paper and forgotten in a desk drawer.

21 The factories were required by law to hold the place of a worker
who was completing mandatory military service, a four-year term.

22 The preceding three excerpts are from the letter of AIP to the Secretaria Nacional de Emigração of Dec. 22, 1970.

23 In 1977-78, at the time the study was done, problems of labor shortages resulting from emigration were a matter of history, at least temporarily. The rapid turnover had come about because 1) new emigration to Europe had virtually stopped; 2) new post-revolutionary labor laws had made work lay-offs and firings almost impossible; and 3) the country was flooded with 700-800,000 returnees from the ex-Colonies. Therefore, problems of emigration were not foremost on the minds of industrialists. Their comments, then, were based on the remembrance of conditions past. In some cases, the persons interviewed were not in the firms during the height of emigration. Nevertheless, the general pattern emerging from the interviews were entirely consistent with the themes evident in the questionnaire responses.

24 It is not clear what percentages figures in the responses actually mean - whether they want to hire 50% or they have 50% less than before. I have left them in, however, because they express the gravity of the industrialists' concern.

25 In terms of labor shortages due to emigration, this was one of the hardest hit of the five or six textile firms in Portugal. It is one of the largest textile exporters (in 1974, 70% of its sales were foreign) and had a workforce in 1974 of 3,170. After the Revolution of 1974, it was also one of the most troubled firms in a period of grave labor unrest.

26 In 1970, Portugal was still protected by Annex G of the EFTA Stockholm Convention (see Chap. III). The fear of not being able to compete with European industry seemed to be a minor concern for most firms. However, in 1977-78, when the follow-up interviews were done the fear of competition from EEC countries had increased as the date of the probable entry into the EEC drew near. Only those firms that already had substantial export markets expressed little concern in 1977-78. The date of entry has been postponed several times; it is presently forecast for 1986.

27 Thanks to my research assistants, Estela Alegria and Rui Azevedo, in 1978 students at the Economics Faculty, University of Porto, for preparing the table. 1958 was used as a base year in order to create a common base for comparative purposes. Up to 1972 the base year in order to create a common base for comparative purposes. Up to 1972 the base used by the INE was 1950; from 1973, the base was 1963. The knitting sector is treated separately because it employed primarily women and because, in the 1950's and early 1960's it suffered from the competition of clandestine cottage industry production, when workers were unprotected by even the low official wage regulations. Both textile sectors had lower wages than the metallurgical sector to begin with. After 1974, wages shot up sharply to correct earlier low levels. The threat to the
existence of a number of firms in fact occurred in 1974 when, following the toppling of the Salazar-Caetano Regime, industrial wages were suddenly raised 100-200%. It was at this point that the owners of a number of firms fled the country, or at least their firms, their factories in danger of collapse.

28 The reason behind my decision to write to Caetano is directly relevant to the discussion of the attitudes of industrialist toward the Regime. Clearly the study of a policy in a given Regime should include interviews with top policymakers of that Regime. The fact that the most important old Regime personnel were in political exile made that task more difficult, and I felt constrained to limit my interviewing to those who were still in Portugal. However, an interview with one of the North's largest wood products industrialists convinced me to attempt, at least, a written interview with Caetano. The industrialist in question, a strong Salazar supporter, and clearly not a Caetano supporter, was a deputy to the National Assembly during the Regime, is a publisher of the local newspaper, and generally recognized as a regional cacique in the area of Portugal between the Minho (Northwest) and Tras-os Montes (Northeast). In discussing with him Caetano's policy of liberalizing emigration in the late 1960's and the general problem of salary levels and labor shortages, from which his firm suffered greatly, he proposed that Caetano had liberalized the emigration laws by way of forcing an increase in wages without direct intervention by the State (i.e. the shortage as a result of increased emigration would push up wages without a formal State wage policy of doing so). This notion struck me as both an interesting interpretation and, whether right or wrong, a clear manifestation of the 'Modelo' mentality. This individual is an example of the support Salazar had depended on from the beginning of the Regime, whose enterprise was built on the availability of cheap labor (1400 males, 200 females in 1970), and who was opposed to any major structural change or reform such as the type Caetano tried to institute. Since Caetano, along with many other former Regime officials had gone to Brazil after the Revolution of April, 1974, I was unable to interview him during my Portuguese fieldwork of 1977-78. Therefore, I wrote to him in Brazil asking a number of questions concerning his general policy of liberalizing emigration in 1968-69. The liberalization policy had made it easier for people to emigrate, and changed the legal status of the one million or so illegal immigrants in France. He promptly and generously replied, expressing regret that we could not talk in person. The response is more fully reported in Chapter VI. Caetano died in Brazil in 1980.

29 Another question arising out of Caetano's letter is that of the relative power of the Regime in labor negotiations. Caetano states, "...the salaries were determined by collective labor agreements resulting from direct negotiations between labor and industry." While it is clear that labor had relatively little autonomy, a basic question is how much autonomy did management have within the framework of the Regime? In this regard, see Chapter III on gremios.
30 By export market I do not mean exports to the Colonies. These were not considered exports because the Colonies were within the "Portuguese economic space" ("Espaço Económico Português").

31 I would like to thank the Personnel Department of COTESI (Companhia de Texteis Sintéticos) of Grijó, Vila Nova de Gaia, District of Porto, for its cooperation and generosity in aiding this segment of the study. The lengthy report cited was prepared especially for me. Generally speaking, only the most modern firms maintained personnel departments with complete records. It is most unusual to find a firm whose record keeping and perceptions regarding the destination of emigrants and their reasons for leaving are as complete as those expressed in the COTESI report. While the emigration figures are not exceptionally high for a plant of that size, the number represents only those leaving for emigration, not the total turnover. In addition, the report does not specify if the labor leaving was skilled. If so, a relatively small number emigrating can be a significant loss.


34 Interviews in 1978 with persons who had been high-ranking French labor officials in the late 1960's and early 1970's revealed similar developments in the French textile industry, although the issue was not a shortage of native labor, but an excess of immigrant labor. Within the Pompidou Government, there were conflicting opinions with regard to the availability of cheap immigrant labor, and especially Portuguese immigrants which, it was felt, was restraining the technological development of the French textile industry.
LABOR EXPORT, DEVELOPMENT, AND THE STATE:
THE POLITICAL ECONOMY OF PORTUGUESE EMIGRATION

by

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MASSACHUSETTS INSTITUTE OF TECHNOLOGY

June 1984

c Elizabeth Leeds 1984

Signature of Author

Elizabeth Rachel Leeds
Department of Political Science, 9 March, 1984

Certified by

Yannis Bouness
Athesis Supervisor

Accepted by

Chair, Graduate Program Committee

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Chapter V - Emigration and Strategies of Colonial Administration in the Maintenance of the Regime

Introduction

In this chapter I argue that Colonial emigration served the Regime politically and economically in several important ways. Here 'emigration' refers to the planned and spontaneous movement of white Portuguese to Africa and the export of black Portuguese Africans to South Africa and other African territories. The former was part of the Regime's political strategy to hold onto the Colonies and to reduce the potentiality of social unrest due to "population excess." The latter was part of the economic strategy to reap benefits from the Colonies. The two forms of emigration are intrinsically connected.

Portugal's entry into the decade of the 1960's was, in a sense, Portugal's entry into the Twentieth, industrially speaking. It was also a period in which the contradictions and rigidities of the Regime, despite certain changes in economic orientation, ultimately climaxed in the ruptures of April, 1974. The outbreak of the Colonial Wars in 1961 and the simultaneous beginning of large-scale emigration were both symptoms of problems resulting from a long-term process of labor control and industrial regulation in Metropolitan and Colonial Portugal. The flight of labor from Portugal and revolt in Angola, Mozambique and Guinea were, in large part, responses to the development strategies pursued during the course of the Regime. Those strategies, for Metropolitan Portugal, were as follows: 1) to maintain a supply of labor large enough to insure low labor costs to industry and adequate manpower for State-sponsored infrastructural projects; and 2) to export what was
considered 'excess population' in order to avoid unemployment and to maintain the flow of emigrant remittances. The strategies in Colonial Portugal were just as calculated to serve the development needs of the State. They were based on the export of continental white Portuguese to Africa, the export of Angolan and Mozambicans to other African territories, particularly to South Africa, and the institution of a system of forced cotton production to serve the needs of Metropolitan textile manufacturers. The export of continental Portuguese to Africa and of the African Colonial populations to South Africa constitute Portugal's Colonial emigration policy and are a vital component of the Modelo Economico. The long-standing notion that Portugal's most valuable export was its labor is as valid for the Colonies as it is for the Metropole. Whether the fruits of Colonial labor be cotton, gold, cocoa, coffee, ports, roads or railroads, the labor conditions and the escape from those conditions through emigration to South Africa created benefits to the Regime. And those benefits were the reason the Regime was so reluctant to relinquish the Colonies at a time when the rest of Europe could no longer economically or ethically hold onto theirs.

Portuguese Colonial Policy in the Twentieth Century has mirrored the shifting developmental priorities of the State during both the Republic (1910-1926) and throughout the Estado Novo. Despite these shifts, however, the Colonies remained important in the perpetuation of the Regime. A general view among observers of Portuguese Colonialism is that, until the mid-Twentieth Century, Portugal was never able to act as more than an intermediary between its Colonies and the rest of the West and never exploited the Colonies effectively for its own developmental ends.¹ The level of development within the Portuguese Colonies was the
lowest of all European Colonial holdings, reflecting the general level of Portuguese development relative to Europe, but the Portuguese State under Salazar nevertheless was able to extract materials and services from the Colonies in a number of substantial ways. The relevant questions for this discussion are, first, how did the existence of the Colonies contribute to the perpetuation of the Regime? Second, how did emigration to and from Africa and the control of labor in the Colonies contribute to the survival of the Empire? This Chapter will be devoted to answering those questions.

Colonial Ideology

The blacks in Africa must be directed and organized by Europeans but are indispensable as auxiliaries... and must be regarded as productive elements organized in an economy directed by the Whites.²

Marcello Caetano, 1954

The quote from Caetano expresses an essential part of the ideological base of Portuguese Colonial policy: that it was the white man's Christian burden, and especially the Portuguese burden to civilize and direct the Natives' moral and economic progress.³ The first definitive policy action of the Salazar Regime, The Colonial Act of 1930, defines "Portugal's historical mission in the transmission of Christian civilization to backward peoples" (F. B. dos Santos, 1955: 152). Article 133 of the Portuguese Constitution, corresponding to Article 2 of the Acto Colonial states:
It is the organic essence of the Portuguese Nation to fulfill the historic function of colonizing the lands of the discoveries under its sovereignty and to communicate and to disseminate among the populations residing there the benefits of its civilization, exercising also the moral influence which is derived from the Ecclesiastical See of the East (Padrao do Oriente)

(dos Santos, 1955: 152)

Such a statement is consistent in tone with those statements of Salazar in defending the establishment of the Corporate State. (see Chap. III) And, just as there were contradictions between the ideology and actual policies in the Metropole, there were likewise contradictions between colonial ideology and practices.

As with Salazar's Modelo Economico in general, Portuguese Colonial policy was characterized above all by a search for financial and political stability. Stabilizing the Colonies meant exerting a greater degree of control by centralizing administrative functions, minimizing the possibility of social unrest, reducing the autonomy of a number of independent interests operating in the Colonies, such as the Banco Nacional Ultramarino, diminishing the role of foreign capital, and by increasing the protection of Colonial markets for Portuguese goods and imposing restrictions on the export of Colonial raw materials.4

Such stabilizing policies were a reversal of policies and practices during the Republic when, in theory, at least, the notion of the development of Angola and Mozambique, with the help of foreign investment, if needed, was widely accepted. Despite the ideology of development during the Republic, though, Portuguese capitalists remained largely uninvolved, and the Colonies, especially Mozambique, were left to British and South African interests to finance railroads, port development, invest in large agricultural estates and search for
minerals. (Smith, 1974: 656) The political and economical chaos of the
last years of the Republic (see Chap. II) prevented close attention to
Colonial affairs, and widespread manipulation and corruption placed
increasing financial burdens on the State in the forms of growing
Colonial debts to the Metropolitan treasury. (Smith 1974: 661) Salazar's
Colonial stabilization policy was aimed at correcting the disorders.
They also functioned to help sustain the State economically and
politically for forty years. His strategy of stability and constrained
growth for the Colonies was consistent with his strategy for the
development of Metropolitan Portugal. Such a strategy meant that
extraction of natural resources and capital accumulation from the
Colonies had to be accomplished without the risk of fomenting social
discontent and the development of a potentially unruly proletariat in
the Colonies. The mechanisms for the strategy constituted one of
Portugal's most explicit policies for emigration and the control of
labor. They were, however, also the continuation of late 19th Century
policies instituted to counter-act European attempts to exploit
Portuguese Colonial labor and resources. Salazar was able to build on
the prior policies in the effort to fortify the Empire.

Colonial Labor and Emigration Policies - Reasons for Maintaining the
Empire

In the English, French, and Belgian colonies, the concession of a
limited number of political and economic rights were considered
strategically sound. In contrast, Portuguese Colonial policy both
before and during the Salazar Regime, maintained the native population
in political and economic subjugation. The control of native labor
became prevalent when gold was discovered in the Transvaal in 1886 and Mozambique became crucial to the economic success of South Africa. The Government instituted a new labor code aimed at supplying labor for the construction of ports, railways, roads and warehouses. This infrastructure, while serving the needs of British capital in South Africa, served also the ideological positions of the Portuguese Government in defending its economic interests against the perceived ever-present threat of developed Europe. In defending the new Code, Colonial High Commissioner Antonio Enes made the following statement in 1873:

We need the labor of the natives. We need it in order to improve the conditions of the laborers themselves; we need it for the economy of Europe and for the progress of Africa. Capital... needs workers in abundance who are sturdy and cheap... The Negro is a race which still today, after untold centuries, never produced by its own spontaneous effort a single rudiment of civilization.... If we don't want to oblige the negro to work... we will have to surrender Africa to those who are less sentimental and more utilitarian than we are....

Enes recognized that the Portuguese State could not rely on its own people alone (Portuguese emigrants) to exploit the resources of Mozambique.

Our tropical Africa will not grow without the African. The capital needed to exploit it as it so needs to be exploited lies in the procurement of labor for exploitation; abundant, cheap, and solid labor... and this labor, given the circumstances, will never be supplied by European emigrants.

The result of the new Labor Code was a system of forced and conscripted labor which served the needs of the Portuguese State and industrial interests as well as the European mining and agricultural interests. Although the form of labor control varied somewhat in the
three Colonies, the intent and effects of the system were similar. The 'shibalo' system (from the Bantu word for tributary labor (Harris, 1958: 19) "was integral to the over-all design to attract, introduce and support capital investment - preferably Portuguese - which would in turn support the State bureaucracy and insure continued Portuguese sovereignty in Mozambique." (Penvenne, 1979a: 2). Though not legally sanctioned, the shibalo system was the consequence of that part of the Labor Code which allowed authorities to round up men, women, and children who were not gainfully employed, who had not volunteered for labor, and thus classified as malingerers.

All the natives of the Portuguese Overseas Provinces are subject to the moral and legal obligation of seeking through work the means which they lack for subsisting and for improving their social condition... They have full liberty to select the mode of fulfilling this obligation, but if they do not fulfill it by some means, the public authorities can impose its fulfillment on them."

Descriptions of appalling conditions under the shibalo system are found in a number of first-hand reports of conditions in Mozambique.

... African men and women were literally hunted down, chained together and marched to the farms, roads, docks, or wherever their services were required.

(Harris, 1958: 19)

In the urban area... shibalo laborers recruited by force from the rural peasantry were distributed to functionaries or private parties through patronage networks as though the shibalo workers were the personal property of the patron. Wages went unpaid; workers who had completed a contract were not allowed to return home; workers who had been told there was no work when they volunteered at the port in the morning were rounded up at noon as vagrants and put to work as shibalos on the roads.

(Penvenne, 1979a: 7)

The recruitment system was reinforced by tavern owners selling cheap Portuguese wine to Africans who were then picked up as drunk vagrants
and forced to work as prison labor. The sale of wine, one of the several protected Portuguese products which was prohibited from being made in the Colonies, served a double purpose—first, to provide a market for Portuguese wine growers, and, second, to provide labor for public works and agricultural enterprises in the Colonies. Wine exports to the Colonies represented 14% of total wine exports in 1894 and 30% in 1903. (M.H. Pereira, 1971: 310) Africans caught drunk served a three-month term at prison labor. Those caught making wine, usually women, served six-month forced labor terms, often on road-building. The round-ups of labor tended to happen cyclically, depending on the labor needs of the State. They also tended to occur in areas that were suffering economically. From 1900–1918 they were the primary means of supplying labor for infrastructure.

The effects of the shibalo system were several. First, it served to reduce general wage levels and fringe benefits. Second, consequently, it tended to alienate labor from Portuguese enterprises, stimulating a preference among workers for voluntary employment in British firms where wages and treatment were better. The State often replaced paid volunteers on a given project with shibalo workers in order to maintain lower wages in key industrial areas. For example, in 1920, 1200 shibalo workers were brought in from Inbambane District to the Lourenço Marques port specifically for the purpose of keeping down the cost of port labor. (Penvenne, 1979a: 8) A third consequence, and perhaps most important, was the stimulation of emigration of Mozambican males to work in the mines of South Africa. As bad as conditions were in the Transvaal, they were preferable to the conditions under forced labor in Mozambique.
Shibalo Labor Policy under the Salazar Regime

Regime policy under Salazar regarding shibalo labor differed little from the earlier supposed prohibitions against forced labor. Faced with growing international pressure against the abuse of labor in the Portuguese Colonies, the Regime issued a new Labor Code in 1928 which once again formally put an end to forced labor.

The Government of the Republic does not impose nor permit that any type of obligatory labor for private purposes be required of the natives of its colonies, but it does not release them from fulfilling the moral duty... of working to secure their livelihood and of thereby contributing to the welfare of humanity.

The government of the Republic guarantees to the natives of its colonies full liberty of choosing the work which best suits them...
(as quoted in Harris, 1958: 20)

Despite the "prohibitions" against forced labor in the Labor Code, however, the continuation of the stance that the native laborer had no right to be idle, and thus could be classified as a malingering, negated any protection under the Code. That stance continued through the duration of the Regime. In 1942 the Governor General of Mozambique, Jose Tristao de Bettencourt, stated "... the large majority of (Africans) do not work, neither for themselves nor for others, but simply live from the labor of their wives...."\(^1\)\(^6\) In a Circular issued that same year, he made the following observation, which had changed little from views fifty years earlier: "The rendering of work in Africa cannot continue to depend on the whim of the Negro, who is by temperament and natural circumstances inclined to spend only that minimum of effort which corresponds to his minimum necessities."\(^1\)\(^1\)

The use of shibalo labor during the Salazar Regime was similar to
pre-1928 use. State shibalos were employed largely in infrastructural projects — ports, railroads, roads and sanitation brigades of the cities of Mozambique. Private shibalos were used mainly on European farms and plantations. In the 1950’s the two forms of labor together used an estimated 100,000 shibalos annually.

'Benefits' of Shibalo Labor

Shibalo labor indirectly stimulated two practices which had specific economic and political benefits for the Regime and its supporters — first, the forced production of cotton, primarily in Mozambique, which supplied textile manufacturers of Northern Portugal, and second, the transference of gold to the Portuguese State coffers from the wages of Mozambicans working in the Transvaal mines.

Forced Cotton Production

Republican leaders (1910-1926) had been relatively unsuccessful in stimulating Portuguese exploitation of the Colonies' natural resources. An important part of Salazar's economic and political stabilization policy was to make Portugal self-sufficient in key products and thereby reduce the balance of payments deficit and national debt which had climbed to unprecedented heights during the Republic. The control and expansion of cotton production was part of that strategy.¹²

In 1926 the Colonies produced only 5% of the cotton used in the Portuguese textile industry; the rest was purchased on the world market. Increased cotton production would not only reduce the balance of payments deficit, but also aid the controlled expansion of the Metropolitan textile industry. In that year the Regime established a
system of concessionary cotton production primarily in Mozambique where soils and climate were favorable and ports were accessible. The plan, based on a successful Belgian Congo model, created cotton zones in which monopolistic concessions were granted to twelve commercial entrepreneurs. The concession-holders purchased at a fixed price cotton that local peasants within that zone were forced to grow.

The first twelve years of the plan were a failure for various reasons. Cotton production remained so low that in 1935, for example, the Metropolitan textile industry, while purchasing 80% of the cotton produced in Mozambique, still had to buy twenty-one million kilo grams of cotton at a cost of ten million dollars. (Isaacman, et al, 1980: 5)

As a response to the complaints of textile industrialists, the Regime in 1938 established control over cotton production and marketing through the State Cotton Export Board. (Junta de Exportação de Algodão Colonial). For the next twenty-three years, cotton production rose dramatically, as did the coercive measures to force the production. Consistent with the Regime’s general trend of centralizing control over all aspects of Metropolitan and Colonial economic activity, the Junta, operating jointly with the Portuguese textile industry and the concessionary companies, regulated all aspects of cotton production and marketing. (Isaacman, et al, 1980: 6)

The success of the plan, in terms of amount of cotton produced, depended ultimately on the "effective mobilization" of peasant labor. The mobilization policy included the following measures: 1) Increasing the number of peasants compelled to grow cotton; 2) insuring that cultivators within cotton zones actually produced the crop; 3) expanding the amount of time each day spent on cotton production; and 4)
maintaining a low price structure. It has been estimated that the number of cotton producers rose from approximately 20,000 in 1935 to 80,000 in 1937, 534,000 in 1939 and 791,000 in 1944. To insure a high level of participation, the Regime decreed in 1946 (decree no. 38.844) that labor for other kinds of economic activities could not be recruited from cotton zones. In 1948, the Regime expanded the participation to include "all adults living within the concessionary holdings... including widows and men up to sixty years of age who had previously not been compelled to participate." 14

The means of labor coercion were several. For example, those who refused cotton seeds or who failed to meet cotton production quotas were sent to State shibalo gangs to work on infrastructural projects or private shibalo gangs to work on largely foreign owned sisal, sugar or tea plantations for little or no wages. 16 An even worse fate was deportation to Sao Tome as forced labor on the cocoa plantations.

"We didn't want cotton, but we had to grow it; we wanted to grow cassava, beans and maize. One cotton producer reported, If we refused to grow cotton they arrested us, put us in chains, beat us and then sent us to a place from where we didn't come back." (Mondlane, 1969: 85)

Isaacman notes further,

When sipias (local police), who regularly patrolled the fields noted that a particular cotton plot was not properly weeded or that only a portion of the demarcated area was under cultivation, they beat the guilty party and, if a women was involved, sexually abused it as well. Repeaters went to jail for a minimum of thirty days, depending on the whim of the company overseers and local administrators. Peasants covertly planting other crops or caught working in their family plots during restricted hours suffered similar fates.

(Isaacman, p.9)
The amount of time required to grow cotton and the need to meet production quotas, weeding and harvest schedules meant that growers had little time to spend growing their own crops. Results were either mass starvation or high degrees of malnutrition. Frequent food shortages and famines were reported by Colonial officials. In 1951 three to four thousand cotton producers were reported to have died of famine in Northern Mozambique. (Isaacman, 1980: 12). Mass starvation occurred in neighboring areas again between 1955-57 hundreds died from starvation, but the precise figures were withheld by authorities. (A. Castro, 1978: 287).

The depressed price structure prohibited growers from purchasing food to supplement their diets, while at the same time guaranteeing a high rate of return to both the concession companies and the textile industrialists. Throughout the period of forced cotton production the prices for cotton, controlled in Lisbon, increased at a lower rate than for any other agricultural product grown in Mozambique.14 By 1958, high quality cotton sold for less than one-half the price paid in So. Rhodesia and slightly higher than two-thirds the price in Uganda and Kenya.17 The textile industrialists of Northern Portugal were the greatest beneficiaries of the cotton production. First, the prices paid for Mozambican cotton were often one-half the current world price as can be seen on the following table:
**TABLE V - 1**

**Comparative Prices for Ginned Cotton**

<table>
<thead>
<tr>
<th>Year</th>
<th>Mozambican Cotton Price (approximate)</th>
<th>World Cotton Price (approximate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947-48</td>
<td>.46 dollars</td>
<td>.77 dollars</td>
</tr>
<tr>
<td>1948-49</td>
<td>.47</td>
<td>.86</td>
</tr>
<tr>
<td>1949-50</td>
<td>.48</td>
<td>1.33</td>
</tr>
<tr>
<td>1950-51</td>
<td>.49</td>
<td>1.32</td>
</tr>
<tr>
<td>1951-52</td>
<td>.53</td>
<td>1.00</td>
</tr>
<tr>
<td>1952-53</td>
<td>.54</td>
<td>.83</td>
</tr>
<tr>
<td>1953-54</td>
<td>.53</td>
<td>.83</td>
</tr>
<tr>
<td>1954-55</td>
<td>.53</td>
<td>.90</td>
</tr>
</tbody>
</table>


Second, with prohibitions against establishing textile factories in the Colonies, the Metropolitan industrialists were guaranteed a protected market for low quality textiles which they sold to the Colonies at prices insuring their large profit. A study done in 1945 estimated a thirty-one fold disparity between the price the peasants received for raw cotton and the cost of retail cloth. A 1949 study noted that on average a peasant had to produce 115 kilograms of cotton to be able to purchase one kilogram of finished cotton.  

The general conditions produced by the Cotton Regime, which lasted until 1961 when War began in Angola, are best summed up by the following recollection of a member of a cotton producing family:
My whole family produced cotton for the Companhia Agricola Algodeeira. When the Company came to exploit our region, everyone was forced to cultivate one field of cotton...It was extremely difficult to make a living because we were badly paid for it, and we didn't have time to look after our other crops...The time of the cotton growing was a time of great poverty, because we could only produce cotton, and we did not have time to produce other crops. We were forced to produce cotton. The people didn't want to: they knew cotton is the mother of poverty, but the company is protected by the government. We knew that anyone who refused to grow it would be sent to the plantations on Sao Tome where he would work without pay at all...

(Mondlane, pp. 85-86)

The cotton producers were worse off than if they had been paid laborers. They were paid poorly and only for what they had produced, whatever the risks. Criticism of the hardships endured under the cotton program produced the following response from the formulators of the 1946 Cotton Regulation (Regulamento de Algodao—Decree No. 35.844, Aug. 31, 1946):

> It is not certain that the natives are the exclusive sufferers of the risks entailed in the concession zone. The problem has been fundamentally misstated. In fact it is necessary to make it clear that while the concessionaire intervenes in the production by means of propaganda, the one, the only and the true producer is the native. The "concessionaire," situated within the industrial milieu, while influencing the agricultural process...neither can nor should participate in the risks which are part of agriculture, but only in those which properly belong to industry.19

South African Mine Emigration

The best defense against the oppressive conditions of shibalo labor, forced cotton production, or the threat of exportation to Sao Tome was emigration to the South African mines. The Portuguese State, both before and during the Salazar Regime profited from that emigration in several ways.26
Although migration to the mines started soon after gold was discovered in 1897, the process was legally instituted in 1909 with an agreement with South African recruiters organized as the Witwatersrand Native Labor Association (WNLA), also called Nenela. They were granted free recruiting privileges in Southern Mozambique in return for a guarantee that a minimum percentage of sea traffic to Johannesburg would pass through the Port of Lourenço Marques. The Transvaal-Mozambique Convention of 1909 was followed by the Portuguese-South African Convention of 1928, later to be revised in 1934, 1936, 1940, and 1964.  

Port revenues were a small portion of the benefits to Mozambique and Portugal. By far the largest source of state revenue came from the sale of labor through a compulsory system of deferred payment of a percentage the miners' wages paid in gold, usually on the order of sixty per cent. Through the Mozambique Convention of 1928, the Portuguese were able to retain the gold, which was valued at a special premium rate, and then sell it on the free market. The miner was paid in local currency only when he had returned to Mozambique at the end of his contract which usually ran from twelve to eighteen months. In addition to the revenues from deferred payments, the South Africans paid the Portuguese State a fee for each recruit ($5.25 per head in 1958) and allowed the Portuguese to maintain tax-collecting posts (curadorias) within South Africa in order to secure tax revenues from the Mozambican miners. Although the number of migrant workers varied during the Regime, from 1936 to 1960 approximately 75,000 to 100,000 Mozambicans worked in the mines annually. In addition to gold mining, workers were recruited for platinum and coal mines and for agricultural work, primarily in the Natal sugar fields. Aside from the physical handicaps suffered, the
mining contract system had dire effects on Mozambican agriculture, and contributed to the generally poor nutritional conditions of Mozambican labor. The mining contracts, usually for twelve months, were organized in total disregard of the agricultural cycles. Since a miner could not regulate the time of his departure or return, it was impossible to provide agricultural labor for his own household.²³

Portuguese Colonial labor policy, by virtue of the controls it imposed, provided an almost limitless supply of labor to the South African mines. It also insured the destruction of subsistence agriculture. Since migration to South Africa by formal contract to the WNLA was the best defense against shibalo labor, there was an unending supply of mining migrants. When "recruitment" for shibalo labor was intensified in a particular region of Southern Mozambique, the WNLA recruiting posts, strategically placed throughout the Region, were deluged with workers to sign mining contracts. Official figures show that in 1954, for example, mines were receiving 75,000 fresh recruits per year. In fact the figures for labor migration in general were much higher if one considers the clandestine migration. "So great is the pressure generated by the legal definition of idleness that the Portuguese have found it impossible to confine the total labor emigration to the Union of South Africa within the limits envisioned by the international agreements." (Harris, 1958: 28) The Statistical Yearbook of Mozambique for 1954 lists 173,433 indígenas (natives) registered at the Curadoria of Transvaal. Of these, 62,717 were employed outside the mines in industries or services and most of the latter group were clandestine labor that had been discovered and brought under the control of the Curadoria. The illegal migrants were escaping
both shibalo labor and the conditions of the mining contracts.

In addition to the WNLA recruiters there were other recruiters operating the concession area of the WNLA who, in 1954, had brought in 178,780 additional Mozambicans. The total number of Southern Mozambicans working in So. Africa and So. Rhodesia for that year from all recruiting companies and both legally and clandestinely was estimated at 400,000, approximately two-thirds of the active male population of So. Mozambique. Thus, Portuguese labor policy forced most of the So. Mozambican male population into absentee wage labor. "By making it impossible for the African male to live in his own home, they have not only prevented the development of modern homestead farming, but have reduced the productivity of homestead agriculture below its level in primitive times." (Harris, 1958: 30)

The labor policies described thus far - the shibalo system, forced cotton production, and the emigration to the So. African mines, all had their roots in periods before the Salazar Regime. They were employed and intensified by the Regime, though, through a conscious segments of Portuguese development policy. The statement made by Marcelo Caetano quoted at the beginning of this Chapter is relevant in this context and bears repeating:

The blacks in Africa must be directed and organized by Europeans but are indispensable as auxiliaries... and must be regarded as productive elements organized or to be organized in an economy directed by the Whites.

Speaking of the Mozambique Convention, but relevant to the whole range of Colonial labor policies, James Duffy has noted:
More disturbing than these abuses [deferred pay, chiefs having to deliver quotas of workers] is the recognition implicit in the terms of the Convention that the Portuguese Colonial administrators regarded the African as a commodity, no longer to be sold as a slave, but still to be exchanged in the market of material values... The Mozambique - S. African Convention is an international projection of contract labor, and as such it is the step-child of a centuries-old policy in Portuguese Africa which, stripped to its essentials, has regarded the African as a working hand, call him slave, libero, contratado, voluntario, or what you will.

(Duffy, 1959: 173)

Angolan Labor - The Cocoa-coffee emigration

The notion of the African as commodity and the use of forced labor was accepted to a degree, by all European colonial powers. The Portuguese, however, relied on and profited from forced labor to a much greater degree, for a much longer period, and in far more extreme forms than their Northern neighbors. 24 No where is this seen more clearly than in the "emigration" of Angolan labor to the Sao Tome and Principe cocoa plantations. It is commonly referred to as the Sao Tome slave labor scandal, 23 brought to international attention just after the turn of the Century by several English men concerned with the implicit involvement of British chocolate manufacturers in the slave trade.

It is your business. The existence of slave owning and slave trading in the colonial possessions of the Portuguese Republic is a matter which vitally concerns every British subject, for British honor and the British traditions are intimately bound up with this question...It is the imperative duty of each of the European powers to demand the cessation of this crime, but that it continues to flourish under the protection of Great Britain.

(J.H. Harris, 1913: 9)

As with labor practices throughout the Colonies, the use of Angolan
labor in Sao Tome shows a continuity of several hundred years. Slavery in Portuguese Africa was formally abolished in 1878, the position of the slave being changed to *liberto* or *servicial*. The change was in name only. In a section entitled "The Contract Fiction, When a Slave is not a Slave," J.H. Harris notes "The planters insist that because Portuguese law does not recognize the state of slavery, and because the proceeding by which the men on their estates have been obtained is covered by contract, their system is therefore one of free contract labor." The first and the most prominent of the reports, by British journalist Henry Nevinson in *A Modern Slavery* (1906) reported annual death rates among Angolan slaves to be 20% among adults and 25% among children. The administrative apparatus established to handle the distribution of slaves demonstrates the intent of Portuguese policy, although the apparatus was euphemistically called an "Emigration Board". A second well-known report by William Cadbury of the chocolate manufacturing family, a Quaker, and member of the British anti-slavery Society, noted following a visit to Sao Tome that "the Angolan laborers, on arrival in the Islands, are allotted to the various estates by the local Board of Labour and Emigration." It was emigration in the broadest possible definition.

The slave practices continued in one degree or another until the early 1960's, following the pattern of similar labor practices outlined above. Slavery was stopped in intermittent years by individual Colonial administrators when labor shortages reached crisis proportions within Angola. (Wheeler, 1971: 139). In 1942, for example, in a concession to the local settler community to insure national loyalty and unity, the
Governor-General of Angola banned labor exports to Sao Tome. (Wheeler, 1971: 145)

While the Sao Tome slave trade was the most infamous of the labour abuses in Angola, the forms of forced labor described above for Mozambique were also prevalent in Angola. Women and children were routinely used for infrastructural projects:

The unpaved roads on which I drove were a great deal worse than any I had used in 3,000 mile auto trip in the Congo. Nevertheless, there are plenty of road-works going on in Angola - but almost entirely by women and children. In several places, I saw African women with road-tools in their hands hacking away at rough bits in the surface and filling in holes. Once I saw an African over-seer with his "badges of office" (a club and a whip), largely for show but occasionally used.

Gwendolyn Carter, 1960

Forced labor increased again in Angola with the beginning of the coffee boom after 1945. Coffee became Angola's primary export and brought new prosperity to the white Angolan oligarchy. The coffee boom also had profound effects on Angolan society and economy, for it encouraged emigration from Portugal, European land-buying, and intensified forced labor practices. From 1945-1960, Angola became the first coffee producer in Africa and third or fourth in the world. (Wheeler, 1971: 136-137) Although cultivated since the mid-19th Century, coffee made its most dramatic increases in productivity in the post-war period:
TABLE V - 2

Coffee Production in Angola for the Years 1893-1962

<table>
<thead>
<tr>
<th>Year</th>
<th>tons of coffee produced in Angola</th>
</tr>
</thead>
<tbody>
<tr>
<td>1893</td>
<td>8,000</td>
</tr>
<tr>
<td>1910</td>
<td>6,140</td>
</tr>
<tr>
<td>1926</td>
<td>9,343</td>
</tr>
<tr>
<td>1935</td>
<td>10,277</td>
</tr>
<tr>
<td>1942</td>
<td>18,966</td>
</tr>
<tr>
<td>1951</td>
<td>38,860</td>
</tr>
<tr>
<td>1956</td>
<td>66,543</td>
</tr>
<tr>
<td>1960</td>
<td>87,217</td>
</tr>
<tr>
<td>1961</td>
<td>168,000</td>
</tr>
<tr>
<td>1962</td>
<td>185,000</td>
</tr>
</tbody>
</table>


Angola had traditionally been plagued by a 'shortage' of labor for European cash-crop enterprises, and it was this shortage that was a rationale for the forced labor regime. The 'shortage' was, in fact, a reflection of working conditions within the Colonies - poor or non-existent wages, corporal punishment, malnutrition - which stimulated Portuguese African emigration to neighboring countries. Mozambican emigration to South Africa has already been noted. In addition, Angolans emigrated to the French Congo, the ex-Belgian Congo, Northern Rhodesia, South West Africa, and South Africa. With the influx of white Portuguese to Angola, unemployment for Angolans migrating to urban areas increased dramatically adding to the emigration of Angolans to neighboring countries. Accurate emigration statistics are difficult to find. Wheeler claims 30,000 Angolans annually emigrated to neighboring states. (p. 147) Anderson compiled the following table comparing numbers of emigrants from Mozambique with other African emigration from
1952-54. The Mozambican emigration almost equalled the emigration of all other territories combined:

TABLE V - 3

<table>
<thead>
<tr>
<th>Emigration from Mozambique and Other African Territories (numbers in 1000's)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Sudan (to Uganda)</td>
</tr>
<tr>
<td>Uganda (to Tanganyika,Zanzibar)</td>
</tr>
<tr>
<td>Kenya (to Uganda,Tanganyika,Zanzibar)</td>
</tr>
<tr>
<td>Tanganyika (to Zanzibar,Nyasaland)</td>
</tr>
<tr>
<td>Ruanda-Urundi (to Congo,Tanganyika)</td>
</tr>
<tr>
<td>Congo (to Uganda)</td>
</tr>
<tr>
<td>Northern Rhodesia (to Congo,Tanganyika, S.Rhodesia,Union of South Africa)</td>
</tr>
<tr>
<td>Nyasaland (to Tanganyika,Zanzibar,S.Rhodesia, Union of South Africa)</td>
</tr>
<tr>
<td>Southern Rhodesia (to Union of South Africa)</td>
</tr>
<tr>
<td>Bechuanaland (to N.Rhodesia,S.Rhodesia,Union of South Africa)</td>
</tr>
<tr>
<td>Mozambique (to Zanzibar,Tanganyika,Nyasaland S.Rhodesia,Union of South Africa)</td>
</tr>
</tbody>
</table>

Source: Perry Anderson 1962(II): 94

The figures clearly reflect the working conditions within the Portuguese African colonies. They also support the claim that Portuguese emigration, whether from the Metropole or from the Colonies, must be seen as an integral part of the economic and labor policy of the Regime. Clearly, the Mozambican mine emigration was, in part, a response to So. African immigration policies. However, the conditions within Mozambique, as a result of the Portuguese labor code, were so severe as to make So. Africa a preferred alternative. The labor conditions stimulating emigration were controlled by the means of physical force described above. They were also sustained by a complex
administrative structure which limited mobility and thus assured the existence of a labor force to be coerced and exported.

The Assimilado System

The restrictions and repression of the Colonial labor code were a logical extension of the administrative system set up during the Republic and refined at the beginning of the Estado Novo. The "assimilado" system defined the legal distinction between two types of African population - 1) the assimilado (assimilated) who a) could speak Portuguese, b) had divested himself of all tribal customs, and c) was regularly and gainfully employed; 2) the indigena (native) - the category made up of all Africans who did not possess the above qualifications, making up the vast majority of the Colonial African population. It was only the indigenas who were subject to forced labor and recruitment. The general effects of the assimilado system were to curb African mobility and assure a labor force for the economic activities outlined above. It was, in effect, a more extreme version of the general stabilizing policies in force both in the Colonies and in the Metropole and another form of the glorification, of rural life (Chap.III), the ideology promoted in order to prevent the emergence of social unrest in Continental Portugal.

Since the first assimilation law in 1917 until its alleged abolition in 1961 when the Angolan War broke out, the assimilation statutes went through an evolution reflecting both the needs of the State and pressures from international bodies concerned about the conditions of Portuguese Colonial labor. The version most characteristic of the Estado Novo is found in the Colonial Act of 1931, the Imperial Organic
Charter, and the Overseas Administrative Reform Act of 1933. The paternalistic tone and humanitarian facade of the Decree is reminiscent of the statements made regarding the protection of labor in Metropolitan Portugal during the same period (see Chap. III).

The goal of the Portuguese policy is to bring about the integration of the native peoples into the Portuguese nation; this goal must be pursued prudently, always keeping in mind that the natives have a culture, a social organization and a law of their own which must be respected and maintained; the obligation of the state is to protect the African in his primitive condition against the abuses and control of the colonists, to protect his property, to supervise his labor contracts with *nao-indigenas*; the African's assimilation is to be obtained through the Portuguese language, education, instruction, and Christianity; the African is guaranteed, once he has acquired a civilized way of life, the same juridical privileged as a born Portuguese.

The restrictions imposed on the lives of *indigenas* were far-reaching. *Administradores* (administrators of the approximately eighty juridical divisions within Mozambique) controlled such activities as leaving and returning to the district of residence; all commercial transactions between *indigenas* and other population categories, including sale and purchase of land, machinery and consumer goods; the decision to pursue a certain occupation; all banking activity, the authorization of feasts and ceremonies; the decision as to the qualifications of an *indigena* to reach the status of *assmilado*, and the labor restrictions outlined above. Such control was justified by Marcelo Caetano as a protection of natives against the unjust and arbitrary actions of tribal chieftains:
The close connections between various races, the educational policy of spiritual assimilation and the general use of the Portuguese language make it necessary for the method of indirect administration to be applied only rarely. In law, chiefs appointed in accordance with old tribal customs and brought under single control be European administrators are regarded as authorities within the Portuguese hierarchy. Such chiefs collaborate with the administration and receive orders and instructions from the later (sic) who see to it that their subjects carry them out. But, in fact, Portuguese authorities supervise native communities closely and intervene directly in their affairs, thus avoiding despotism by the chiefs and preventing reactionary methods.

(Caetano, 1951: 47-48)

Portugal's own reactionary methods were reformed, in theory if not in actual practice, in response to international trends of self-determination and pressures to "modernize" the colonial structures in the wake of the Indian demands for the return of Goa in 1961. In order to join the United Nations and to avoid censuring resolutions condemning Portuguese abuses in Africa, the Colonies were transformed into "Overseas Provinces", making the African populations not oppressed subjects, but "an integral part" of Portugal. Changes in the Portuguese Constitution stipulated:
The Overseas Territories of Portugal are given the generic name "provinces" and have a politico-administrative organization suitable to their geographic situation and their conditions of social environment.

(Article 134)

The overseas Provinces as an integral part of the Portuguese State are linked to each other and to the Metropolis

(Article 135)

...the solidarity between the overseas provinces and the metropolis includes especially the obligation of making an appropriate contribution to guarantee the integrity and defense of the Nation as a whole.

(Article 136)

Continuing international pressure and the outbreak of War in Angola forced further reforms in the Colonial labor statutes in the early 1960's. Under the leadership of Adriano Moreira, Minister of the Overseas Provinces (Ultramar), considered then something of a liberal reformer, the Estatuto das Indígenas was abolished and replaced by a system of identity cards which ostensibly did away with the assimilado/indígena distinction. With the change, all citizens of Angola, Mozambique and Guinea were formally made full Portuguese citizens. In reality, however, the distinction remained in force. Different cards were issued to those "citizens" who had previously been indígenas and those who had been classified as citizens before 1961. Former indígenas received a cartão de identidade specifying place of birth and current residence. Former citizens received a bilhete de identidade with no reference to birthplace and residence. "Thus, in practice it is easy for the authorities to distinguish between these two classes of citizen, and the details supplied on the cartão de identidade help police apply the old laws restricting the activities
and mobility of the indígenas." (Mondlane, 1969: 42)

As the war in Angola intensified and revolt was brewing in Guinea and Mozambique, Portugal was pushed to defend itself in a characteristically lofty tone. Adriano Moreira justified Portugal's efforts in Africa:

Our aim and our duty...are to see to it that social justice prevails in all layers of the population, and we think we must always take into account the actual circumstances and each individual and each group that make up the Portuguese people. It would be contrary to our traditions and our principles to adopt any regime which, directly or indirectly, did violence to the populations in the sphere of their private lives.

(p. 194)

As regards the labor regime, we know that our Code, enacted many years ago, embodies a doctrine which has not been surpassed by the most modern international conventions, drawn up under the authority of the International Labor Office. The exports, despite their praiseworthy efforts and achievements, have not succeeded in formulating general rules or technical principles which were not already to be found in the Portuguese legal texts, for the simple reason that the latter always took their inspiration from a respect for the dignity of human beings.

(pp. 195-196)

I do not know how anyone can in good faith accuse us of standing still in Africa, nor do I think that any responsible government, responsible in the sense of not being demagogic, could give proof of greater attention and persistence in searching for ways progressively to put into practice social justice.

(p. 197)

The Regime's over-all aim of assuring an abundant labor pool, carried out in large part through the assimilado policy, was reinforced in the Colonial education system. Education was a scarce resource and, until the 1960's, attainable by only a small minority. The education structure was an integral part of the assimilado system, for it limited the numbers who could reach assimilado status. The control of education
for Africans is best exemplified by the "rudimentary school," run essentially by Portuguese Catholic missionaries and with certain fixed objectives as set forth in the *Estatuto Missionario* of 1941:

Native education will conform to the doctrinal orientation established by the Political Constitution, will for all effects be considered official and will regulate itself by the plans and programs adopted by the governments of the colonies. These plans and programs will have in view the perfect nationalization and moral uplift of the natives and the acquisition of habits and aptitudes for work...it being understood that by moral uplift is meant the abandonment of indolence and the preparation of future rural and industrial workers who produce enough to meet their own necessities and fulfill their social obligations.

(Article 68)³⁷

The Church's role in the control of African mobility is seen in a pastoral letter written by Cardinal Cerejeira in 1960:

We try to teach the native population both in breadth and depth to (teach them) reading, writing, and arithmetic, not to make "doctors" of them...To educate and instruct them so as to make them prisoners of the soil and to protect them from the lure of the towns, the path with which devotion and courage the Catholic missionaries chose, the path of good sense and of political and social security for the province...³⁸

The results of the Colonial education policy are impressive - not for their success in educating the African population, but for their achievements in constraining African mobility. In 1968, between 95 and 98 percent of the African population of Mozambique was illiterate. In 1955 there were 2,041 rudimentary schools (2,000 run by the Catholic Church) with 242,412 pupils. In 1959 there were 392,796 pupils of whom 6,928 passed onto primary schools. In 1963, out of the six secondary schools (three state, three private) educating a total of 3050 students, 6% were black Africans.³⁹ The Church's aim of making Africans "prisoners of the soil", as Cardinal Cerejeira's pastoral letter stated, is best
reflected in agricultural and industrial wages of Africans compared to other segments of the population.

| TABLE V - 4 |

| Agricultural and Industrial wages of Portuguese African labor |

<table>
<thead>
<tr>
<th><strong>Agricultural Wages:</strong></th>
<th><strong>Annual wages in escudos</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>47,723.00</td>
</tr>
<tr>
<td>Colored</td>
<td>23,269.10</td>
</tr>
<tr>
<td>Assimilated Africans</td>
<td>5,478.00</td>
</tr>
<tr>
<td>Unassimilated Africans</td>
<td>1,404.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Industrial Wages</strong></th>
<th><strong>Qualification</strong></th>
<th><strong>Daily wages in escudos</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>none</td>
<td>100.00 minimum</td>
</tr>
<tr>
<td>Colored</td>
<td>none</td>
<td>70.00 minimum</td>
</tr>
<tr>
<td>Africans</td>
<td>semi-skilled</td>
<td>30.00 minimum</td>
</tr>
<tr>
<td>Africans</td>
<td>unskilled</td>
<td>5.00 minimum</td>
</tr>
</tbody>
</table>

Source: Mondlane, pp. 43-44

At a basic level, the Colonial education policies and practices were merely a more extreme form of those of Metropolitan Portugal with regard to the constraints on mobility and maintainance of an abundant and cheap labor force. One key difference was that Salazar used education to perpetuate an elite in continental Portugal while he used education to prevent the emergence of an elite in the Colonies. In both Europe and Africa, the Portuguese education system and its ideology of the glorification of the rural life served to insure an ample, if repressed, supply of labor until the 1960's when the response to the repression was revolt in the Colonies and emigration from the Metropole.
The Economic Value of Portugal's Colonial Labor and Emigration Policy

During the course of the 1960's and early 1970's, Portugal's Colonial military budget was, at its highest, fifty percent of the national budget. (Bender, 1974: 122). These expenditures came at a time when Portugal's industrial developmental push was at its height and when infrastructural projects to support that development were of the highest priority. Why did Portugal persist, at tremendous expense, in the attempt to maintain the Colonies when the rest of Europe had relinquished theirs, and opposition to Portugal's stand was growing among most Western and Third World countries?

The answer is directly related to the developmental strategy that Salazar pursued during the course of the Regime, and the changing role of the Colonies' economic contribution as the Salazarist Model changed. As has been stressed throughout this Chapter, the economic contribution of the Colonies must be seen in conjunction with Colonial emigration and labor policy, for it is only through the export and control of its labor that Portugal has profited from its Empire. The economic value of the Colonies up to the 1960's falls into four categories: equilibration of balance of payments, protection of Metropolitan markets, provision of raw materials, and absorption of Metropolitan labor (this latter to be discussed below). For each of the labor phenomena discussed above - shibalo labor for infrastructural projects, forced cotton production, and emigration to the Rand mines, I summarize here its contributions to and effects on the Regime's economic strategies. 46

Shibalo Labor, Mining Emigration and the Balance of Payments
The mechanism by which Portugal profited from the foreign transactions of the Colonies was determined in a 1931 Law (Decree 19.773), covering the entire escudo zone, which required that all gold or other foreign earnings be deposited in Lisbon, and that all interterritorial payments be made in escudos. By such a centralization of exchange operations, Portugal was the benefactor of the forced labor practices and Transvaal emigration of Mozambican miners.¹ The Native Labor Code instituted in 1928 (Katzenellenbogen, 1981), although a continuation of earlier practices of forced labor, nevertheless systematized a means of extracting free labor used, in large measure, for the construction of Mozambique's ports, roads, and railroads. The transport infrastructure was crucial to Mozambique's over-all balance of payments in several ways. While Mozambique has consistently maintained a negative balance of trade, especially with regard to Portugal, the revenue gained from the transport (port and railway services) largely of goods to and from South Africa, served to off-set the negative trade balance as can be seen in the following figures:

TABLE V - 5

<table>
<thead>
<tr>
<th>Mozambique Balance of Payments 1964-1968</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>1965</strong></td>
</tr>
<tr>
<td>Balance of Trade: -1,242,306</td>
</tr>
<tr>
<td>Salaries:</td>
</tr>
<tr>
<td>125,088</td>
</tr>
<tr>
<td>Transport:</td>
</tr>
<tr>
<td>1,113,639</td>
</tr>
<tr>
<td>Tourism:</td>
</tr>
<tr>
<td>13,608</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>1966</strong></td>
</tr>
<tr>
<td>Balance of Trade: -1,776,835</td>
</tr>
<tr>
<td>Salaries:</td>
</tr>
<tr>
<td>197,968</td>
</tr>
<tr>
<td>Transport:</td>
</tr>
<tr>
<td>1,627,089</td>
</tr>
<tr>
<td>Tourism:</td>
</tr>
<tr>
<td>75,037</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>1967</strong></td>
</tr>
<tr>
<td>Balance of Trade: -1,954,075</td>
</tr>
<tr>
<td>Salaries:</td>
</tr>
<tr>
<td>255,186</td>
</tr>
<tr>
<td>Transport:</td>
</tr>
<tr>
<td>1,689,812</td>
</tr>
<tr>
<td>Tourism:</td>
</tr>
<tr>
<td>79,451</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>1968</strong></td>
</tr>
<tr>
<td>Balance of Trade: -1,900,484</td>
</tr>
<tr>
<td>Salaries:</td>
</tr>
<tr>
<td>333,383</td>
</tr>
<tr>
<td>Transport:</td>
</tr>
<tr>
<td>1,977,631</td>
</tr>
<tr>
<td>Tourism:</td>
</tr>
<tr>
<td>98,583</td>
</tr>
</tbody>
</table>

The Mozambique Convention, it will be recalled, was an agreement whereby fifty percent of the imports to the Transvaal would be routed through the port of Lourenço Marques in exchange for privileges of recruiting mine labor in Southern Mozambique. The latter arrangement profited Mozambique, and by extension Portugal, in several ways. A head-tax for each miner was paid in gold by the recruiters to Mozambique; the miners were expected to pay a tax on their earnings; and, most lucrative of all, after the first six months of the miners' contract, sixty percent of the miners' earnings were deferred and paid only upon return of the workers at the end of the contract. The mines deposited the deferred payment in gold in the South African Reserve Bank which then made quarterly payments in gold to the Banco Nacional Ultramarino directly in Lisbon. Portugal then sold the gold on the world market at the unofficial price, but sent the miners' wages back to Mozambique in escudos. (Mittelman, 1978: 47) Profits gained from mine emigration are difficult to calculate with accuracy because of fluctuating numbers of miners, levels of wages, price of gold, and length of contract. However it has been estimated that Portugal profited from the arrangement by between 35 and 48 million pounds per year (Mittelman, p. 47). United Nations figures for the years 1959 to 1963 are as follows:
TABLE V - 6

Payments in respect of migrant workers registered in the Transvaal

<table>
<thead>
<tr>
<th>Year</th>
<th>Taxes, fees, etc.</th>
<th>Total</th>
<th>Deferred</th>
<th>Remittances</th>
<th>Wages Pd. in S. Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td>34.6</td>
<td>130.6</td>
<td>108.4</td>
<td>3.3</td>
<td>18.9</td>
</tr>
<tr>
<td>1962</td>
<td>57.6</td>
<td>137.1</td>
<td>107.1</td>
<td>3.1</td>
<td>26.9</td>
</tr>
<tr>
<td>1961</td>
<td>56.7</td>
<td>130.4</td>
<td>101.3</td>
<td>3.2</td>
<td>25.9</td>
</tr>
<tr>
<td>1960</td>
<td>58.6</td>
<td>143.5</td>
<td>114.9</td>
<td>5.7</td>
<td>22.9</td>
</tr>
<tr>
<td>1959</td>
<td>57.2</td>
<td>119.3</td>
<td>105.7</td>
<td>1.6</td>
<td>12.0</td>
</tr>
</tbody>
</table>


And for the 1970's, Mozambique obtained 42% of its gross domestic product and between 50 and 60% of its foreign exchange earnings from So. Africa (Mittelman, 1978: 44).43

The relationship between shibalo labor and the Transvaal mine emigrant labor was a complicated one. On the one hand, the use of shibalo labor in constructing Mozambique's infrastructural facilities allowed for the agreement whereby port revenues were to be exchanged for mining recruits. On the other hand, Mozambicans found the conditions of the Transvaal mines, bad as they were, preferable to those of forced labor. Emigration to the mines was also preferable to the system of cotton production, the arrangement by which forced labor was used to profit the Portuguese textile industry.

Cotton Production and Textile Markets

The Portuguese balance of payments was also one of the prime rationales for the establishment of the cotton production system in
1938. At a time of economic "stabilization" and of the promotion of the textile industry, Portugal's largest export industry, Salazar wished to have an internal supply of ginned cotton. As can be seen from the following table (V-7), in 1960 Portugal was the almost exclusive recipient of Colonial cotton.

**TABLE - 7**

**Cotton Exports From Mozambique -- 1960**

<table>
<thead>
<tr>
<th>Country</th>
<th>Tons</th>
<th>1000's of Escudos</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>39,167</td>
<td>637,206</td>
</tr>
<tr>
<td>Japan</td>
<td>1,736</td>
<td>20,185</td>
</tr>
<tr>
<td>Belgium-Luxemburg</td>
<td>851</td>
<td>9,537</td>
</tr>
<tr>
<td>So. Africa</td>
<td>671</td>
<td>8,433</td>
</tr>
<tr>
<td>France</td>
<td>165</td>
<td>1,672</td>
</tr>
<tr>
<td>Formosa</td>
<td>99</td>
<td>1,169</td>
</tr>
<tr>
<td>England</td>
<td>836</td>
<td>957</td>
</tr>
<tr>
<td>Other Countries</td>
<td>870</td>
<td>2,370</td>
</tr>
</tbody>
</table>

Source: N.S. Bravo, p.83

The availability of Colonial cotton was important to the growth of the textile industry in two ways. First, the most rapid growth of the textile industry occurred in the post-War decade 1946-55 when cotton was in short supply and world prices were high. As was seen in Table V-1 the price of Colonial cotton to Portuguese textile manufacturers was well below world market prices. In 1955, for example, the cotton supplied to Portugal from Mozambique would have earned 68% more if sold on the international market. An average of 87% of Portugal's cotton needs was supplied by the colonies during the period of the compulsory
production quota system."

Second, the protected Colonial market for Portuguese textiles, although perhaps detrimental in the long-run, was nevertheless a boost to the industry during the time that the Modelo Economico was in force. In 1955, for example, over 62% of the total value of cotton fabric exports was from sales to the Colonies. (Fernandes, 1960: 235) As will be seen below, the sales of Metropolitan cotton were to drop significantly in the 1960's as new economic priorities replaced old protectionist strategies.

The significance of Portugal's trading relationship with the Colonies, up to 1960, is clear when compared to the trading relationships of other European former Colonial powers. The following Table (V-8) shows that the Colonies were relatively much more important to Portugal as suppliers of materials as export markets than were other African territories to their Metropolitan countries. In contrast, Portugal was relatively much less important as a market for the Colonies than were the other Metropolitan countries.
TABLE V - 8

**Metropolitan-Colonial Trade Relationships among European Countries**

(Percentage of Value of Total Imports and Exports)

<table>
<thead>
<tr>
<th></th>
<th>Metropolitan Countries</th>
<th></th>
<th>Overseas Dependencies</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Imports from Overseas</td>
<td>Exports to</td>
<td>Imports from Metropolitan Countries</td>
<td>Exports to Metropolitan Countries</td>
</tr>
<tr>
<td></td>
<td>Territories</td>
<td>Territories</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belgium-Luxembourg</td>
<td>5.5</td>
<td>4.4</td>
<td>35.1</td>
<td>31.0</td>
</tr>
<tr>
<td>France</td>
<td>7.7</td>
<td>8.6</td>
<td>64.0</td>
<td>65.0</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>4.9</td>
<td>5.6</td>
<td>39.7</td>
<td>46.4</td>
</tr>
<tr>
<td>Portugal</td>
<td>11.7</td>
<td>25.6</td>
<td>38.6</td>
<td>28.6</td>
</tr>
</tbody>
</table>

Source: Fernandes, 1960: 241.48

Fernandes sums up the relationship as follows:

The gist of the matter is that Metropolitan Portugal depends heavily on its overseas territories as sources of raw materials and foodstuffs, and as markets for the output of its industries, while, on the other hand, the incipient state of development of metropolitan manufacturing industry and the smallness of the Portuguese consumer markets seriously restrict the role of Portugal as supplier of the raw materials and capital goods required by the overseas territories, and as a major outlet for their agricultural exports.

(1960: 240)

The importance of the Colonies as a protected market for Portugal becomes even more significant when seen in the context of Portugal's own weak domestic market as a consequence of the low wage structure dictated by the Modelo Economico (see Chap. III).49 Through the forced cotton production system for the Metropolitan textile industry, the colonies provided the economic benefit of raw materials and markets. Politically, the colonies allowed the Regime to aid a set of interests whose support was crucial to the Regimes existence.
The foregoing discussion has pointed out some of the prime benefits of the Colonies to Metropolitan Portugal. It is not meant to be a complete accounting or cost-benefit analysis of the Colonial-Metropolitan relationship, but rather an indication of why the Regime so adamantly fought to retain its Empire in an era of outright anti-Colonialism and the role of labor and emigration in that attempt.

Methods of Securing the Empire

At the start of the Portuguese Colonial Wars in 1961, Portugal had the unique distinction of being the European nation most dependent economically on its African possessions, poorest economically of all European nations, and most reluctant to grant independence to the colonies, much less begin the transition process. Such a seemingly anachronistic position makes sense from a Portuguese point of view when seen in the context of post-War European political and economic developments.

Most European ex-colonial powers, even after relinquishing political control of their possessions, had reached levels of economic development that insured continued economic dominance in their ex-colonies. Continued political control was both costly and unnecessary. Portugal in the early 60's, as usual an exception to the pattern, could not be assured continued economic benefits if political control was relinquished.
One of the reasons for Portugal's apparently irrational insistence upon political control in the face of these on-going guerilla wars is that Portugal itself remains an underdeveloped country, lacking the industrial and financial strength that would assure the the dependency of Angola and Mozambique after the withdrawal of its political-military apparatus.

(Harris, 1972: 222)

Methods of insuring Colonial political control during the course of the Regime were varied. Military force was the final, most visible and most costly of the efforts. It was preceded, however, by decades of attempts aimed at creating a white presence in Africa through emigration of Metropolitan subjects. The settlement of white Portuguese in Africa served a number of purposes as the Regime evolved economically and politically. In the first decade, the Regime's protectionist urban labor policies served to constrain British influence in Mozambique as well as secure the role of white Portuguese in Mozambican commercial circles. The vastly expensive but largely unsuccessful agricultural settlement programs (colonatos), expanded during the 1950's, were aimed at expanding cash-crop agriculture in the Colonies as well as creating a bulwark against burgeoning opposition independence movements. The markedly increased emigration of the final years of the Regime reflect not only the economic conditions within Portugal, but also the Regime's changing economic strategies vis-a-vis the Colonies. The Colonial emigration efforts constitute an explicit emigration policy and must be examined along with the policies stimulating emigration of colonial subjects to neighboring territories as discussed above, and the emigration of Metropolitan Portuguese to Brazil or Europe.

As with most contemporary phenomena in Portuguese political economy, the relationship between emigration and colonization has its roots in
the 19th Century, if not earlier. Whether from the grandiose ideological position that emigration was "the most efficient means for a country to extend its empire over the world," or to the more practical realization that the former (Brazil) and present Colonies would be needed to absorb the demographic excesses of the Metropole, emigration was seen, to a greater or lesser degree, as a crucial factor in Portuguese development. The destination of the "demographic excess" however, was crucial to the Portuguese economy. There was a clear distinction made between the role that Portuguese migrants would play in Africa and that in the Americas, specifically Brazil. Africa was seen either as a place of refuge for exiled criminals (degredados) and for those Portuguese who were not successful in Brazil or for those who had the managerial skills and capital to profit from the African native. The place for the bulk of the Portuguese peasantry leaving the poor agricultural conditions of Northern Portugal, though, was clearly Brazil. The distinction was made between emigrating to colonize and emigrating to profit from African labor. In the extensive report accompanying the presentation of the Lei de Fomento Rural (Law of Rural Development) to the National Chamber of Deputies in 1887, Minister of Finances Oliveira Martins stated:
The word 'colonize', always in vogue with respect to Africa, should be substituted by the word 'exploit' if we wish to use the adequate terms with precision...It is a dangerous illusion to think of channeling to Africa the migratory flows from the Minho, Madeira, and the Azores - proletarians, illiterate workers, who today are in great demand in countries with a shortage of labor, and who in Africa, would be reduced to working in competition with the Negro races. What Africa needs is not laborers, but what the English called 'skilled labor' - directors, foremen, overseers, engineers, administrators, under whose orders black arms, docile and strong as they are, extract from the earth the riches therein...Farmers, working the soil with the hands of Negroes, that is the mission of the Portuguese to Africa..."\(^2\)

There is in Oliveira Martins a clear expression of Portuguese class and racial attitudes toward African laborers that was to be the basis for Colonial labor policies in the Twentieth Century.

To detour to Africa this emigratory flow, to create with it an agricultural colony is what, in clear and simple thinking, many see written the future of Angola and Mozambique. We have written decisively against a similar idea which is one more proof of the rashness and lack of sense with which opinions are formed in Portugal. The defenders of the colonization of Africa are the same as those who affirm the appropriateness of the Black for free and salaried work, without remembering that this latter condition, by itself alone, without other motives, would be sufficient to condemn to ruination the Portuguese emigrants who are proletarians.\(^3\)

The value to the Portuguese economy of emigration to Brazil rather than to Africa was an explicit consideration of Afonso Costa, one of the first Republican Prime Ministers (Jan., 1913 - Feb., 1914) and later Treasury Minister (Nov., 1915 - Dec., 1917). Recognizing that emigration was the only solution to population pressures created by the change in property structures in Portugal, Afonso Costa nevertheless argued that Angola and Mozambique already had abundant labor (witness the emigration
of Africans to S. Tome and Principe and the Rand mines) and therefore did not need white labor. To send white Portuguese emigrants to Africa would be "utter madness" (p. 172). "Our colonial exploitation...needs not labor [i.e. white labor] but men of initiative and money, much money." (p. 173) Moreover, he argued, even though it might seem "rationally necessary to let our emigration flows spill out into Africa, where would the money to support the emigration come from? A budget even three times what we have available would still be insufficient for such a project." 44 Emigration statistics for the period are consistent with official attitudes toward African emigration. Between 1898 and 1907 a total of 270,976 emigrated, with only 15,700 to Africa. 45

Although official Portuguese policy toward Brazilian emigration will be discussed more fully in Chapter VI, it should be stressed that the Portuguese emigrant was seen as an instrument in the process of keeping the chronically precarious Portuguese economy afloat. The importance of emigrant remittances from Brazil and the fostering of commercial ties between Portugal and Brazil by emigrants was more important to the pre-Republican and Republican governments than attempting to foster Colonial development for which the Portuguese government did not possess the resources. In a plea to regularize emigration to Brazil in order to take better advantage of the opportunities for remittances, Afonso Costa stated in 1911:
Thus, the interest of the State corresponds to that of the emigrant. If today he suffers the horrors of misery, he nevertheless contributes so heavily to saving our finances, tomorrow when emigration is carefully regulated and the emigrant, the instrument of progress and of wealth, were protected and helped with care, how much more would be developed the forces which now are only operating spontaneously and in a disordered fashion? Once again, we have verified that mankind is good. The people are virtuous. Only the administration is miserable. Here is a possibility which the governments not merely disdained but rejected, as did so many others. They even roused anger against it, and worked against its success. Well, then, despite the dispraisal and ill-will, despite this choice of doing the opposite, it was this phenomenon of emigration which saved us, or rather, which gave time to the Portuguese people so that, looking for a definitive political organization, that it saved itself. That is, then, that emigration is the touchstone of the new governments in the work of resurrecting the country.

(p. 183)

In 1911 the resources from the Colonies were substantial, but there was no opportunity for Portuguese emigrants to send back remittances.

Attempts to Create a White Presence in Africa

The organized emigration policy Afonso Costa had urged in 1911 became a reality during the Salazar period — but for Africa and not Brazil. Motives for the change in policy are complex, and must be seen in the context of the over-all Salazarist colonial policy to be discussed below, as well as in the abrupt change in world and specifically Brazilian economic conditions. With the international financial crisis in 1929 came also the collapse of the Brazilian coffee market and the temporary reduction of Portuguese emigration. Remittances from Brazil fell sharply as well.

Salazar's early African emigration policies fall into two basic categories — first, the labor absorption policies which are part of the
larger Metropolitan and Colonial protectionist strategy, and second, the explicit colonization schemes to set up agricultural settlements for white Portuguese. Salazar saw a need for absorption of continental Portuguese in Africa because the conditions for industrialization did not exist yet in Portugal. That vision was expressed in a 1936 speech given at the inaugural session of the Economic Conference for the Portuguese Colonial Empire:

...The Mother Country and its adjacent islands have a population of seven million people, while more than a million have emigrated during the last fifty years. After allowing for births and deaths, the annual increase in population is now over 80,000; at one time it was nearly 90,000, and soon it will be one hundred thousand; that is, one million people every ten years. Consequently, if no untold circumstances arise, especially if the Portuguese are not converted to the practice of birth control as advocated by pretended civilization, and even if the Brazilian preference for the Portuguese emigrant should continue, we shall have to support and maintain within thirty years from now a population of from nine to ten million Portuguese...The problem of this ever-increasing population, which the land is unable to support, and if it were able to support would be unable to absorb, demands a solution in the immediate future. I cannot see a way out except emigration to the colonies, or a more active development of the industries of the country. Through the latter alternative, the surplus population could be absorbed, and it would be possible for dense populations to exist without discomfort; but in this case, it will be necessary to establish favorable conditions for industrial development.  

The general stabilizing and consolidating tendencies of the Thirties discussed above are reflected in the legislation of the period to protect white Portuguese workers in Mozambique. Aimed at loosening the long-established control of British and South African shipping companies, a 1927 law required "a minimum of 75% of all non-African personnel working as stowers, deliverers, stevedores, and overseers for private firms or
State departments by Portuguese nationals, and that no further work permits be issued to foreigners for such positions." A 1930 Law required that 2/3 of all non-African personnel on urban construction projects be Portuguese and half of that group to be White. A third Law required that the non-African staff of all commercial firms be 70% Portuguese. (Penvenne, 1982: 416-418) The preferential hiring policy should be seen as a measure to reduce White Portuguese unemployment in the Colonies as much as a labor absorption measure for continental Portuguese. In fact, when unemployment was at its peak in 1933-34, Portuguese immigrants were refused entry into Mozambique if they could not prove a guaranteed job once in Mozambique. (Penvenne, 1982: 420)

The restrictive emigration policy was to change drastically just after WWII, however, when the Regime actively began to seek continental Portuguese for its agricultural and infrastructural schemes. Although ultimately unsuccessful in terms of numbers of participants, and productivity levels, the planned settlements (colonatos) must be seen as an important ideological and political segment of the Regime's Colonial strategy. Soon after the end of World War II, an explicit Colonial emigration policy began to emerge. A 1947 statute urged the establishment of a Colonial emigration Office stating:

> Considering the necessity of regulating Portuguese emigration, taking into account the protection due the emigrants, the economic interests of the State and the increase in value of the Overseas Territories by the increase of the White population...

(Décreé-Law 36: 199)

In 1957, through decree-law 41.455, the Junta de Emigração was designated the "organizer of the overseas applications of the families..."
whose destination was the overseas colonatos.

The motives for establishing the agricultural settlements were as political as they were economic. In the name of teaching the natives to abandon their traditional communal property in favor of the more "civilized" mode of private property, Adriano Moreira, Overseas Minister, justified the establishment of colonatos in this way:

...Everything is being tried to make rural populations abandon their traditional community property in favor of individual property of the civilized type. The experiments conducted in Angola under the name of colonato...aim at forming a class of farmers owning individual property. The Agricultural Department of the Province chooses an area considered suitable and carries out all the necessary work to prepare the land for cultivation..."8

The increasing importance given to the establishments of colonatos parallels the increasing perception that the Colonies were essential to Portugal's economic and political survival. Until the 1950's however, the schemes remained more myth than reality because of bureaucratic ineptitude, lack of planning, and unavailability of credit. Inspector General of Angola Henrique Galvao remarked:

We have the most perfect and the most copious legislation, synthesizing the best doctrines and holiest intentions - but we don't have, to correspond to such a flower of rhetoric arranged in articles and paragraphs, one example of the realization of European settlement."

The lack of success of the earlier settlement programs has been consistent with the Regime's inability to invest in the Colonies during its stabilization phase. Bender notes:
Since the major aim of Salazar's Estado Novo was the stabilization of the Metropolitan economy, the colonies were forced to pay their own way. Unfortunately, during this period Angola did not "pay" enough to provide the typical infrastructures which could ensure the necessary base for the thousands of colonos envisioned in the settlement programs.

(Bender, 1973: 239)

The 1950's marks the beginning of Metropolitan Portugal's planning phase for industrial infrastructure within both Portugal and the Colonies. The budgets allocated for colonato development reflect that change. The first Development Plan (1953-58) allocated Colonial budget resources in the following way:

- 61.9% Transport (esp. RR) and communications
- 16.3% Electrical Energy
- 10.5% Irrigation (almost entirely destined to facilitate colonization)
- 1.9% Colonization (Colonização)
- 5% Local Improvements

The allocation of the Second Plan (1958-63) was as follows:

- 45.6% - Transport and Communications
- 22.3% - Settlement (Povoamento the same as colonization in Plan I)

In a comparison of development plans of other African territories of the period, Joao Salgueiro has noted that the Portuguese Colonial budgets were the only ones calling for an intensification of white settlement. In the Third Development Plan (1968-73) called for still further increases in settlement budgets saying:

In the first place, it is hoped that one of the consequences of greatest importance of the intensification of planned productive activities will be spontaneous settlements which will be stimulated afterwards through measures of support to production and communication. Thus will be fulfilled one of the imperatives of the Portuguese presence in Africa...
The Second and Third Plans show most clearly the intensified efforts of the Regime to increase planned white settlement. However, in the face of already heavy emigration to Europe, and especially France, the task of convincing Metropolitan Portuguese to participate in planned settlements was difficult. Two segments of the population were thought to be likely prospects for settlement in Africa—demobilized soldiers, already familiar with Africa, and migrants already in France. The Regime targeted these two groups for recruitment, albeit unsuccessfully. The efforts to recruit former military personnel and their families were clearly motivated by political/military as well as economic considerations. The Regime's Colonial Agency published articles urging the establishment of agricultural colonies comprised of demobilized military and their families "with one hand on the sword and another on the plow." In speaking of the necessity of developing Mozambique to be able to hold onto it, one article says:

so that the settlement of the mobilized military is successful, it is necessary that the official organs of the Metropole responsible for the occupation of the Portuguese space, such as the services of Overseas Settlement and the National Employment Service collaborate intimately with the Provincial Settlement Board of Mozambique. The latter, in turn, would create poles of attraction and centers of agrarian development to receive the European settlers, in such a way as to advance not only the economic and social progress of the European, but also that of the less evolved Black...42

The military motive behind the emigration was explicit:
The intensive settlement of the Province of Mozambique, especially in the North where the demographic index is sparse, is part of the most elementary measure of survival. The creation of a strong demographic infrastructure in certain zones of the Province—those of terrorism—is a conscious measure to resist the multiple dangers which want to ambush us, threatening our position in Africa.

(Silveira da Costa, 1967: 59)
The Regime, through its various wings, offered a number of incentives to ex-soldiers to return to Africa permanently. For example, the Movimento Nacional Feminino, a kind of women's auxiliary to the Regime established in 1965 contacted returning soldiers, offering them such incentives as free passage back to Africa, a 'transition' stipend to establish themselves and their families, usually in a commercial venture.43

The campaign to recruit ex-soldiers as settlers to the agricultural areas was carried out through a two-month 'orientation' program begun in 1969 by the Secretariado de Colonização de Provincia. Those 'soldado-colonos' who had completed the fifth year of school were trained as 'social educators' with the aim of stimulating them to remain. Upon completion of the course the recruits would be paid 3200 escudos a month and be employed by the Secretariado in 'social service action' and in 'mobile teams for community development.'44 Rationale for the program was as follows:

The densification of police coverage and the substitution of military units with these special units, can facilitate the installation, under stable conditions, of {ex}soldiers and their respective families.45

The emigration of more than a million Portuguese to Europe and the Americas was clearly a threat to the Colonial interests, and a number of attempts were made to re-channel the migratory flow. Fostering the planned settlements was one of them:

If we proceed this way we will increase in a short period the demographic presence in Northern Mozambique, in this way detouring the emigration of Metropolitan people to Europe and Latin America

(Silveira da Costa, p.63)

Administrative changes within Portugal served the purposes of re-directing the flow of 'demographic excesses' from Europe to Africa and
coordinating the activities of the official emigration agency and the Colonial Settlement Board. In July, 1970, the Regime's Council of Ministers (Conselho de Ministros) created the National Emigration Secretariat (Secretariado Nacional de Emigração) removing the emigration issue from the Ministry of the Interior where, under the Junta de Emigração, it had been treated as a security matter, it was now to be an independent body, responsible to the Prime Minister. Under its own national Secretariat, emigration could be dealt with more flexibly in connection with the Ministry of Labor and the Overseas Ministry. The administrative change also indicates the new importance emigration had as a national problem. The reasons given for the establishment of the new Secretariat make a clear connection between emigration and colonial priorities:

...to control and channel migratory flows, especially to the Overseas Provinces and to construct a complete network of support for emigrants..."'

That support included the following, as outlined in a 1970 publication of the newly formed Secretariat:

- Free passage for the farmer and his family to his place of installation in the Province of Mozambique
- Extra travel subsidies
- A house ready to inhabit
- Approx. 100 hectares of land
- Technical agricultural assistance (use of agricultural machinery, seeds, chemical products, construction, irrigation, etc.)
- Social assistance (medical, schools, social clubs)
- Subsidies for the following: food during the first year, settling in allowance, 600 escudos for furniture, subsidies for production costs - seeds, fertilizers, tools, construction, payment of salaries, etc."

It is significant that the colonial settlement scheme was published by the Secretariat of Emigration, indicating the Regime's conception of colonialism and emigration as part of the same process. Two years later
the Secretariat stressed the same connection in several well-publicized speeches. One example notes, in explaining the function of the Secretariat beyond the previous functions of the old Junta de Emigração in just controlling clandestine emigration, and processing medical exams and passports.

But the essential functions aren't these. They are rather, on the one hand, in regulating the circumstances and intensity of migratory flows, and, on the other hand, in orienting emigration to where it is deemed advisable. On this latter point it should be clarified that the Organic Law of the Secretariat gave particular emphasis to collaboration between the Secretariat and the Overseas Ministry in the sense of channelling, with preference to the Overseas Provinces, the excesses of Metropolitan labor. It is an objective which, in the Preamble of the document which created the Secretariat, is considered of the highest priority, for obvious reasons....** (emphasis mine)

As the Colonial Liberation Wars intensified and proliferated, the labor needs of the Colonial interests became more varied. The massive hydroelectric and irrigation projects of Cabora Bassa (Mozambique) and Cunene (Angola) required supplies of labor which the Colonial Minister tried unsuccessfully to divert from the Portuguese emigrant community in Paris. The Minister claimed to the emigrants that

many Portuguese emigrants have offered to work in the construction of the Cabora Bassa dam. We will soon be able to publicize the measures adopted for the creation of favorable conditions for the establishment of Portuguese who want to go...The problem is not difficult per se but the enormity of the undertaking is what makes necessary the great efforts requiring the collaboration of all honest and well-intentioned Portuguese.**

In an attempt to insure adequate manpower for the armed forces, the planned settlements, and the infrastructure projects, quotas on the number of Portuguese legally allowed entry into France were set in the
1970 bi-national agreement between France and Portugal. In negotiations for the Agreement the French, still in need of imported labor, and having a particular preference for Portuguese labor, wanted to set the limit in excess of 100,000 Portuguese allowed in annually. High-ranking French labor officials claimed that the Portuguese military put pressure on the Portuguese negotiators to limit the number to 40,000. A compromise figure of 65,000 was reached. According to French officials interviewed, the Portuguese Agreement was the only one of several bi-national accords signed by the French which limited by the sending country the number of emigrants.⁷⁰

It is useful to recall at this point the comments of Oliveira Martins and Afonso Costa in the late 19th and early 20th Centuries. At the time, emigration to Brazil was seen as the more advisable and profitable for the Portuguese State than emigration to Africa. The priorities of the State in 1911 were remittances. In 1970, the future of the Empire was at stake, and exporting labor to Africa for both military and civilian purposes was equally as important as the foreign reserves gained through remittances.

Despite vast sums spent on the planned settlements of Angola and Mozambique, they are generally considered to have been a failure in terms of numbers of White Portuguese who settled permanently and the effects of the programs on the native population. For Angola alone the Regime spent and estimated $100,000,000 to settle a total of 1824 Portuguese of whom 54% left the settlement after an average of four years.⁷¹
The settlement schemes were highly detrimental to the native population. Vast areas of productive land held by Africans were ceded to white settlers with a sharp drop in native livelihood. For example, in the years 1968-70 alone, the amount of land held by Europeans in Huambo District of Angola more than doubled — from 249,039 to 526,270 hectares — while areas of native cultivation dropped by 36.5%. The reduction in cultivatable land, among other factors, contributed to a decline in income for African farms from $98.00 in 1964-65 to less than 35.00 in 1970. (Bender, 1923: 264) While the planned settlements failed to draw Metropolitan Portuguese to the Colonies, the lure of the lucrative Angolan coffee boom in the mid 1950's and 1960's drew Portuguese in unprecedented numbers, increasing the resident Portuguese population nearly 400% from 1940-60:

**TABLE V - 9**

<table>
<thead>
<tr>
<th>Year</th>
<th>European Portuguese</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>9,177</td>
</tr>
<tr>
<td>1920</td>
<td>20,000</td>
</tr>
<tr>
<td>1940</td>
<td>44,083</td>
</tr>
<tr>
<td>1950</td>
<td>78,000</td>
</tr>
<tr>
<td>1955</td>
<td>110,000</td>
</tr>
<tr>
<td>1960</td>
<td>172,000</td>
</tr>
</tbody>
</table>

Source: Wheeler, p.138

By 1970 the White Portuguese population was 205,000 in Mozambique and 500,000 in Angola. (E. S. Ferreira, 1974a: 183)

The emigration of Continental Portuguese wishing to profit from the
coffee boom affected the native population in ways similar to the colonato scheme. The numbers of Africans displaced was staggering (Henderson, p. 135), subsistence farming decreased and Africans were forced to work for Portuguese coffee planters at near starvation wages. Of all the forms of Portuguese Colonial emigration, that resulting from the coffee boom was of the clearest economic value to the Portuguese state. Emigration from the coffee boom ties together several themes discussed throughout the Chapter, relating to the political and economic value to Portugal of Colonial labor and emigration, black and white. It is interesting to note also the historical parallels with 19th Century emigration in which the Brazilian coffee boom, along with the ending of Brazilian slavery as a source of labor, produced the major waves of Portuguese emigration of the second half of the 19th Century (See Chap. VI). The coffee-based Brazilian emigration, as Oliveira Martins and Afonso Costa noted, was of crucial importance to the Portuguese economy.

Coffee was even more important in the Twentieth Century. First, it produced the White presence that the Regime had wanted in order to secure the Colonies. Second, coffee was the Colonial agricultural product most important for the Portuguese balance of payments. As noted above, the monetary exchange between the escudo area (Portugal and the Colonies) and foreign countries was coordinated through a central foreign exchange fund in Lisbon. Of the entire escudo area, Angola, because of the coffee production and trade which was largely in the hands of white Portuguese, was the only territory to have an external trade surplus. Portugal benefitted from Angola's trade surplus by way of a triangular flow of commercial payments: 1) coffee revenues (foreign
exchange) from the outside to Angola; 2) from Angola to Metropolitan Portugal; and 3) from Metropolitan Portugal to the outside world (Fernandes, 1960: 243). Although it is difficult to obtain exact foreign exchange earnings from coffee, it has been estimated that between 1948 and 1957, for example, Angola's exports were valued at 27 million contos of which the equivalent of 18.3 million contos— or the sum of U.S. $600,000,000 was paid into the Exchange Fund.\textsuperscript{75}

While coffee was not the only Colonial foreign exchange earner, it was clearly the most important one and contributed to the overall value of the colonies to the Portuguese balance of payments until the mid and late 1960's. Until 1966, the Colonies accounted for well over fifty percent of the total of Portuguese foreign exchange earnings.\textsuperscript{74} As can be seen by Table V-10, emigration to the colonies reached its highest rate after the beginning of the Colonial Wars in 1961. The marked increase in emigration despite the Wars can be attributed to the factors mentioned above— the coffee boom in Angola and the various government incentives for emigration to both territories. It can also be attributed to a marked change in Portugal's economic relationship with the Colonies. The revolutionary action of the independence movements as well as the threat of competition from European economic competition, simultaneously brought about a re-thinking of developmental strategies vis-a-vis the Colonies, producing major changes in Metropolitan development strategies, with grave implications for labor absorption in Portugal.
TABLE V - 10

Emigration to Colonies, 1937-69

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Emigrants to Colonies</th>
<th>Angola</th>
<th>Mozambique</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937</td>
<td>4,896</td>
<td>2,235</td>
<td>1,882</td>
</tr>
<tr>
<td>1940</td>
<td>5,968</td>
<td>2,714</td>
<td>2,535</td>
</tr>
<tr>
<td>1950</td>
<td>19,409</td>
<td>12,369</td>
<td>5,610</td>
</tr>
<tr>
<td>1951</td>
<td>20,144</td>
<td>12,611</td>
<td>5,700</td>
</tr>
<tr>
<td>1952</td>
<td>25,593</td>
<td>16,871</td>
<td>6,420</td>
</tr>
<tr>
<td>1953</td>
<td>23,665</td>
<td>15,586</td>
<td>5,846</td>
</tr>
<tr>
<td>1954</td>
<td>24,004</td>
<td>16,062</td>
<td>5,758</td>
</tr>
<tr>
<td>1955</td>
<td>27,593</td>
<td>18,764</td>
<td>6,450</td>
</tr>
<tr>
<td>1956</td>
<td>27,848</td>
<td>17,764</td>
<td>7,991</td>
</tr>
<tr>
<td>1957</td>
<td>27,301</td>
<td>17,458</td>
<td>7,682</td>
</tr>
<tr>
<td>1958</td>
<td>31,673</td>
<td>19,896</td>
<td>9,368</td>
</tr>
<tr>
<td>1959</td>
<td>34,771</td>
<td>21,886</td>
<td>10,319</td>
</tr>
<tr>
<td>1960</td>
<td>32,028</td>
<td>17,714</td>
<td>11,180</td>
</tr>
<tr>
<td>1961</td>
<td>23,099</td>
<td>12,448</td>
<td>8,177</td>
</tr>
<tr>
<td>1962</td>
<td>40,653</td>
<td>28,047</td>
<td>9,649</td>
</tr>
<tr>
<td>1963</td>
<td>34,493</td>
<td>21,146</td>
<td>10,134</td>
</tr>
<tr>
<td>1964</td>
<td>37,202</td>
<td>23,653</td>
<td>10,788</td>
</tr>
<tr>
<td>1965</td>
<td>39,395</td>
<td>24,493</td>
<td>11,276</td>
</tr>
<tr>
<td>1966</td>
<td>36,196</td>
<td>24,309</td>
<td>8,605</td>
</tr>
<tr>
<td>1967</td>
<td>30,322</td>
<td>20,980</td>
<td>6,330</td>
</tr>
<tr>
<td>1968</td>
<td>35,252</td>
<td>24,464</td>
<td>7,574</td>
</tr>
<tr>
<td>1969</td>
<td>31,171</td>
<td>21,050</td>
<td>7,231</td>
</tr>
</tbody>
</table>

Source: E.S. Ferreira, 1975a:

182.**

New Colonial Strategies - Implications for Northern Industry and Metropolitan Labor Absorption

The most significant change was the sharp reduction of protection for Portuguese industry - both from foreign competition, and from industrial competition, especially textiles, in the Colonies. It will be recalled
that the Metropolitan-Colonial economic relationship, exemplified most clearly through the mandatory purchase of Colonial cotton and the protected market for cotton textiles, had been a major support to Portugal's largest export industry and largest single industrial employer of Metropolitan labor. With the shift in Colonial strategy of the 1960's came not only the loss of protection but also the notion that the textile industry relocate in the Colonies. Thus, not only was labor to emigrate, but industry as well.

The shift in development strategy is entirely consistent with similar shifts within Portugal vis-a-vis foreign investment and industrial development and a reorientation toward European trade as discussed in Chapter III. The joining of EFTA in 1964 and the prospect of eventual membership in the EEC stimulated the more progressive-minded industrialists to reconsider the value of the old Colonial Pact protectionist strategy. Portugal would be a more attractive and competitive European Community member if Colonial resources were developed and trade patterns expanded. The shift in trade strategy away from the Colonies and towards Europe is seen in both the general trade pattern of the Sixties and specifically the textile trade:
TABLE V - 11

**Portuguese Exports in the Sixties (in %)**

<table>
<thead>
<tr>
<th>Area</th>
<th>1960</th>
<th>1970</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colonies</td>
<td>26</td>
<td>14</td>
</tr>
<tr>
<td>EFTA</td>
<td>21</td>
<td>41</td>
</tr>
<tr>
<td>EEC</td>
<td>22</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: E.S. Ferreira, 1974: 162

TABLE V - 12

**Evolution of Metropolitan-Colonial Exports of Textiles and Garments (of Colonial Export out of Total Export)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Garments</td>
<td>20.4</td>
<td>13.2</td>
<td>12.7</td>
<td>12.1</td>
<td>2.3</td>
</tr>
<tr>
<td>Textiles (cotton and synthetics)</td>
<td>47.7</td>
<td>48.0</td>
<td>47.6</td>
<td>42.8</td>
<td>22.5</td>
</tr>
</tbody>
</table>

Source: Barata, 1974: 165.

The loss of Colonial protection for the textile industry, as seen in the above Table, meant a forced up-grading of quality for those able to compete. However, for most of the industry, having operated for thirty years within the protective schemes of wage constraints, condicionamento industrial, colonial markets, and restrictions against foreign imports, the new strategy meant an erosion of their base of Regime support. The shift in strategy is also diagnostic of the rise in power of Portugal's banking and industrial monopolies under whose command the newer capital intensive industries (steel, cement, ship-building, chemicals, petroleum
refinery) were developing. This development came at the expense of the traditional industries, most notably textiles. Recall that credit for textiles manufacturers controlled almost entirely by the monopolies, was sharply restricted in the 1960's (Chap. III).

The change was institutionalized through two key statutes, decree-law 44.016 of 1961 and decree-law 478/71 of 1971. The first introduced what was known as the "liberal" phase, a period in which there would be a single Portuguese market and free circulation of goods, people, and capital. There was also introduced a system of interterritorial payments in an attempt to regularize exchange between the Metropolitan/Colonial markets and foreign markets. The second decree formally began the Colonial import-substitution phase, partly in an attempt to correct a transfer of payment problems for Angola in particular, and partly to stimulate Colonial industrial development. It was one more stage in the efforts to consolidate the Empire. (Torres, 1981: 21)" The industries that had been protected in the Metropole and had been prohibited in the Colonies, essentially those industries like textiles that were now considered less efficient, were encouraged to move to the Colonies.

What is of concern here is not the complex details of the new strategy, but the implications for both Colonial and Metropolitan emigration. The strategy required the establishment in the Colonies of a new White entrepreneurial, managerial and technical elite not needed before because of the restrictions on industrial activity. Andriano Moreira, Overseas Minister, expressed the notion clearly in a speech to the Legislative Council of Angola shortly after the outbreak of the War.
It is here in Angola that the most apt should come to defend the general interest and their own private interests, establishing themselves whenever possible with capital and technology in order to accompany first-hand the evolution of circumstances, and intervene in time. Instead of goods and services going elsewhere, that which serves the national interest is to channel to the Provinces the personnel and goods which are indispensable to the consolidation of development of our presence. With the increase of entrepreneurs who live in Angola, their specific problems will certainly benefit from the effects of the increased migratory flow which must be strengthened in order to fortify our occupation. A rational employment plan depends largely on the capacity of private initiative to increase activity here, and there will be no lack of Government support to facilitate the flow of needed labor...  

Thus, such a move would serve the multiple purposes of helping to save the Empire, developing Colonial industry, and attracting White labor, thereby increasing the White presence in Africa and absorbing Portugal's 'demographic excesses'.

The notion that traditional Metropolitan industry should transfer to the Colonies was expressed by a number of key Regime members throughout the sixties. One high Colonial official wrote in 1965 in Angola:

> It would be good for the Metropolitan industrialists who, in the short run will certainly be affected by this measure, to take precautions against its effects immediately by establishing themselves here with their technology and their capital.  

The shifting to the Colonies of those Metropolitan industries labelled 'non-productive' was stressed again by the Secretary of State for Industry Rogerio Martins in 1968 in saying, "we must transfer the textile industry from Minho to Angola." The shift would allow the Metropole to phase out its unprofitable industries and begin to specialize in higher quality products.  

In the context of, on the one hand, the Regime's attempts to
encourage the emigration to the Colonies of Portuguese in France and of
demobilized military, and, on the other hand, the apparent lack of
concern for the plight of Northern industrialists in their shortage of
labor (Chap. IV), the encouraging of the textile industry to move to
Angola makes sense. Just as the Colonies had been the dumping ground
for lesser quality textiles and wine in the first half of the Century,
they now became the depository, in theory at least, for the older, less-
efficient labor intensive industries. The transferred industries could
continue to absorb Metropolitan labor as well as use African laborers
who were beginning to demand greater participation in the development
process. In fact, there was never a significant dislocation of
traditional industry, for the Revolution brought an end to the Empire.
But the policies in favor of such a move are indicative of the attempts
to modernize industrially by using the Colonies to slough off labor that
would be displaced in the process of modernization.

Summary and Conclusions

This chapter has argued that the Regime's Colonial labor policies and
the emigration, both planned and spontaneous to and from the colonies,
were key factors in the Salazarist development strategies. The colonial
policies were consistent with the general characteristics of the Modelo
Economico in a number of ways. First, the underlying theme in the first
years of the Regime was that of stabilizing the Metropolitan-Colonial
economic relationship. The stabilization included insuring an ample and
cheap source of one of Portugal's most necessary raw materials, cotton,
and maximizing the flow of gold and foreign exchange through Mozambican
port revenues, remittances, and deferred payments of Mozambican miners
in So. Africa. Second, similar to metropolitan Portugal but in a more exaggerated form, the Regime instituted a system of social and political controls which, on one hand, severely limited the mobility of the native population, and, on the other hand, insured a labor supply for the production of cotton, cocoa, coffee, transport infrastructure, Transvaal mining, and other economic activities. Third, by establishing a protected market for textiles and wine, the Regime, until the 1960's, was favoring those factions that had been two of its traditional sources of support - the industrial bourgeoisie of the North and the export wine growers and merchants.

Consistent with the shifting base of political and economic power and the changing relationship with more industrialized Europe, the old protectionist Colonial Pact strategy gave way, in the mid and late sixties, to a policy of capital investment in the colonies for limited industrial development. This development coincided with the new industrial strategies for metropolitan Portugal which emphasized capital intensive industrial growth at the expense of traditional textile and food processing industries that were, at the time, being encouraged to move to the Colonies.

The Regime's explicit Metropolitan-Colonial emigration policy, following closely the changes in economic and political strategy, began, for the first time, to encourage emigration to Africa. Statements from late 19th and early 20th Century political leaders had been clear in the perception that emigration was essential to the Portuguese economy. However, the inability of the state to invest in the Colonies meant that encouraging emigration to Africa was unsound economically. Emigration
to Brazil would reap the greatest benefits. The Salazarist shift to the policy of establishing a White presence in Africa was a consequence of external constraints on the emigration of Portuguese abroad (the Depression, constraints on the Brazilian economy, World War II), of the recognition of the value of the Colonies as an absorber of Metropolitan labor, and, finally, the realization that developing the Colonies was the only way to save them. That development was to occur, in part, through the leadership of White Portuguese managerial and technical personnel.

Analyses of the fall of the Regime in 1974 have pointed to the exhaustion of the Modelo Econômico and the inflexibility of the Regime in making the necessary changes. When these changes did come under Caetano in the last years of the Regime, they were too late and constrained by the persisting Salazarist support base. The most blatant long-term reaction against the economic and political strategies of the metropole was the emigration, by 1970, of some two million Portuguese, out of a population of nine and a half million. The most blatant reaction against the Colonial model was violent revolt and independence, gained only after the overthrow of the Regime.

It is perhaps ironic that during the period in which the Regime attempted to make changes in African development, through industrial development and nominal changes in Colonial social policy, the Metropolitan emigration to Africa reached its highest levels and deprived the African population of the benefits of the changes. The greatest decline in the native standard of living was a consequence of the increased settlement of White Portuguese which had been encouraged
by the Regime as a means to hold onto the Empire. Native reaction against the worsening conditions was a major factor in the disintegration of the Empire and the Regime. Thus, the Salazarist Colonial labor and emigration policy served to maintain the Regime up to the point that the protectionist strategies were no longer viable. When the tide turned in the 1960's those same policies contributed to the Regime's downfall.

From Os Nativos na Economia Africana, p. 16, written while Caetano was a professor of the Univ. of Coimbra, and quoted in Basil Davidson's Introduction to E.S. Ferreira, Colonialism in Africa: The End of An Era. Paris: UNESCO, 1974. Elsewhere, in the Introduction to E.S. Ferreira, Aspectos do Colonialismo Portugues, Lisboa, 1974, Davidson, referring to the same quote, described the statement as one Caetano made "to his own kind", i.e. to those of the Regime or sympathizers of it. It was not the public kind of statement which claimed that Portugal was influencing positively the development and civilizing of the Colonies. (p.19).

Such a notion is certainly consistent with similar statements found in 19th Century British Colonialism.


The 1897 Labor Code technically made the shibalo system illegal, and it was outlawed, formally, in 1906. In practice, however, the system continued until 1961.

The importance of the Colonies as a market for Metropolitan wine is related to the failure of commercial agreements between Portuguese wine producers and French wine merchants who refused in 1923 to allow unrestricted entrance of Portuguese wines into France. Portuguese wine interests had sought such an agreement in order to reduce their dependence on the English market. The failure of negotiations stimulated a turn to the Colonial market in an effort to create self-sufficiency within the Portuguese 'economic space'. Salazar was to systematize the effort ten years later. (F. Medeiros, op cit., p. 368). Discussions of the relationship between the shibalo system and the wine trade for the period 1870-1910 may be found in Jeanne Penvenne, A History of African Labor in Lourenco Marques, Mozambique, 1870-1950. unpub. dissertation, Boston Univ., 1982, Chap. 4, part 3, pp. 114-146, Chap. 9, pp. 393-400, 447,454. A general discussion of the export of cheap Portuguese wines to the Colonies may be found in Jose Capela, 1973, Vinho Para o Preto, Notas e Textos Sobre a Exportação do Vinho Para Africa. Porto.

Relatorio do Governador Geral de Mozambique, 1940-42, Lisboa, Agencia Geral das Colonias, 1945, vol. II, p. 76, as quoted in Harris, 1958: 22. Lawrence Henderson who spent 22 years in Angola as a missionasry and as representative of Protestant missions and churches of all Angola to the Portuguese Government makes the following remark regarding the Portuguese claims of African laziness: "The purpose of forced labor was based on complete lack of appreciation of African culture. Since the Angolans did not offer themselves voluntarily for the jobs which the Europeans wished filled, the Portuguese concluded that they needed to teach the native the value and habits of work...The Angolans had well-defined work roles in their economies, and each language had a wealth of proverbs extolling the virtue of work and chiding laziness...The Portuguese because of their ignorance of the vernaculars could not understand these proverbs, nor could they recognize the work ethic which was integral to the traditional economy." Henderson, 1979, Angola, Five Centuries of Conflict, Ithaca: Cornell Univ. Press.

From Circular 818/D-7, as quoted in Harris, 1958: 22. Harris cites Circular 566/D-7 of May 5, 1947 which stated that all male natives (indígenas) between the ages of 18 and 55 were presumed to be idle unless they could prove the contrary. The required proof was satisfied in the following ways: 1) Being self-employed in a profession, commerce, or industry; 2) being employed permanently in the service of the state, administrative corps or private person; 3) having worked for at least six months in each year as a day laborer for the state, administrative corps, or private person;
4) having worked within the last six months in the Union of South Africa or the Rhodesias under a legal contract in conformity with international agreement; 5) being a cattle raiser with at least 50 head of cattle; 6) being registered as an agricultor africano under the terms of the Statute of the African Agriculturalist; 7) having completed military service and be in the first year of reserve. (Harris, 1958: 22-23)


13 Competitors for labor recruitment might have included representatives of the So. African mines or large sugar and sisal estates.


15 For example, in Niassa District, local government officials declared in 1951 that any male who failed to produce 400 kilos of cotton would be sent to work without pay on the European tea estates, "a powerful incentive to spend long hours in the cotton fields." (Isaacman, 1980: 10).

16 This is with the exception of rice which was also under forced production. For a description of similar practices in rice production see A. Castro, 1978: 288-290.

17 Bravo, 1963: 179-185. Despite the increase in cotton production compared to earlier periods, Harris points out that Mozambican cotton production was actually low compared to world standards. In 1956 Mozambique produced 103 lbs. of ginned cotton per acre compared with the world average of 245 lbs. per acre and the U.S. average of 416 lbs. per acre. (Cotton Quarterly Statistical Bulletin, Jan., 1956, p. 14, of Inernational Cotton Advisory Committee, Washington, as cited in Harris, 1958: 32.

18 Isaacman, 1980: 11. The marked increase of cotton sales to the Colonies during the Regime is not a new phenomenon. Miriam Halpern Pereira reports a similar increase in sales, primarily to Angola in the 1890's where the market had been previously monopolized by English textiles:
Cotton Textiles Sales to Angola

<table>
<thead>
<tr>
<th>Year</th>
<th>Tons of Cotton</th>
<th>Value (in 1000's of escudos)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1892</td>
<td>340</td>
<td>278</td>
</tr>
<tr>
<td>1893</td>
<td>692</td>
<td>549</td>
</tr>
<tr>
<td>1897</td>
<td>1700</td>
<td></td>
</tr>
<tr>
<td>1898</td>
<td>3955</td>
<td>2,435</td>
</tr>
</tbody>
</table>


19 In response to the claims of the Decree's formulators, the Bishop Beira, who enjoyed relative freedom from State censors, made the following statement in his book Ordem Anticommunista, Lourenco Marques, 1952, pp. 140-142. (as quoted in Harris, op cit., p. 33): "The cultivation of cotton in this colony is legalized by official document (Decreto 35: 844). Right at the outset I wish to affirm that there are aspects of this activity which can only with difficulty be justified in the light of Christian sociology. The first of these aspects is that the risks of production fall only upon the natives. It is true that the authors of the Decreto attempt to defend this and other weak points of the present system of cotton production. But they don't succeed. The motive which justifies the fact that the native is obliged to shoulder the risk is said to be that he is "the one, the only and the true producer" of cotton. "The concessionaire within the industrial milieu...neither can nor should participate in the risks..." But how can one believe this when everyone knows that it is the concessionaire who designates the place, assigns the acreage, furnishes the seed, arranges the work, determines the time, watches out for the preservation of the crop, orders the harvest to begin, etc., etc.? In practice, at least, what difference is there between the activities of these natives and those who work as contracted laborers on the farms? None, or better yet, a difference does exist: the contract laborers receive clothing, food, and board; here, nothing of this is supplied; whether the farm produces or does not produce, the contract worker receives a salary; here they receive the price of cotton if the seeding is successful and in case it isn't, as occurs in bad years for this kind of crop, they receive nothing."

20 The British Government also profited from the use of Mozambican labor. When the Conservative Government under Belfour fell in 1906 and was replaced by a Liberal Government headed by Campbell-Bannerman, the use of Chinese indentured laborers in the Transvaal mines was banned. The British were only to happy to have the Portuguese permit the use of Mozambican labor. (R.J. Hammond,
"Recruitment" was often a euphemism for entrapment of forced labor. In 1906 the British vice-consul in the Inhambane District of So. Mozambique reported that compulsory recruiting for the Transvaal mines was occurring in his District. "These boys are being caught like wild animals by the police boys in the employ of the Commandant...I have seen them myself arriving here in town under strong guard." (Hammond, 1966: 325).


For an extensive discussion of the conditions of the mining contract, see Ruth First, The Mozambican Miner, 1977, Maputo: Ctr. for African Studies, Univ. Eduardo Mondlane, Mimeo. For the period prior to 1928 see Katzenellenbogen (1981).

Perry Anderson notes: "Forced labor has at one time or another been used by almost all colonial regimes in Africa. It was particularly flagrant in French Equatorial Africa...up to 1945, in the form of forced commodity quotas of cotton. Madagascar in the 20's and 30's was as bad. It was widespread in Italian Ethiopa. It still exists in South Africa in the form of penal labour for infringement of pass laws (pay is 9d. a day). But in most cases it was either of marginal significance in the economy as a whole in the Congo (administrative drafts for road and hydraulic works in the Congo, the tobacco plantations in the Union), or represented an initial and transitional phase of economic development in the territory. Portuguese Africa is unique both in the continuity and the scale of its use of forced labor. "Portugal and the End of Ultra-Colonialism Parts I and II, New Left Review, nos. 15 and 16, 1962. Quote is from Part II, p. 95.


Nevinson observed the following after a visit to a Sao Tome plantation: "...if they could keep a slave alive for three or four years from the date of landing, he generally lived some time longer, but it was very difficult to induce them to live through the misery and homesickness of the first few years. This cause, however, does not account for the high mortality among the children. On one of the largest and best managed plantaions of Sao Tome, the superintendent admits a children's death-rate of twenty-five per cent...Our latest consular reports do not give as complete return of the death-rate for Sao Tome, but on Principe 867 slaves died during 1901, which gives a total death-rate of 20.67% per annum" Nevinson noted that the death-rate on Principe was ten times higher than that of Liverpool, the English city with the highest death-rate. A Modern Slavery, London, 1906: 190-191.


Prior versions may be found in the Estatuto Político Civil e Criminal des Indígenas das Colonias de Angola e Mozambique of 1926 and a similar decree of 1929. (Duffy, 1959: 294)

This summary of the several documents mentioned is found in Duffy. Duffy notes in FN 5, p. 372 that colonists even more conservative than Salazar were disturbed by the philanthropic wording of the legislation: "Eduardo d'Almeida Saldanha wrote: 'Dr. Oliveira Salazar, in complete ignorance of the constitutional and physical differences between the white man and black man and only influenced by the doctrine of equality of the idealists of the French Revolution ...has concerned himself only with creating a constitutional dogma largely favorable to the Negro.'" Colonias, missoes, e Acto Colonial, pp. xviii-xx.

Earlier international protests against labor abuses were largely ignored by Portugal. Notes Duffy: "Throughout the 1930's - and the 1940's- Portugal refused to sign the Forced Labor Convention
drawn up by the International Labor Conference, arguing that she was not in agreement with clauses restricting the use of conscripted labor to public works and that local conditions demanded that each colonial power should be permitted to deal with the problem of labor in its own way and not be subject to conventions that could not be satisfactorily applied. Portugal's reluctance to sign caused occasional sharp commentary abroad in the mid 1930's. At the same time Portugal turned down a loan from the League of Nations for Colonial Development, believing that it would place its colonies under foreign economic control." (p. 340).

35 As quoted by Duffy 1958: 280. Portugal's joining the U.N. and subsequent attacks on Portuguese colonial activity by Third World nations, and defense of those actions by Western nations is a complicated set of events, involving also Portugal's membership in NATO and the implications for Western defense interests. For a thorough description of the issue, see Wm. Hinter, 1972, Portuguese Africa and the West, N.Y., and Thomas Okuma, 1962, Angola in Ferment, the Background and Prospects of Angolan Nationalism, Boston, esp. Chap. 5.

36 'Ensino rudimentar' (rudimentary teaching) was called 'ensino de adaptação' after 1956.

37 As quoted in M. Harris, 1958: 15. The schools were attached to mission farms and students spent most of the day working to produce cash crops which were sold to benefit the Church. Detailed description of the school system may be found in Harris: 14-17, Duffy: 312-316, and Mondlane, Chapter 3, "Education and Submission." An account of a mission school by a former student illustrates the process: "I studied at the mission, but we weren't well taught. In the first place, they taught us only what they wanted us to learn – the catechism; they didn't want us to learn other things. Then every morning we had to work on the mission land. They said our fathers didn't pay for our food or our school things. The mission also received money from the government, and our families paid them fees. After 1958 our parents even had to buy the hoes with which we cultivated the mission land. (Mondlane, p. 72).

38 As quoted in Mondlane, p. 60. Mondlane himself is clearly an exception to the educational history of most Mozambicans. Born in So. Mozambique in 1920, he attended a mission primary school, but as an unassimilated African was denied entrance to secondary school. He managed to teach himself English and won a scholarship to a secondary school in Northern Transvaal, followed by studies in social science at Witwatersrand Univ. An American scholarship was granted to study at the Univ. of Lisbon, but police harrassment made studies impossible. He transferred the scholarship to the U.S. where he completed a B.A.,M.A.and Phd. in Sociology, the latter two at Northwestern. Following his job as a research officer at the U.N. Department of Trusteeship, he returned to Mozambique to help form FRELIMO and was elected its president. He was assassinated in Dar es Salaam in 1969.
See Mondlane, pp. 65-66, for figures of budget allocations for Mozambican education.

A thorough examination of all major colonial resources up to 1965 may be found in U.N. Doc. A/AC. 109 L. 334, 23, Sept, 1966.

By the 1931 law, 75% of the value of the goods exported to foreign countries had to paid into the Fund. In 1932 (Decree 20.694) the proportion was raised to 90% (U.N. 1966: 68). For a thorough discussion of the complexity of the exchange relationship and the changes in the system up to Independence, see E Rocha, 1981: 5.

In 1968 after the introduction of a two tier gold price, there was a free market price of $162 per oz. over the official price of $42 per oz. (Mittelman, 1978: 47).

Mittelman lists the following sources for the GDP and foreign exchange percentages: "International," South Africa Digest (Pretoria), October 4, 1974; Portugal, Direcção do Servicos de Planeamento e Integração Económica, IV Plano de Fomento, Parte III. Relatorios Sectoriais, vol. 5, 1973.

In 1960 textiles was Portugal's third largest exporter (although first industrial exporter) following cork and canned fish. (Bravo, 1963: 75).


After 1956 when the U.S. Commodity Credit Corporation began to subsidize exports of high quality cotton, the world cotton supply increased and prices dropped. Portugal increasingly turned to foreign sources. From 1956-63, the percentage of cotton supplied by the Colonies dropped to 70% and to 41% in 1964. (U.N. 1966: 42)

The second most important export to the Colonies was wine which, in 1958, was slightly less than 25% of the total value of wine exports from Portugal. (Fernandes, 1960: 235)


See Miriam Halpern Pereira (1972) for a discussion of the Regime's wage policies as one of the causes of the limited internal market and the dependence on Colonial markets. (pp. 35-38)


In an apparent measure to get rid of the down and outs of Portuguese society, the Portuguese Minister of Foreign Affairs issued a Circular on Sept. 14, 1838, authorizing Portuguese emigrants who found themselves without means and without occupation in Brazil. Similar circulars were issued in 1839, 1857, 1862,1865. Afonso Costa, 1911, Estudos da Economia Nacional I: O Problema da
From *Emigração e Fomento Rural*, pp. 238-239. This is perhaps the most important 19th Century statement on emigration. Many of the structural problems of Portuguese agriculture discussed by O. Martins in 1887 remain as problems today. The reference to "Countries with a shortage of labor" is specifically to Brazil, which, with the ending of the slave traffic from Angola in the 1860's and 1870's and the abolition of slavery in 1888, was experiencing a shortage of agricultural labor for coffee cultivation. Portuguese and Italians were recruited to fill the gap.


A. Costa, 1911: 173.

Emigration figures are from Luis Filipe de Lencastre Schwalbach Lucci, 1914, *Emigração e Colonização*, Lisboa: 75. The 1890 Portuguese Census lists the population as 5,049,729 (Continent, Azores, and Madeira). Lucci points out that 80% of the emigration was to Brazil and a small per cent to No. America and the Sandwich Islands.


Speaking specifically of Angola, but applicable to Mozambique as well, Gerald Bender has noted "Although not explicitly stated in recent years, the major underlying objective of every Portuguese attempt at white rural settlement has been to secure Portuguese sovereignty in Angola by expanding their presence throughout the territory. White rural settlement has also been viewed as an essential requisite for the 'civilization' of the African peoples in the interior of Angola and for rural economic development. Finally, 'civilizing' the Africans has been the most important ideological justification - at times, rationalization - for pursuing the political objective of complete sovereignty." in G. Bender, 1973, "Rural Settlements in Angola, 1900-1968," in F.W. Heimer, 1973, *Social Change in Angola*, Munich: 236.

Adriano Moreira, *Formation of the Middle Class in Angola and Mozambique*, p. 239. Moreira's rationale is similar to that of the mid-19th Century Portuguese proponents of plotable inheritance who claimed, in referring to Northern Portugal, that "property makes good citizens." (See Chap. II).


Development Plan figures are from João Salgueiro, "Politica de Investimento not territorios de Ultramar," *Coloquios sobre o II
Plano de Fomento (Ultramar) Estudos de Ciencias Politicas e Sociais, no 21. Lisboa: Junta de Investigacao do Ultramar, Centro de Estudos Politicos e Sociais, 1959, p 51. Economist Salgueiro was one of Caetano’s close advisors in the years 1968-70. Following the Revolution in 1974 he was Director of the Portuguese Development Bank (Banco de Fomento Nacional) and is presently Minister of Finances. Salgueiro also notes in his comparison the exaggerated importance of the infrastructural sector and very limited allocation for social investment and improvement of native life (p. 56).


The Movimento Nacional Feminino was an arm of the Regime which supported its policies, especially Colonialism, in a number of ways. The role of the MNF in the Colonial settlement of ex-soldiers was reported in interviews with returnees from the Colonies in Lisbon in 1978.


As reported in the Lisbon daily newspapers A Capital and Diario de Noticias, 23 August, 1970, as quoted in E.S. Ferreira, 1974a: 167.


Speech given by Secretario Nacional Saragga Leal as reported in Diario de Noticias, 9/5/72 pp. 17-18. By 1972 there were no longer "excesses" of Metropolitan labor. In fact most of the industrialists were complaining of labor shortages (see Chap. IV). Clearly the motives behind the collaboration were by this time, more political than economic. Saragga Leal gave a similar speech entitled "Emigração e Politica Emigratoria" (Emigration and Emigration Policy) to the Institute of Higher Military Studies in which he stressed the "necessity of implementing support to those settling in the Overseas Provinces, encouraging our migratory flows." Diario de Noticias, 2/3/72.

Comments are of Overseas Minister Silva Cunha in the weekly Portugal Popular published in Paris for the emigrant community and reported in the Diario do Minho, Nov. 15, 1969: 1, regional newspaper published in the Northern city of Braga, area of the
heaviest emigration to France. The headline of the article reads, "There are Portuguese in various European countries who want to work in Mozambique."

The agreement is specified in "Protocolo sobre a imigração e a situação social em França dos trabalhadores portugueses e das suas famílias." 29 July, 1971. Portuguese military pressures in the negotiations were verified in an interview with Joseph Fontanet, French Labor Minister at the time of the negotiations, in March, 1978 and other former French labor personnel in July, 1978. As part of the agreement to limit Portuguese entry into France, French border guards reportedly closed border stations to Portuguese after quotas were reached. Another 'deal' between French and Portuguese emigration and military interests was reported in the Portuguese newspaper Republica, 6/19/74. The article claims that informal deals were struck whereby Portugal would supply France with labor in exchange for French weapons for use by Portugal in the Colonial Wars. Some credence is given to that claim by the following figures: of the 280 million worth of arms transfers between 1967 and 1976, 121 million came from France, the largest single supplier of arms to Portugal (U.S. Arms Control and Disarmament Agency, World Military Expenditures and Arms Transfers, 1967-1976.) Thanks to Kenneth Maxwell for sharing the arms transfer data with me. See also K. Maxwell, 1982: 352 (FN 17).

Bender, 1973: 247,265, notes that the sum of $100,000 exceeds the total amount spent on all public education in Angola during the 20th Century "and perhaps even in the past five centuries."

Duffy, 1958: 338, notes similar effects of the native population of increased white emigration.

The coffee boom started in the late 1940's when the price of coffee rose from 8.61 escudos to 29.39 escudos per kilo. By 1961 coffee exports reached 118,000 tons per year, more than double the 1948 figure of 53,400 tons. The area for coffee cultivation increased from 120,000 hectares in 1948 to 50,000 in 1961. Henderson, 1979: 135.

Wheeler notes that the densest white settlement for coffee production was located in "precisely those areas with the highest incidence of forced labor practices." p. 138. Criticism of Portuguese usurpation of native lands has been made in two U.N. Reports on the Portuguese administration of Colonial territories. See Documents A/5 160, pp. 105-106; A/4 978, pp.106-110.


Edgar Rocha has calculated that from 1964-68, Colonial trade accounted for 52.3% and emigrant remittances for 47.2% of
Portuguese foreign reserves. From 1969-1973 the Colonial share dropped significantly to 23.6% while remittances climbed to 76.4%, a point to be discussed in Chap. VII. (Rocha, p.30).


79 The economic problems between Portugal and the Colonies in the 1960's were complex, having to do with exchange in the various escudo currencies and conflicts between Metropolitan and Colonial elites. They are discussed at length in Adelino Torres, "Pacto Colonial e Industrialização de Angola (1960-70)" and Edgar Rocha, "Colónias e Exportação de Moó de Obra Como Fonte de Divisas: Considerações Sobre a Contribuição dos Emigrantes para o Subdesenvolvimento Económico Português." Both papers presented at Conference on "A Formação de Portugal Contemporâneo, 1900-1980", Lisboa, Gabinete de Investigacões Sociais, 1981.


Chapter VI - The Policy of Labor Export

Introduction

This thesis has argued thus far that the export of labor from the Metropole and the Colonies was both a contributor to and a consequence of Salazar's development policies, and that emigration was a key factor in the shifting political alliances of the last half of the Regime. Recognizing that any given policy cannot be viewed in a vacuum, the thesis has concentrated up to now on the contextual framework of emigration, the policies whose consequences contributed to emigration, but not, with the exception of colonial policy, on the emigration policy per se. This chapter will examine the explicit emigration policy, and the implications of that policy for the key actors of the political and economic arena, demonstrating the role of emigration in the Regime's shifting political strategies.

The Regime's emigration policy has the appearance of being inconsistent over time and contradictory with regard to the stated policy and actual practice at any given time. For example, the official emigration policy of the early 1960's was that of recognizing the right of all people to emigrate. However, passport restrictions contradicted that freedom and, in fact, severely restricted legal emigration. Simultaneously there occurred an unprecedented increase in clandestine emigration. Making sense of this and other apparent contradictions in emigration policy requires keeping in mind first, the historical importance of labor export to the Portuguese state for over a century, and second, the specific strategies of the Salazar-Caetano Regime.
These are 1) fortifying the Portuguese hegemony on the African colonies by encouraging emigration and maintaining adequate military manpower; 2) on the one hand insuring an ample labor force for Portugal's infrastructural and labor needs within the parameters of the Modelo Econômico, and, on the other hand, being able to export labor during the industrial modernization of the 1960's; 3) maximizing the flow of emigrant remittances to equilibrate an ever precarious balance of payments.¹ These three inter-locking strategies, like most features of the Portuguese political economy, have strong continuities with the late 19th and early 20th century debates of the suffering of those exported as "human cattle" versus the benefits to the Portuguese political economy of emigrant remittances. Salazar was able to build upon the historical fact of emigration and the rich collection of written justifications for emigration by 19th and 20th century statesmen.²

**Historical Parallels and Continuities**

The issue of labor "shortages" was as relevant an issue in the 1860's and 1870's for agriculture as it was for Northern Industry some one hundred years later. Just as the Industrial Association of Porto sent a questionnaire to its members in 1970 requesting information and opinions regarding the effects of emigration on industry (see Chap. IV), the Agricultural Association of Lisbon (Associação Agrária de Lisboa) distributed its questionnaire in 1873 seeking solutions to the problem of labor shortages, especially in the latifundiarium South, and the rising wages due to emigration. The agriculturalists' concerns prompted two responses that are considered today among the classic statements in the large body of Portuguese emigration literature.
There was, on the one hand, a denial by the governing elite that emigration was the result of serious economic problems. The First Parliamentary Inquiry of 1873 asked "What stimulates workers to go outside the kingdom looking for work? The answer is that they are attracted by the ambition of returning to the country as rich men."³ Such a comment bears a striking similarity to responses in 1970 by Northern industrialists to the Porto Industrial Association survey of the effects of emigration on industry. (See Chap. IV)

A contrasting response in the same year was a reply to the questionnaire by 19th Century Portugal's most illustrious historian and social critic, Alexandre Herculano. Recognizing that the problem was not one of labor shortage but one of maintaining enough labor in order to keep wages low, Herculano said,

I agree completely with using all reasonable and liberal means to promote the movement of the population from the North to the Southern provinces, especially to the Alentejo, [instead of people emigrating to Brazil] and to retain in the country the working classes of the interior districts. But I refuse to feel this absolute repugnance, these limitless and profound fears [on the part of the agriculturalists] of emigration and the desire to obstruct emigration only for purposes of maintaining cheap wages for agriculture.

Distinguishing between spontaneous and voluntary emigration, on the one hand, and forced migration on the other, as an escape from the conditions of misery, Herculano argued that

The misery of one or another individual can be derived from his own fault. But what expels a notable part of the population of the country, where that population, considered collectively, is far from super-abundant, is always the result of a defect or perturbation in the organs of society.⁴
Awareness of the importance and implications of emigration to Africa for the Portuguese economy was evident in an 1894 study by the Sociedade de Geografia de Lisboa in its *Programa dos Trabalhos da Comissão d'Emigração*. In speaking of the "modes of operation regarding emigration so that the country reaps from it the greatest utility," the report urged

discouraging emigration to foreign countries, instead diverting it to different zones of the country, adjacent islands and overseas provinces with the aim of profiting from and developing the productive forces of these areas.  

It is clear from the Report that the Sociedade was representing the interests of Lisbon and Southern agriculturalists as well as the burgeoning pro-Colonialist interests.

The most productive means of channeling Portugal's 'demographic excesses' was of equal concern to those favoring emigration to Brazil. Recall from Chapter V the urging of Finance Minister Oliveira Martins in 1887 not to send Portuguese to the 'Overseas Provinces' but to Brazil. Despite his condemnation of emigration as "almost the only and in any case the principal Portuguese export industry: the raising of human cattle," nevertheless emigration to Brazil was clearly of greatest benefit to the Portuguese economy in the face of the inevitable fact of demographic excesses in the north. "Let us ask again if it is good business and a lucrative industry, this raising of human cattle for export?" The response was that it was certainly bad business from a humanitarian point of view. But, argued Oliveira Martins, given the unresolvable problem of population density of Metropolitan Portugal, and given the fact that wine exports to France had fallen off, export of labor to Brazil was certainly useful in cementing commercial ties with
the former colony:

To respond, however, is to calculate the balance between what we give to and what we take from Brazilian emigration; we must then consider all the commercial benefits and form the question in the following manner: to sell fifteen or twenty thousand head of people, where is the market and where will they sell best? In these terms, the answer can be no other than one -- the best market is Brazil.

After citing figures showing the trade between Portugal and Brazil, he quotes Herculano's well-known comment, "Brazil is our best colony since it ceased being our colony." Oliveira Martins continues:

Let us conclude, then, that Portuguese emigration to Brazil gives us an annual average of, let us say, 14,000 contos, and let us repeat the question -- is it good business to sell 7,000 head of Portuguese for such a price? It comes out to be 2 contos per head, and it is indisputable that no one would buy them for that price. The proof is in the economy of our other colonies.

Emigration to Brazil for Oliveira Martins became more than just a means of shoring up the Portuguese economy. It was also an essential safety valve, ensuring the economic and political stability of Portugal:

If we don't export, given the present conditions, we would have an excess of thousands of candidates for worthless jobs such as election canvassers or parasites whom it would be necessary to employ in public works or similar activities so that they might eat. It is therefore preferable that they leave, and since they can go any place with better advantage, theirs and ours, it is excellent that they go to Brazil.... It is not an empty affirmation; it is a proven fact. The trade [in humans] with Brazil is the thermometer of our economic well-being and even of our constitutional stability. (pp. 251-252)

The use of emigration to Brazil to solve Portugal's economic problems continued to be foremost in the strategies of early 20th century leaders. Afonso Costa, Prime Minister (1913-14) and Treasury Minister
(1915-17) stressed the promotion and regularization of Brazilian emigration in order to best take advantage of trade and remittances. Recall his statement (Chap. V) that "emigration is the touchstone of the new governments in the work of resurrecting the country." Not only should emigration to Brazil be encouraged, but the kind of emigration be carefully monitored in order to take best advantage of its productive potential. In comparing Portuguese emigration to Brazil with that of the Italians, the second largest emigrant group to Brazil in the early 1900's, Afonso Costa noted that, in terms of remittances, the Italian emigration was the more lucrative.

Of the three categories of emigration countries -- those that export only capital like France, those that export only people like Italy and Spain, and those that export people and capital like England, Portugal falls within the second. The unfortunate fact is that its emigration is the weakest by virtue of its composition. In Italy the proportion of women [emigrants] is no higher than 23% and that of minors no higher than 8%. With us, the proportion of women presently exceeds 28% and that of minors almost 20%. It has become almost a rule by now that the emigrant of less than sixteen years profits neither his country nor the country of his destination. Thus, Italian emigration, despite its imperfections, is more useful and lucrative than Portuguese emigration which, as a rule, has only 56 men out of one hundred emigrants. Let us combat this factor of depreciation of our emigration which depreciates at the same time both the country, by the expatriation of entire families, and the annual amount of remittances from Brazil, which men have calculated to be more than 200,000 contos, but which would increase rapidly.

(A. Costa, 1911: 181-182)

Legislation of the period, in the name of protecting the emigrant and regulating emigration, and while appearing to constrain emigration, in fact functioned to increase the proportion of men emigrating. A 1907 law, requiring and raising the price of passports for emigrants travelling abroad, came at a time of severe unemployment in the North,
with the State unable to resolve long-standing problems of agricultural and industrial development. There followed an unprecedented rise in emigration.

<table>
<thead>
<tr>
<th>5 year period</th>
<th>no. of emigrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901-1905</td>
<td>128,341</td>
</tr>
<tr>
<td>1906-1910</td>
<td>197,926</td>
</tr>
<tr>
<td>1911-1915</td>
<td>271,279</td>
</tr>
</tbody>
</table>

Source: Min. do Interior, Boletim de Junta de Emigração. 1960: 12

A result of the restriction on emigration through the passport law was a sharp rise in clandestine emigration which tended to determine the gender and age composition of emigrants. Given the dangers and hardships of clandestine emigration, there tended to be a selection for younger males, with families remaining behind. The 1907 passport law, together with an 1863 decree prohibiting women from leaving the country without prior authorization of their husbands created separations of many years and also virtually guaranteed the sending of remittances back to Portugal. It has been calculated that from 1900-1920, anywhere from ten to thirty thousand contos in remittances were sent annually from Brazil to Portugal, "a quantity sufficient to equilibrate the normal commercial deficit, and probably leaving an excess." (M. V. Cabral, 1979: 53)

Despite periodic complaints of labor shortages by agriculturalists, and despite further restricting legislation which took the form of "protecting" the emigrant, the role of emigrant remittances in maintaining a positive balance of payments was an ever-present consideration of government officials. Afonso Costa's complaints in
1911 that Portuguese emigration, with its relatively lower percentage of men, was depreciating the economic value of emigration, was echoed by the Portuguese consul in Sao Paulo in 1920. Disturbed by a momentary rise in family emigration, he cautioned: "The emigration of entire families... makes much less probable the sending of remittances, leaving no one in Portugal to whom the emigrants can send money."\(^{10}\)

The Brazilian emigration of the turn of the Century has direct relevance for the Salazar Regime in at least two important ways. First, it was during this period that Salazar, while a student in economics at the University of Coimbra first publicly recognized the importance of remittances to the Portuguese economy. In his doctoral thesis entitled \textit{O agio de ouro} (The agio of gold), 1916,\(^{11}\) he noted

One fact remained firmly proven: there is in all our history of monetary exchange one decisive and dominating influence -- it is the Brazilian exchange.... When the premium paid on the money (agio) from the Brazilian Republic remains more or less stable, the commercial deficit, which, interacting with the gold premium in the Portuguese exchange system, becomes the preponderant element.\(^ {12}\)

Second, it was also during this period that at least two of the powerful banking and industrial monopolies (grupos economicos) of the later years of the Regime made their initial fortunes serving as intermediaries between Portugal and the Portuguese emigrant colony in Brazil.\(^ {12}\) Recall from Chapter II that the flow of remittances during the first quarter of the Century was so great as to create major disruption in traditional financial circles and political alignments. The new sources of wealth allowed for the emergence of new and powerful competitors to the traditional export-import interests, a competition
which contributed to the instability of the Republican period (1910-1926) and which ultimately led to the 'stabilizing' economic policies of the first half of the Regime.

The Period 1919-1945

Legislation for the period covering 1919-1945 was aimed at insuring the success and the legality of the emigration of Portuguese to Brazil, and after 1930, to the rest of the Americas. Decree no. 5,624 of 1919 set the tone of the State's strategy in stating in its preamble:

Whereas, after the signing of the Peace Treaty [WWI], emigration from our country should reacquire its importance, if it is not legitimate to hope that it reaches even greater proportions; and whereas it behooves the government not only to direct and protect this future emigratory flow, so that the government might profit from this social phenomenon, or its corresponding results....

(p. 795)

Profiting from emigration and its "corresponding results" was not a new idea to Portuguese rulers, as has been amply demonstrated above. Usually the profit was seen to come from remittances. At times, however, the profits came from other arrangements such as trade benefits. For example, the Portuguese Commercial Attache in Rio de Janeiro, decrying the decrease in Portuguese exports to Brazil because of Brazilian import substitution policies, proposed in 1923 an agreement whereby a certain number of Portuguese emigrants would be exchanged for guarantees of markets in Brazil for Portuguese wine.
Since Brazil has come to us proposing tariff concessions in exchange for the abolishing of our laws restricting emigration, we should concede it to them, in exchange for total exemption of tariffs for our wine and other bottled beverages. I certainly recognize much in our emigration that is bad, but it is no less certain that all recognize our inability to avoid this evil.... If in exchange for the abolishing of our restrictive emigration we gain the above-mentioned tariff exemptions, this would already be an appreciable compensation. 14

A consistent theme throughout the legislation from 1919 to the early years of the Regime is that of providing the conditions of success for the emigrant. A General Commission on Emigration Services was established in 1919, ostensibly to protect against exploitation by illegal labor recruiters, and against labor without proper contract and wages. 17 For example, Decree no. 13,213 of 1927 speaks of "insuring the state of health and robustness which permits [the emigrant] to embark and attain a life overseas with the probability of success." 18 A series of decrees from 1927 to 1930 elaborated in painstaking detail the health standards for emigrants and the services provided for their safe and comfortable journey. For example, Decree 13,620 (1927) stipulates daily food rations for emigrants travelling in third class, 19 and Decree no. 19,029 of Nov. 30, 1930 continues in the same vein with even more detail as to quarters for emigrants (temperature of rooms, weekly change of linens), numbers of servants (criados) to serve the emigrants, and the exact description of uniforms for medical personnel. 20

Despite excessively detailed regulations for ships carrying emigrants, conditions on board remained "abusive" according to a complaint filed by the Portuguese Legation of Buenos Aires to the Ministry of Foreign Affairs in Lisbon.
On my last return voyage from Lisbon I travelled aboard one of the most luxurious transatlantic vessels where I was, better than ever, conscious of the abusive situation to which the emigrants were subjected and which they accepted with a fatalistic resignation. We were few in the first class section, and we enjoyed 4/5 of the ship: sumptuous rooms, ample decks, cabinets replete with all comforts, etc. And close by in a pinched corner of the prow, an immense miserable multitude, exceeding the already overloaded limit, gathered together like cattle without air, without space, without sanitary conditions, wailing with affliction when the temperature rose and having to escape en masse from the fumes of excrement to the free air, the only thing that was free among the hundreds of slaves. ²¹

Whatever the discrepancy between the letter of the law and the reality of emigration, the point to remember is that emigration in the 1930's and 1940's was seen as a crucial factor in the Portuguese balance of payments and in the complex set of economic relations between Portugal and Brazil. With the sharp decrease in Brazilian imports of Portuguese products and the tightening of Brazilian restrictions against the sending back of remittances in Brazilian currency, Portuguese authorities spoke with alarm of a crisis in the Portuguese economy. The problem, however, was not just with Brazil. Measures taken by several countries of destination in South America to restrict the remittance flow was seen as a major problem for Portugal. Speaking in 1953 about the prior decade, the President of the Junta de Emigração declared:
Because some countries such as Venezuela required that the married emigrant send for his family upon penalty of expulsion [if he didn't] because in agricultural work the family unit succeeds better.... It is for agricultural production for which the receiving countries facilitate emigration [rather, for example than for urban commerce], and finally because of the difficulty which the majority of countries, in particular Argentina and Brazil, create in the exit of exchange without which the emigrant can't help his family which he left in Portugal.

It [the requirement about families] is seen with favor by the countries of destination, for it favors the assimilation of the emigrant and diminishes the exit of exchange; it is, however, considered inconvenient by the countries of origin, for these same reasons which are contrary to the political and social order.12

The political and social order of which the President of the Junta spoke, was, for the period of the 1930's and 1940's, one of enforced "stability" as has been demonstrated in preceding chapters (see esp. Chap. III). That order was based in part, on an economic strategy aimed, first, at maintaining an equilibrated balance of payments and a closed 'Portuguese economic space' in which the Metropole was highly dependent on Colonial raw materials and labor. (see Chap. V). The loss of Brazil as a recipient of Portuguese products and of Portuguese labor meant that the "demographic excess" had to be channeled elsewhere and alternative markets found. The African markets served well the latter aim, for textiles, at least, but, despite attempts by the Regime, attracted relatively few Portuguese emigrants during the 1930's and 1940's (see Chap. V).

A second part of the strategy involved creating the conditions for the measured growth of Portuguese industry, especially in the textile sector. The conditions were abundant labor at low wages, and repression
of social and political dissension, especially by labor. The abundant labor available to industry, due, in part, to the closing of Brazilian emigration and the difficulties of emigrating during the War years, allowed the industrial sector to operate profitably with a false sense of security until the next emigration wave starting in the 1960's.

What Portugal lost in emigrant remittances during the thirties and forties was regained through the influx of foreign reserves from two fundamental sources. The first was the sale of grain to both Franco and Hitler through a program known as "Sobras de Portugal" ("the surpluses of Portugal"). The "surplus" grain was appropriated by the State through a severely enforced rationing during a period which Northern Portuguese remember as "the time of hunger" and "the time of slavery". The rationing was the cause of such severe food shortages in the late 1930's and early 1940's that textile workers were forced to choose between maintaining their own strength for work and maintaining their children's health.²³ Those emigrating to flee the economic conditions of the North remember well that period.

A second source was the transfer of European capital to "neutral" Portugal during World War II. This transfer is seen a prime impetus in the post-War attempts at large-scale industrialization. It also marks the next phase in Portuguese emigration policy.

1946-61

Post-War emigration policies, while claiming to be a new departure from previous policy, were, in fact, based on the same aims underlying the earlier years. The only real change was the centralization of the
administrative structure, on paper at least, with claims that emigration was to be treated as a national problem with the coordinated efforts of major governmental ministries. The centralization was consistent with the general Salazarist aims of stabilizing the economy and the polity through the centralization of industrial and colonial policy (see Chaps. III and V). In addition, the immediate post-War policies reflect the emergence, again on paper, of the incipient attempts to become a modern industrial state, while at the same time maintaining the social and political "stability" that had marked the pre-War years. In the post-War planning phase, the industrial infrastructural needs of the State were beginning to be recognized by the more progressive-thinking figures of the Regime.24

The most visible surface change in the policy was the creation of the Junta de Emigração in 1946 under the direction of the Ministry of the Interior. Official statements explaining the creation of the Junta clearly pointed to the priority of balancing the State's economic needs. A portion of the Decree was quoted in the discussion of the relationship between emigration and colonialism. (see Chap. V) It is repeated here in its broader context:
Whereas the necessity to regulate Portuguese emigration, considering the protection due to emigrants, the economic interests of the country, and the appreciation of the Overseas Territories through the increase of the white population:

Whereas beyond that which is able to be absorbed through internal colonization, which is important to insure labor for the carrying out of those public works projects already in progress and those that are proposed, in such a way that the progress of those projects is not interrupted;

Whereas, on the other hand, it is the duty of the State to insure to those emigrating equitable work conditions, remuneration, and assistance in the countries of destination....

Thus, formulators of the policy were explicitly aware of the economic importance of regulating emigration so as, on the one hand to maintain sufficient labor within the country for new infrastructural projects and, on the other hand, to reap colonial and remittance benefits of emigration. In a history of emigration policy since 1946, the Bulletin of the Junta de Emigração stated in 1960:

The creation of the Junta de Emigração appears, thus, as a keystone of our emigration regulation, as a result of the policies that oriented it and its purpose which can be defined as follows:

a) Protection of the emigrants and their families, assuring them the necessary material and moral conditions for a dignified life;

b) Assuring a supply of labor for internal (Metropolitan) activities;

c) Assuring labor and settlement of the Overseas Provinces;

d) Continuity and appreciation [in the sense of increasing in value] of the "Portuguese colonies" abroad which is justified by their nature and importance.

This latter point euphemistically speaks of emigrant remittances -- a point stressed more directly in the decree-law which created the Junta.
In specifying the duties of the Junta, the decree-law states,

to define the bases of labor contracts with the
objective not only of insuring and defending the
interests of the emigrants, determining the duration of
the contract, welfare, indemnization for sickness and
accident, but also of guaranteeing emigrant remittances
or their payment in Portugal of a part of their
salaries. (emphasis mine)  

The realization that emigration was a national problem requiring the
attention of various ministries was evident in the composition of the
Junta. Under the leadership of the Ministry of the Interior, the
following entities were represented: Ministries of the Navy, Foreign
Affairs, Public Works, Colonial (Overseas), Economy, National Institute
of Labor and Welfare, and the International Police of the Defense of the
State (the PIDE or Secret Police). 28 Despite the apparent broad
representation, though, the power of the Junta remained with the
Interior Ministry from which came the President of the Junta or his
substitute. Emigration was thus seen administratively as a matter of
internal order of the country. 29

Besides the four formal purposes of the Junta mentioned above, the
priority of internal order, a constant theme throughout the Salazar
Regime, underscored an additional purpose of the Junta — that of
ridding the country of what was perceived as the "demographic excesses".
While attempting to maintain sufficient labor for infrastructural public
works projects (dams, roads, hydroelectricity) and for industry (see
Chap. IV), the concern about potential unrest from unemployment after
the completion of the projects was clearly a consideration of the
formulators of the policy and of the First Development Plan (1953-58).
Writing in 1953, after the first wave of infrastructural projects was
completed, the President of the Junta noted the variability and short-term nature of the conditions determining emigration. Stating that the initial concern in decree-law 36:199 of March, 1947, of providing sufficient labor for public works projects was, only four years later, followed by an urgency in absorbing the "demographic excess" (i.e. the unemployed): "We should say that, according to the notable development Plan recently presented by the Government, it is calculated that 50,000 over the age of 14 will require new jobs each year...." The President calculated that the number of families participating in the colonial infrastructural projects in Angola (Cunene) and Mozambique (Limpopo) was not expected to exceed 10,000 annually, as estimated in the First Development Plan. "Thus, it is to be expected that emigration in the near future will, and should, continue at a rate of approximately 30,000-40,000 annually."³⁰

Concern for Portugal's "demographic excesses" remained an issue for emigration authorities until the outbreak of the Colonial Wars in 1961. The Regime's efforts to encourage emigration to the Colonies has been demonstrated in Chap. V. In addition, the Junta negotiated labor contracts with several foreign countries³¹ and published "How-to" guides for emigrants destined for each country. For example,

We, the Emigrants
Instructions for Portuguese Destined for Brazil
Instructions for Portuguese Destined for Canada
Instructions for Portuguese Destined for France
Instructions for Portuguese Destined for Venezuela
Practical Portuguese-French Guide for Workers in the Sugar-beet Campaign

(Boletim da Junta da Emigração, 1960: 20)

The number of emigrants actually processed by the Junta was relatively small, compared with the surges of the 1960's, as can be seen in Table
TABLE VI - 1

<table>
<thead>
<tr>
<th>Destination</th>
<th>Legal emigration from 1948 to 1960 Emigrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dutch Antilles</td>
<td>3,882</td>
</tr>
<tr>
<td>Argentina</td>
<td>11,621</td>
</tr>
<tr>
<td>Brazil</td>
<td>270,553</td>
</tr>
<tr>
<td>Canada</td>
<td>16,256</td>
</tr>
<tr>
<td>U. S. A.</td>
<td>24,002</td>
</tr>
<tr>
<td>France</td>
<td>18,815</td>
</tr>
<tr>
<td>So. Africa</td>
<td>7,390</td>
</tr>
<tr>
<td>Venezuela</td>
<td>41,792</td>
</tr>
<tr>
<td>Other Countries</td>
<td>10,574</td>
</tr>
</tbody>
</table>


However, the establishment of a mechanism through which formal contracts could be negotiated represented an intensification of the conscious labor-export process. It represented an attempt by the State to intervene not only with regard to emigrant destination, but also with regard to areas of Portugal most in need of demographic relief, in particular, the agricultural areas of the North and the South.\(^{22}\)

Despite the complex web of formal regulations and contracts from 1946 on, indicating the desire of the Regime to maintain a steady but controlled emigration flow, the external events beginning in the early 1960's introduced several new variables into the emigration scenario, producing what appeared to be contradictory policy stances. Portuguese emigration policy from the 1960's to the end of the Regime cannot be understood without a review of those events.
The early 1960's were a turning point for Portugal in a number of ways. First, Portugal's own Scramble for Africa began in 1961 with the beginning of the Colonial Wars and a heightened defense and development of Colonial interests. Second, the period marked the end of protectionism and a general trend toward opening up the Portuguese economy to international investment, while at the same time trying to protect domestic and colonial markets from foreign competition. This second trend is related also to the shift in the locus of Salazar's power base from the agricultural and traditional Northern industrial elites to industrial and banking monopolies of the South and coastal areas. Third, the 1960's were the beginning of the 'technocratic' era of the Modelo Economico, when development policy began to be influenced by technological priorities rather than just the political priorities of maintaining support for the Regime. Fourth, the 1960's saw the increasing concentration of economic power in the hands of Portugal's seven largest banking and industrial monopolies. Their policies and priorities were by no means homogeneous, but their general modes of operation served to hinder the efforts of smaller independent industrialists, through, for example, the monopolizing of credit. Fifth, Portugal experienced rapid increases in industrialization, the result of investment by the domestic industrial elite, by foreign enterprises, or a combination of the two. The location of the new industry and its capital-intensivity produced employment rates of near zero. All of these factors have been discussed in preceding chapters. A sixth, and previously undiscussed factor is the escalation of inflation which the Regime had been so anxious to keep to a minimum.
Inflation in the 1960's resulted from the costly War effort, from the massive influx of emigrant remittances producing a demand for consumer goods which the economy could not meet, and from the rising wages of the late 1960's, in large part a result of labor shortages from emigration. Inflation was both an economic reality and a political tool for the Regime. The issue of inflation will be discussed in greater detail below. Suffice it to say at the moment that inflation and other trends of the 1960's reviewed above, seen in relation to the three general strategies of the Regime outlined at the outset -- maintaining the Empire, maximizing foreign exchange, and controlling the supply and demand of labor, all provided the backdrop for the Regime's simultaneous policies of restriction and encouragement of emigration in the 1960's.

**Maintaining the Empire**

The Regime's efforts at encouraging emigration to the Colonies in order to establish a white presence has been amply demonstrated in Chapter V. Attempts to restrict emigration to those who had completed military service, ultimately extended to a four-year term and usually in Africa, became a second focus of emigration policy after the outbreak of the African independence wars -- Angola in 1961, Guinea in1962, and Mozambique in 1963. Although the completion of military service had been a requirement since before the Salazar Regime,\(^3\) the importance of manpower for the military forces increased dramatically throughout the decade.\(^4\)

The outbreak of war in Angola in 1961 was the impetus for several important new decrees regarding emigration and military manpower. Protecting the security of the state became a salient issue in a decree
broadening the powers of the PIDE (secret police) in both Africa and Portugal. The PIDE was given exclusive jurisdiction over

a) infractions of passage to and from Portuguese land and sea borders;
b) crimes of clandestine emigration and infractions related to the encouragement of illicit recruitment and the introduction of clandestine emigrants.\(^3\)\(^5\)

Once again the formal recognition of the importance of emigration to the Portuguese political economy was seen in two key decrees in 1962 whose rhetoric must be examined in light of the State's actual needs and the effects of the decrees:

Whereas it is the right and the duty of the State to coordinate and regulate the economic and social life of the Nation, with the objective of establishing a demographic balance and an equilibrium of occupations, jobs, and labor, and also to develop the settlement of the national territories, protect the emigrants, and 'discipline' emigration....\(^3\)\(^4\)

In addition to its own formally and clearly stated needs, the Regime in 1962 was forced to respond to international pressures in favor of self-determination for the colonies and free labor practices within Portugal.\(^3\)\(^7\) With those constraints the Regime was pressured to give the appearance of favoring the freedom of emigration. Following the preamble quoted above, Article One states: "Emigration of Portuguese citizens is free..." except "when special circumstances arise, the Government, through the Ministry of the Interior, can suspend, totally or partially, emigration for a determined region or country...." The accompanying enabling legislation (Decree 44,428) then states the requirements for the obtaining of emigrant passports including, most significantly, that the emigrant be literate.\(^3\)\(^8\) This single requirement
effectively prohibited a majority of the adult population, especially that portion living in the interior of the country, from emigrating legally. The apparent contradiction between the freedom to emigrate and the heavy restrictions imposed against legal emigration becomes less contradictory when added to the picture is the absence of the literacy requirement for army recruits. The Colonial and military interests were the beneficiaries of a policy which, formally at least, channeled the majority of eligible men into the military rather than into the emigration flow.³⁹

The relationship between emigration and colonialism has been fully discussed in Chapter V. Recall that there were numerous attempts to redirect emigration from France to Africa and to restrict the number of formal French requests for emigrants so as to insure sufficient military manpower. By the mid 1960's Portugal was involved in three colonial independence wars. The term of service was increased from three to four years, while at the same time clandestine emigration was reaching unprecedented heights. Whether the men were leaving to escape military service, economic conditions, or a combination of these has never been determined. What is clear, though, is the snow-balling effect of the policy on the rates of clandestine emigration.⁴⁰ Those emigrants, primarily in France, who were 'delinquent' or 'criminal', i.e., those who had left illegally or had not completed military service, could not return to Portugal without the prospect of a two-year prison term. This situation encouraged wives to emigrate clandestinely with their children as the only way to see their husbands. By 1969, 90% of the Portuguese entries into France were illegal (Poinard and Roux, 1977: 38). Figures for the 1960's and early 1970's for all Portuguese emigration to Europe
show an increasing rate of clandestine emigration over legal emigration:

**TABLE VI - 2**

**Comparison of Clandestine and Legal Emigration, 1961-1975**

<table>
<thead>
<tr>
<th>Year</th>
<th>Legal emigration</th>
<th>Clandestine emigration</th>
<th>Total emigration</th>
<th>% of Clandestine to Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1961</td>
<td>33,526</td>
<td>1,270</td>
<td>34,796</td>
<td>3.65</td>
</tr>
<tr>
<td>1962</td>
<td>33,539</td>
<td>4,671</td>
<td>38,210</td>
<td>12.22</td>
</tr>
<tr>
<td>1963</td>
<td>39,519</td>
<td>14,451</td>
<td>53,970</td>
<td>26.28</td>
</tr>
<tr>
<td>1964</td>
<td>55,646</td>
<td>30,636</td>
<td>84,282</td>
<td>35.51</td>
</tr>
<tr>
<td>1965</td>
<td>89,056</td>
<td>27,918</td>
<td>116,974</td>
<td>23.87</td>
</tr>
<tr>
<td>1966</td>
<td>120,239</td>
<td>12,595</td>
<td>132,834</td>
<td>9.48</td>
</tr>
<tr>
<td>1967</td>
<td>92,502</td>
<td>13,778</td>
<td>106,280</td>
<td>12.96</td>
</tr>
<tr>
<td>1968</td>
<td>80,542</td>
<td>23,697</td>
<td>104,149</td>
<td>22.75</td>
</tr>
<tr>
<td>1969</td>
<td>70,165</td>
<td>83,371</td>
<td>153,536</td>
<td>54.30</td>
</tr>
<tr>
<td>1970</td>
<td>66,360</td>
<td>106,907</td>
<td>173,267</td>
<td>61.70</td>
</tr>
<tr>
<td>1971</td>
<td>50,400</td>
<td>100,797</td>
<td>151,197</td>
<td>66.67</td>
</tr>
<tr>
<td>1972</td>
<td>54,084</td>
<td>50,892</td>
<td>104,976</td>
<td>48.48</td>
</tr>
<tr>
<td>1973</td>
<td>79,517</td>
<td>40,502</td>
<td>120,019</td>
<td>33.77</td>
</tr>
<tr>
<td>1974</td>
<td>43,397</td>
<td>26,876</td>
<td>70,230</td>
<td>38.25</td>
</tr>
<tr>
<td>1975</td>
<td>24,811</td>
<td>20,107</td>
<td>44,918</td>
<td>44.76</td>
</tr>
</tbody>
</table>

Source: *Boletim Anual*, 1975, Sec. de Estado da Emigração, p. 7

By 1970, Portugal was the only European country to have a net decrease in population.41

From the point of view of the colonial and military interests, the high rate of emigration was disastrous not only for the maintenance of an army in Africa but also for the ideological position on Portugal's image in the world. Maintaining an adequate military force in the Colonies and stimulating Colonial emigration, which served the ideological purpose of perpetuating the greatness of the Portuguese Empire, was being undermined by the attraction to Europe. For a complex set of reasons -- ideological, political, and economic, the Regime attempted to brake and regularize that attraction by instituting a
series of liberalizing and 'amnesty' measures beginning in 1966, with yearly modifications.\textsuperscript{42}

The 'Liberalizing' Period: Labor Control and Remittances

The Liberalizing measures

By the mid 1960's, the Regime was well aware of the effects of the emigration restrictions on clandestine emigration, and its consequences for the labor supply, remittances, and military manpower. Formal legislation reflected those concerns, although the actual reasons for the legislation, as usual, must be found elsewhere. While there was evidence for some legalization in 1966 and 1967,\textsuperscript{43} the Regime did not encourage and make public the possibilities of legalization until, significantly, December, 1968, just three months after Marcelo Caetano became Prime Minister. The amnesty was for those who emigrated without an emigrant passport. However, for those who had evaded military service and for engajadores (illegal recruiters), the penalties were more severe than ever.

Taking into consideration that those who find themselves in this criminal state [that of clandestinity] were encouraged to practice it out of ignorance and who now desire to regularize their situation with the Portuguese authorities, so that they might be able to circulate freely in Portugal, it seemed to the Government opportune to concede amnesty at the present time.

Thus, Portuguese emigrants considered clandestine will cease to incur the punishments imposed by the acts committed up to the date of this decree and will be able to legalize their situation benifitting, moreover, from special measures taken by the Ministry of the Interior. (emphasis mine)\textsuperscript{44}

While clandestine emigration was decriminalized and made merely an infraction for those who lacked an emigrant passport, and emigrants
could regularize their status with the payment of a fine between 500 and 20,000 escudos, the Regime made it clear that those encouraging and profiting from clandestine emigration and those fleeing military service were still to be punished severely. Decree-law 49,400 of Nov. 24, 1969, stating unequivocally the severity of the crime, may be summarized as follows:

1) Those who leave the country or who have the intention of leaving the country while escaping military service will be considered criminal and will be punished with a prison sentence of at least one year. 12
2) Those who encourage Portuguese citizens to leave the country without legal documentation will be imprisoned up to 18 months and pay an appropriate fine.
3) Those who receive payment for encouraging and aiding emigration will be punished as follows: a) with a prison sentence of up to two years and a corresponding fine for having received payment of less than 5,000 escudos; b) with prison of 2-8 years for a payment equal to or greater than 5,000 escudos.

An additional provision in July, 1970, allowed emigrants to regularize their status in the consulates of their countries of emigration, removing the need to return to Portugal.

Why was there a formal liberalization of emigration and why only after Salazar, who had suffered an incapacitating stroke some months earlier, was replaced by Marcelo Caetano? The primavera marcelista (the Marceline spring) was the term given to the first two or three years of the Caetano administration in which a number of political and social reforms were made, only to be revoked in the second half of his six-year administration because of pressures by still active Salazarist interests. In an attempt to project a more liberal image for Portugal, Caetano substituted the term Estado Social (Social State) for Estado Novo (New State). He surrounded himself with a generally younger and
more technically oriented group of advisors than had been in the Salazarist camp. He was clearly more open to a European orientation than Salazar had been, and was more sensitive and responsive to world opinion and pressure than his insular and increasingly intransigent predecessor.

When I posed the question — why the liberalization? — to those who had been actively involved with the emigration issue, and to Marcelo Caetano himself, the direct answer was usually the same — for humanitarian reasons. Behind that answer, though, lay a complex web of political, ideological and economic factors. Caetano's response is as follows:

When I took over the Government in September, 1968, the emigration phenomenon had already reached its climax, with labor scarcities in industry and agriculture. We had agreements with Germany, for example, that were scrupulously respected; but there was an agreement with France which the French authorities could not or did not want to observe, leading to an enormous clandestine emigration in which the emigrant was exploited, first by the engajadores, and later in France by employers without scruples who kept them undocumented. The freedom of emigration which my government promoted was aimed at combatting clandestinity. This human objective had primacy over any economic consideration.⁴⁸

The advantages to French employers of clandestine immigrants, and the employers' desire to maintain that status, is well-known.⁴⁹ Besides the concern for the welfare of Portuguese emigrants, however, was the image of Portugal in Europe as one of the longest lasting dictatorships and as a country too poor to absorb its own labor. The changing of this image became important to Caetano's new 'liberal' administration which did not want one million Portuguese criminals in France at a time when the prospects of joining the EEC were actively being debated.
Balancing the Interests

Caetano was in the precarious political position of having to balance the still powerful Salazarist interests -- the pro-colonial military, the agrarian bourgeoisie, and a part of the now-disillusioned Northern industrial elite -- against the progressive-thinking segments of the capital-intensive industrialists and their banking counterparts, the 'technocrats' of his administration, and the liberal wing of the military. In the end, his balancing act was unsuccessful. His policies during the six years, especially on emigration and labor, reflect the conflicting interests.

His seemingly contradictory messages to various interests both inside and outside Portugal reflect the fact that emigration produced different consequences for different sectors and was either opposed, tolerated, or even encouraged, depending on the constituency. For example, in a 1971 interview with a Swedish newspaper, aimed at the European community, Caetano justified emigration on the basis of its long-standing tradition in Portugal, and for its aid to the French labor market:

Emigration is traditional in Portugal. Before, its destination was North and South America. For several years now the French labor market, after exhausting its reserves from Algeria, Italy, Spain and elsewhere, appealed to Portugal. Emigration relieved the enormous population weight which agriculture supported [in Portugal]. It is true that it also resulted in a shortage of labor, and that, in turn, forced the agricultural enterprises to mechanize and rationalize work which resulted in an increase in productivity. The consequences of emigration produce immediate difficulties for the Portuguese economy in adjusting to new methods which, however, in the long run will be beneficial...46

In short, Caetano's message was that Portugal would benefit so as to become a compatible and valuable EEC member.
In speeches given two and three months later to, respectively, the directors of the national 'party', Acção Nacional Popular, and to representatives of the Armed Forces, Caetano was less positive about the effects of emigration. To the ANP, speaking of labor shortages due to emigration, he said:

But the human resources? Those that emigration and the mobilization [military mobilization for the colonial wars] have made scarce, and without which it is not worth investing money because money has value only when there are people to employ it, people to transform it into useful goods and thus increase its value for the colectivity? People are the great wealth of a country and without sufficient and capable people, progress is not possible.

To the Military, in speaking of the increase in the cost of living as a result of emigration, his criticism of emigration was compatible with the military concerns about adequate military manpower and the costs of the military budget:

... emigration took from us many people who send money to their families. Is that good? ...it would be much better if the intelligence and labor of Portuguese increase the value of Portugal. That money which comes from emigrants increases the demand for goods, that is, there are more people able to buy more, and at higher prices, that which the market offers and which many can't afford to buy. On the other hand, the shortage of labor increases salaries which, they say, fatally influences prices because those who pay the workers have to absorb the wage increases from somewhere, and will include this factor in the cost of what they produce or sell.

Giving different messages to different constituencies is no different from the public actions of leaders in liberal democracies. Changing the rhetoric to suit the groups is not unusual. What makes Caetano's varying statements meaningful as indicators of his need to satisfy
different groups vis-a-vis emigration is the fact that press censorship in Portugal was still severe, and information about the economic effects of emigration was severely repressed (see FN 41). Not having accessible knowledge about emigration meant that its true effects could be suppressed and political opposition to emigration policies kept to a minimum.

The censorship of news regarding emigration was one small example of the censorship of a wide variety of subjects that suggested social, political, or economic unrest. A thorough examination of the extensive archives of censored articles of the Lisbon daily Diario Popular from 1964 to 1974 revealed partial or total censorship of news of union activities, emigration, industrial crises, and inflation (even the word was prohibited), just to name a few subjects. After Caetano came to power, there was an easing of censorship, and the mention of inflation, for example, was allowed in print.

One of the taboo subjects was that of labor shortages in both agriculture and industry. Mention of the shortages would be to acknowledge publicly an economic ill. Although public discussion of the shortages was not allowed, they were clearly of concern to the technocrats (economists and engineers) with whom Caetano was working in the mid-sixties and whom he supported once in office.

Thus, besides the ideological reasons for liberalization, there were the political and economic reasons of controlling the labor supply and insuring the remittance flow. While it may seem contradictory to control the labor supply by legalizing emigration, thus making it easier to emigrate, the idea behind the measure was to eradicate clandestine
emigration, thereby stopping the snowballing effect of clandestinity by making it possible for men to return to their families in Portugal. Regulating emigration through formal channels would, hopefully, accomplish the task of exporting a certain amount of labor, still recognized as essential, while maintaining the amount required for industrial needs. But, as Caetano noted, by the time he entered office and legalized emigration, it had already reached its climax.

Labor Control and the 'Planning Era'

The general attempts at liberalization and regulation of labor and emigration during the Caetano years were the logical extension of the trends that had begun in the late 1950's and had increased in intensity throughout the sixties. In the 'planning phase' of the Modelo Economico, in which Caetano played a major role, the relationship between emigration and labor consumption was made explicit. Recall that the First and Second Plans had calculated that emigration would have to continue at the rate of 30,000 to 40,000 annually if there was to be an equilibrium of labor absorption. The Plano Intercalar, 1965-67, (interim plan between second and third plans) was particularly important because it was the first 'integral' plan, looking at the global economy, unlike the earlier 'partial' plans which proposed particular isolated projects. It was also the first plan to be discussed in the National Assembly, rather than being just a plan for and of the tecnicos as were the earlier ones (F. P. Moura, p. 44). The Plan revealed the expectations for Portugal's industrial growth, for labor absorption capabilities and what the developmentalists of the Regime perceived to be the effects of emigration and the Colonial Wars. While statements
made in the Plans must be used with caution as an indication of policy, in actual practice, the plans, especially the later ones, nevertheless reveal the growing trend of placing emigration within the context of the economy at large. The Plan notes that starting in 1962, there was noted

the aggravation of defense expenditures and the combination of various causes with disturbing effects on the Metropolitan economy -- namely problems in the scarcity of labor and the tendency for an increase in the cost of living.

The brief excerpt from the Plano Intercalar underscores the tensions that were confronting the Portuguese economy in the mid-1960's. The solutions to the problems, as proposed in the Plan, point to the conflicting political interests that were so prevalent in the 1960's and with which Caetano was forced to deal.

One of the solutions to controlling the increasing clandestine emigration was the creation of the Serviço Nacional de Emprego (National Employment Service) within the Ministry of Corporations and Social Welfare in 1965 which, it was publicly stated, would serve to coordinate the problems of the labor market with those of emigration. The Plano Intercalar states:

It is hoped that the Serviço Nacional de Emprego can come to perform a relevant role in the organization of the labor market -- as much as the lessening of current tensions of this market as in the reduction, within the realm of possibility, of the emigratory tendencies, and in the coordination policy and labor policy, all properly within the framework of a defined national policy which deals with the labor shortage which has already been felt in certain regions of continental Portugal, as well as creating difficulties in the settlement of the colonies. The various functions of the SNE can be categorized according to the following themes: emigration, organization and functioning of centers of recruitment and occupational training, and analysis of the labor market.

(Plano Intercalar, p. 32)
The public economic reasons behind the creation of the SNE must be seen jointly with the non-public political reasons for its creation. The two sets of reasons are not contradictory, but rather complementary; the picture is incomplete if seen from just one perspective.⁶⁹

In the mid 1960's, different ministries linked to the emigration process — Interior, Foreign Affairs, and Corporations (including Labor) represented different constituencies, and were correspondingly for or against liberalizing and regulating emigration in a more comprehensive way than had been done in the past. For example, the Interior Ministry which had been the entity responsible for controlling emigration since the creation of the Junta de Emigração in 1946, and under which the PIDE (Secret Police) operated, was linked to traditional industry and to small and medium-scale land owners, the two groups suffering most from emigration. Pressure against the creation of the SNE was also exerted by the Military who feared further losses to the supply of military manpower.⁷⁰

The Foreign Affairs Ministry, together with labor officials within the Corporations Ministry, pressured for the creation of the SNE for two reasons. First, it wanted to regularize and rationalize a situation that was increasingly uncontrolled both inside and outside the country for which there was little accurate information and no administrative apparatus to deal with it. Second, and perhaps more important, it wanted to do away with the power of local officials who essentially controlled the opening and closing of legal emigration from the conservative Interior Ministry. Before the creation of the SNE, a prospective emigrant had to apply to the local official of his town,
usually the president of the camara municipal (town council) for an application to emigrate legally. The local officials, largely opposed emigration, usually denied the application, and the emigrant left clandestinely. With the establishment of the SNE, and by centralizing the procedure for legal emigration in regional offices linked to the Ministry in Lisbon where contracts from foreign employers were received, labor officials hoped to reduce clandestine emigration.

There was strong local reaction against the SNE and its regional centers throughout the country. Interviews with past and present SNE officials yielded many examples of local protest against centralized control of which I relate a small example.

1. In Guarda (east central Portugal), the President of the Camara Municipal was also a land owner. As president, he processed the applications for emigration, but as an agriculturalist he was losing laborers to work his land. He attempted to thwart the legal emigration process by not sending the applications to the Junta de Emigração in the Interior Ministry in Lisbon.

2. In 1967, after a request from Holland through the SNE for fishermen, the fishing interests appealed directly to Salazar to prohibit emigration of fishermen.

3. In the town of Mourao (near Beja) in the Alentejo, the local SNE officials used the local Casa do Povo (House of the People) from which to recruit emigrants. The local latifundiarios (large plantation owners) closed down the house to protest the recruitment.

In general, there was the perception on each side that the other side was acting in bad faith out of its own political interests. On the one
hand, the attempts by the progressistas, the progressive forces within the SNE, to regularize the emigration flow was seen by the traditional Salazarist supporters as exacerbating an already grave situation. On the other hand, the SNE officials claimed that the industrialists were lying about their needs in order to close emigration. In actual fact, the direct effects of the SNE on emigration were minimal. In the first half of 1970, for example, the SNE received 28,327 requests, while only 647 actually emigrated through SNE channels (Poinard and Roux, 1977: 41). In interviews with industrialists in 1977-78, I asked if they felt the SNE ultimately had any effect on the emigration flow and their labor supply. All felt that the emigrants who left their firms did so clandestinely. The indirect effects of the SNE recruitment may have been to stimulate clandestine recruitment, however. One regional SNE official in the North reported that when availability of jobs abroad became known through official SNE channels, emigrants would seek those same jobs through clandestine and informal channels.

The Serviço Nacional de Emprego, then, was perceived as a stimulus to emigration by the Northern industrialists and food producers (fishing and agriculture) throughout the country. The SNE was an attempt by the progressive Caetano forces to usurp the power of the intransigent Salazarist interests who continued to operate on the principles of the earlier stages of the Modelo Económico and who, by controlling the political apparatus of the powerful Interior Ministry, paradoxically were stimulating the very emigration which they claimed was hurting them. It is a prime example of the political forces of the Salazar Regime operating in such a way as to create constraints on their own economic growth. There was no pre-determined political or economic
agenda, but once the political and economic options were chosen and the strategies established and carried out through the Modelo, the results were clear and irreversible. Mario Murteira, economist with the SNE in its earliest days, who may be characterized as part of the progressive opposition in the mid and late sixties, and whose writings since 1974, when freedom of expression became possible, would clearly be characterized as Marxist, pointed to the primacy of the Salazarist political forces in determining the emigration process of the 1960's:

It is clear that the powers that seek to impede emigration of the working classes are the same that deliberately maintain low salaries, limit syndical rights, permit the accumulation of reserves in the social welfare fund, utilized largely without benefit to its contributors and supposed beneficiaries, and tolerate educational levels which are very low not only on a European scale but also on a Latin American one. Would it be so necessary if the political power were merely the superstructure upon the mode of production or on the economic system which evolved from a primarily agricultural capitalism to industrial capitalism? It seems not, and the evolution after 1968 came to demonstrate that.43

(Murteira, 1974: 52-53)

The pro-regulation forces -- i.e. the progressives of the SNE, the labor officials within the Corporations Ministry, the Foreign Affairs Ministry and those generally representing the 'technocrats' of the Caetano camp wanted a certain amount of controlled emigration, as was expressed in the Development Plans. The traditional industrialists, land owners, and the military desired an end to European emigration. The latter group accused the government of not responding to their needs, as was seen in Chapter IV; the former group accused the conservative forces of lying about their needs. Most fundamentally, what was a stake was not emigration per se, but the features of the
Modelo which first stimulated it and the interests which then railed against it.

The question of which camp was to control emigration was not resolved until the creation of the National Secretariat for Emigration in 1970 (Decreto-lei 402/70) which was directly responsible to the Prime Minister. Its creation, presumably, removed the emigration issue from inter-ministerial battles. As was noted in Chapter V, the formal reasons for the creation of the Secretariat were to "control and channel migratory flows to the Overseas Provinces, and to construct a complete network of support for the emigrants." The two stated aims of the Secretariat are consistent with the crucial issues facing Portugal in the early 1970's and the significance of emigration for them. Chapter V has already demonstrated the military concern vis-a-vis emigration as reflected in the active participation of the Overseas Ministry in the new Secretariat. In addition, the creation of a "complete network of support for emigrants" represents a shift in emphasis of emigration policy, from containing and regulating emigration to recognizing the existence of hundreds of thousand of Portuguese abroad and supporting them in their newly legalized status. The Secretariat was to "promote the links between emigrants, and their families with their home country, their culture and to promote their participation in national problems." The focus in the new policy was, in cementing the ties between emigrants and their home country, to remind them that they were still Portuguese.
Cementing the Ties: Portuguese Identity and Labor Absorption

To defend and protect the emigrants out of humanitarian sentiments so that they produce all that they usefully can, to maintain within them the live feelings of patriotism so as ultimately, to be able to repatriate them more easily, that is the advice that Philippovich wisely gives the State....

Bento Carqueja, Porto, 64

The quote by turn of the century Portuguese economist Benjo Carqueja refers to Portuguese emigration policy of that period. It is even more relevant for the late 1960's and early 1970's when the State widely expanded its consular services, created economic incentives for the sending of remittances, and promoted social services in order to reinforce the binding ties to Portugal. The shift in policy from controlling and condemning emigration to supporting and taking advantage of it has been noted in other labor export countries as well.68 In the Portuguese case, the shift serves to reinforce the three-part strategy vis-a-vis labor and emigration that has been a key feature of the Portuguese State for nearly a century and dominated the Salazar-Caetano Regime. To repeat, that strategy is 1) safeguarding the Empire, 2) control of the supply and demand of labor, and 3) maintenance of the balance of payments equilibrium through remittances. Despite shifts in the base of the Regime's political support and in its developmental strategies, those three underlying factors have remained crucial to understanding emigration policy.

Why was it so important to maintain the ties, reinforce Portuguese identity and increase the support system of Portuguese abroad? First, it
was essential to the Portuguese economy that its workers not return *en masse*, that they enjoy a certain degree of economic, emotional, and spiritual comfort abroad. The return of a large segment of the emigrant community would have created great political and economic strain within Portugal. Second, it was essential that they keep sending remittances to Portugal.

The first reason is related to the developmental strategy of the 1960's in which capital intensive industrialization and high industrial productivity rates were given a greater priority than labor absorption, a strategy already discussed above (Chapters III, IV). The calculations of the Third Development Plan (1968-73) with regard to the annual amount of labor to be exported were repeated in the Fourth Development Plan which was to have been for the years 1973-79. The projections for employment levels for that period were as follows:

1. Natural increase of econ. active population 232,700
2. Reduction of employment in the primary sector 175,600
3. Number of jobs needed to be created 408,300
4. **Creation of jobs in the secondary sector** 28,100
5. Creation of jobs in the tertiary sector 149,200
6. Creation of total jobs 177,300
7. Excess labor (3 minus 6) 231,000
8. **Absorption through emigration** 198,000
9. Liquid excess 33,000

(emphasis mine)

The above figures indicate that the thrust of labor absorption was to
be in the service sector, with the bulk of excess labor to be absorbed through emigration (A. dos Santos, 1978: 89). The projected 7.5% growth rate was to be accompanied by a zero increase in employment, a strategy which prompted one British economist to remark, "a target which must be unique in the annals of planning, all the increase in the labor force being absorbed by other economies." (Holland, 1979: 155, FN2)\(^4\)

With such an employment strategy, the Portuguese government had to insure that the emigrant population stay abroad. One official of the Institute of Emigration of the Secretary of State for Emigration noted the probable massive return migration from Spain, a phenomenon that Portugal could ill afford. "This situation requires the sending countries to promote an active understanding of their nationals abroad and to appeal to the humanitarian and social consciences of the host countries so that a massive return migration does not take place." (Trinidade, 1979: 227)

Creating a support system for emigrants abroad became the primary focus of the emigration policy of the 1970's. With the shift in focus came also a change in the administrative structure to handle the vastly expanded program. Just as the changes in the ministerial jurisdiction from Interior to the National Secretariat (a kind of super-ministry) indicated the shift in policy from emigration as an internal security matter to emigration as a labor supply matter, a similar shift in the post-1974 years saw the emigration issue bounce from one ministry to another. When the corporative structure was dismantled after April 1974, emigration returned to the domain of the newly created Secretary of State for Emigration under the also newly created Labor Ministry.\(^7\)
One year later, emigration rates had dropped significantly because of restrictions by the receiving countries, and the authorities recognized that emigration was now largely a matter of dealing with emigrants abroad. Correspondingly, the Secretary of State for Emigration shifted to the Foreign Affairs Ministry where it presently resides. (Decree-law 367/75 of July 12, 1975).

The emphasis on supporting emigrants abroad spans the entire period starting in 1970. Although the rhetoric changes somewhat after 1974 and the formal policy language became, for a time, more worker-oriented, the general trend remained the same. It is important to stress the fact that the time frame for the shift in policy is 1970 to the present. That is, the shift came with Caetano (as did the liberalization) and continued to evolve after the 1974 coup. The shift, as noted above, was consistent with similar changes in other labor export countries (e.g. Spain, Yugoslavia). The implications of the timing of the shift in emigration policy as well as in other policy spheres, is significant for the myriad discussions of the consequences of Regime change in Portugal after 1974. With regard to emigration policy at least, the real "revolution" happened in the late 1960's.

The support for emigrants abroad took various forms and occurred through various channels. Existing consular staffs were expanded, special delegations just for emigrant support were established," independent of, but in contact with, the consulates, and bi-national emigration and social welfare agreements were signed with several receiving countries. Although such agreements had existed since the early 1960's, they increased in number in the Caetano and post-1974
period. In addition, courses were offered in Portuguese language and culture for children of emigrants abroad, sponsored jointly by the Ministry of Education and Scientific Investigation and the Foreign Affairs Ministry. The point to remember with all the basic policy and administrative changes was the growing network of support to emigrants. Besides the support offered directly by State bodies, there was also indirect support through the subsidizing of emigrant social clubs (e.g. contributions of libraries, sports equipment, records, newspapers and magazines). In addition, the State in effect delegated to the Catholic Church much of the responsibility of taking care of the spiritual needs and supplementing the social and cultural support of the emigrants.

The Church's role also spans the pre- to post-1974 period. Given the long-standing close relationship of the Portuguses Catholic hierarchy and the Salazar Regime, the Church's role in the official emigration policy of the Salazar Regime has implications for more than just cultural support. Maria Beatriz Rocha Trinidade of the Instituto de Emigração notes:

The relationship between the Catholic Church and the State probably had other motivations besides simply ideological compatibility. In reality, the religious hierarchy, with its conservative countenance, was an instrument of political docility, and, for this reason, contributed to the stability of the Regime. Without being expressed in official documents, there appeared to exist an agreement about the division of tasks in the domain of emigration, in which the services of the State were occupied with the legal, administrative and material aspects of emigration, and the task of social, cultural, and spiritual support was largely left to the Church.

Trinidade, 1981: 88

While the Church's role in the task of political indoctrination was to change somewhat after 1974, it still performed the valuable task of
supplementing the State's support to migrants. The Boletim of the Secretary of State for Emigration lists twenty-four Portuguese catholic missions in France and twenty-seven in Germany. (pp. 199-200 and pp. 125-126 respectively).

The Church's role in emigration was beneficial not only to the State whose provision of social services was being supplemented and whose ideology was being transmitted and reinforced. It was beneficial as well to the Church itself whose local parishes in Portugal were reaping the benefits of emigrant remittances. It became a status symbol for the prosperous (at least in appearance) emigrants to contribute generously to the Church during the annual local saint's day celebration, whose date was often changed to coincide with the August vacation of emigrants (Brettell, 1979).

The effects of remittances on sending countries has been the subject of increasing social science inquiry in the past few years. Focus has tended to be on the macro-economic and micro-socio-economic consequences of remittances and on the potential use of remittances for regional development. Relatively little has been written on the role that remittances have played in actual policy formation. Such questions as 'to what extent are the formulators of emigration policy aware of the role of remittances?' and 'how does that awareness, if at all, affect basic policy decisions vis-a-vis emigration?' lead this discussion back to the central subject of this section -- the shift in emigration policy from that of controlling and condemning emigration to one of supporting it in a controlled fashion and recognizing its benefits. Creating support systems for emigrants was the physical manifestation of the
shift. The need to maintain a portion of the labor force out of the country was one reason for the shift. The second reason was the need to maintain the flow of remittances.

Cementing the Ties -- Portuguese Identity and Remittances

Portugal, like most labor-export countries has suffered historically and chronically from balance of payments disequilibria because of balance of trade deficits. Remittances from emigration for all labor-export countries has been an important factor in making up the balance of payment deficit, although, in the case of Portugal, it was only in the mid 1960's that remittances began to overtake Colonial trade as the balance of payments equilibrator in the mid twentieth century (see Chapter V).  

The importance of remittances to the Portuguese economy was openly recognized by prime ministers and finance ministers in the pre-Salazarist period (recall statements by Afonso Costa, for example). However, official recognition during the Regime was veiled, often expressed euphemistically as "appreciation of the colonies of Portuguese abroad." The category of emigrant remittances in the Bank of Portugal Annual Reports after 1955 is labelled "private transfers." Before that date, there was a separate category of "emigrants." Interestingly enough, it was in 1956 that remittances from emigration began to rise dramatically relative to earlier years (see Table VI - 3) In addition, mention of remittances in the press was almost entirely censored during the Regime. After 1974, however, the articles on remittances began to appear freely.
Along with the issues of inflation and the stability of the escudo in world monetary exchange, the balance of payments was an indicator of the general state of the Portuguese economy which the Regime wished to present to both Portugal and the world as stable and/or positive. Figures from the Bank of Portugal Annual Reports clearly show the increasing importance of remittances throughout the post-War period, but especially in the mid 1960's.

TABLE VI - 3

Comparison of Remittances with Balance of Payments, 1955-1973 (millions of escudos)

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial Balance</th>
<th>Tot. Invisible Transfers</th>
<th>Remittances</th>
<th>Tourism</th>
<th>Bal. of Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>-2,730</td>
<td>654</td>
<td>412</td>
<td>524</td>
<td>-2,076</td>
</tr>
<tr>
<td>1960</td>
<td>-4,962</td>
<td>1,936</td>
<td>1,570</td>
<td>305</td>
<td>-3,026</td>
</tr>
<tr>
<td>1964</td>
<td>-6,162</td>
<td>2,958</td>
<td>2,270</td>
<td>1,945</td>
<td>-3,204</td>
</tr>
<tr>
<td>1965</td>
<td>-8,058</td>
<td>4,991</td>
<td>3,109</td>
<td>2,344</td>
<td>-3,067</td>
</tr>
<tr>
<td>1966</td>
<td>-9,785</td>
<td>8,627</td>
<td>4,537</td>
<td>5,118</td>
<td>-1,158</td>
</tr>
<tr>
<td>1967</td>
<td>-9,564</td>
<td>10,435</td>
<td>5,993</td>
<td>5,376</td>
<td>871</td>
</tr>
<tr>
<td>1968</td>
<td>-8,705</td>
<td>10,066</td>
<td>7,548</td>
<td>3,893</td>
<td>1,361</td>
</tr>
<tr>
<td>1969</td>
<td>-11,191</td>
<td>12,440</td>
<td>11,277</td>
<td>2,659</td>
<td>1,249</td>
</tr>
<tr>
<td>1970</td>
<td>-14,340</td>
<td>15,470</td>
<td>13,875</td>
<td>3,573</td>
<td>1,130</td>
</tr>
<tr>
<td>1971</td>
<td>-18,532</td>
<td>23,003</td>
<td>18,226</td>
<td>5,313</td>
<td>4,471</td>
</tr>
<tr>
<td>1972</td>
<td>-18,294</td>
<td>27,803</td>
<td>21,831</td>
<td>6,470</td>
<td>9,509</td>
</tr>
<tr>
<td>1973</td>
<td>-21,875</td>
<td>31,178</td>
<td>25,569</td>
<td>6,865</td>
<td>9,303</td>
</tr>
</tbody>
</table>

Source: Annual Reports, Bank of Portugal, 1955 - 1973

Note: These figures do not include transactions with the Colonies.

To comprehend fully the significance of remittances for Portugal in the 1960's one must keep in mind the particular strains on the Portuguese economy during the decade. First, the defense expenditures of the Colonial Wars created constraint on public investment for domestic productivity such as, for example, badly needed infrastructural projects. For instance, for the periods 1953-1954 and 1969-1970 the
public and private investment figures as percentage of GNP were as follows:

<table>
<thead>
<tr>
<th></th>
<th>1953-54</th>
<th>1969-70</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public investment</td>
<td>10.9</td>
<td>3.6</td>
</tr>
<tr>
<td>Private investment</td>
<td>1.6</td>
<td>14.7</td>
</tr>
</tbody>
</table>

Even with the marked increase in private investment, the sharp drop in public investment for productive use was a significant developmental constraint.

Second, while the 1960's saw a general increase in exports, the more marked increase in industrial (capital intensive equipment, petroleum products) and agricultural (e.g. wheat) imports far outweighed exports, and created severe strains in the commercial deficit. Thus, as was seen in Table VI - 3 by the mid 1960's, remittances had begun to play a crucial role, once again, in the Portuguese balance of payments. By 1970, 37% of Metropolitan imports were covered by "private transfers," a much higher figure than for other labor export countries as can be seen in the following figures:

**TABLE VI - 4**

<table>
<thead>
<tr>
<th>Remittances as Percentage of Imports -- 1970%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greece -- 18%</td>
</tr>
<tr>
<td>Spain -- 13%</td>
</tr>
<tr>
<td>Italy, Turkey, Yugoslavia -- 4-6%</td>
</tr>
<tr>
<td>Algeria -- 20%</td>
</tr>
</tbody>
</table>

In 1971, remittances in Portugal rose to 40% of imports.

Remittances in relation to GNP is another indication of their growing
important to the economy in the late 1960's and early 1970's as can be seen in Table VI - 5:

<table>
<thead>
<tr>
<th>Year</th>
<th>Remittances as Percentage of GNP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td>4.8%</td>
</tr>
<tr>
<td>1965</td>
<td>4.7%</td>
</tr>
<tr>
<td>1966</td>
<td>5.6%</td>
</tr>
<tr>
<td>1967</td>
<td>6.9%</td>
</tr>
<tr>
<td>1968</td>
<td>7.3%</td>
</tr>
<tr>
<td>1969</td>
<td>8.7%</td>
</tr>
<tr>
<td>1970</td>
<td>9.7%</td>
</tr>
<tr>
<td>1971</td>
<td>11.4%</td>
</tr>
<tr>
<td>1972</td>
<td>12.1%</td>
</tr>
<tr>
<td>1973</td>
<td>11.2%</td>
</tr>
<tr>
<td>1974</td>
<td>9.5%</td>
</tr>
<tr>
<td>1975</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

The planning sectors of the mid and late 1960's were certainly aware of the effect of remittances on the balance of payments and the implications for the importation of capital goods. The Plano Intercalar, 1966 edition, noted:

In 1966 there was registered a considerable positive sum in the balance of payments of the Metropole with the exterior. This surplus on the order of four million contos exceeded by almost 1.6 million contos that of the previous year, equally favorable. In this way, there can be maintained a continuous increase in the liquid assets and short-term foreign exchange in the control of the banking system and other financial institutions, to permit the financing of the growth of imports that are necessary for the process of national economic development....

The report continues to note that the sum of private transfers represented almost fifty per cent of the commercial deficit. What is noteworthy here is not the fact of the importance of remittances, but that a sector of the Prime Minister's own cabinet was reporting it in an official publication.

Remittances and the Banks

Aside from direct evidence of the realization of the importance of remittances in the Development Plans and the Bank of Portugal Reports,
further evidence may be found through indirect channels such as the banking and financial legislation. It is through these less obvious channels that the awareness of remittances and the attempts to capture them becomes clear.

By the late 1960's, several of the largest commercial banks in Portugal had established in France informal networks of agents, called prospectores, to compete for the savings of emigrants.¹¹ The common practice was for the unmarked cars of prospectores to make house-calls on week-ends at the emigrants' houses in France to collect their savings in French currency and deposit them either in the French corresponding bank or actually transport the money to Portugal. A similar network of prospectores was established throughout the interior of Portugal to "captar poupanças" (capture the savings) that had been sent to relatives by emigrants abroad.¹² The mobile collection system was necessitated by the paucity or total absence of banking services throughout the large sectors of the country (see Map VI - 1). The maldistribution of banks was entirely consistent with the general imbalances in economic and industrial development (Chapters III and IV)
Map VI - 1

Distribution of banking services in Portugal, 1970

Accessibility
- High
- Low

Source: A. Simoes Lopes, 1977: 606
In addition to the network of *prospectores*, two of the banks set up special investment funds which were widely recognized as means to compete for remittances. The Fundo de Investimento Atlantico (FIA) was established by the Banco Portugues do Atlantico in 1964 and the Fundo de Investimento para o Desenvolvimento Economico Social (FIDES), established by the Banco Totta e Açores in 1965.

Despite the fact that the Funds were set up by private banks, and by extension, the monopolies attached to them, the close connection between the banking-industrial circles and the Regime (see Chapter III) meant that the establishment of the Funds had the authorization and perhaps the blessing of the Finance Minister. In fact, the Finance Ministry set up its own Fund in 1969, the Sociedade Financiera Portuguesa, to profit from remittances. At the formal ceremony establishing the SFP, the Minister of Finances and the Economy, Dr. Dias Rosas, stated:

> the objective is that the Society become an institution capable of exercising decisive action in the domain of large external capital operations in the interest of the national economy, as well as managing small amounts of private capital... in virtue of the conditions that have been created in the last few years.... The commercial bank has rapidly expanded its field in the capturing of deposits. It is without doubt that, aside from a more complete coverage and accessibility to the public, the commercial bank has managed to detour from traditional financial circles much of the savings that have habitually flowed into them, and that now increase the number of monetary channels.

(emphasis mine)

There is a marked similarity between the process described by the Finance Minister, that of remittances broadening the channels of capital accumulation in the 1960's, and that of the Republic. Recall (Chapter II) that the flow of remittances in the 1920's were so great as to
create major disturbances, in the form of competition to traditional financial circles. In the 1960's, the newer banks, such as the Banco Portugues do Atlantico, were looked on with disfavor by the older established banking groups such as Espirito Santo and Fonsecas and Burnay, the group most closely allied to Salazar. The BPA, a pioneer in the establishing of branch banks throughout the interior in the late 60's and early 70's, did so only with great resistance from the Regime.\(^5\)

The concern of both the private and public sectors with capturing the savings of emigrants remained strong throughout the early 1970's, and became a matter of vital economic importance during and after 1974 when the level of remittances dropped off sharply (see Table VI - 3).\(^6\)

Concern about remittances in 1974 among the private sector is most clearly expressed in a document prepared just after the coup by an association of large-scale industrialists, the Movimento Dinamizador Empresa/Sociedade, essentially representing the monopolies. The group's purpose at the time was to reform Portuguese economy and industry, given the new political possibilities of the Revolution, and to prevent the ascendancy of the Left.\(^7\) In an analysis of the key variables affecting the economy, the following observations were made regarding emigration:

The increase in interest rates in the countries where the emigrants work and the uncertainty about the economic situation in Portugal can result in a substantial reduction in the remittances of cash by emigrants.  

(p. 39)

Proposals to insure or increase the sending of remittances and to channel them in certain directions were made in a section entitled
"Capturing of savings of emigrants directly into investment":

The problem of the lack of the forms of investment for the application of their savings has been expressed by the emigrants in Germany for some time. The MDE/S proposes to stimulate the development of these schemes of the capturing of remittances.

(p. 67)

A proposal entitled "Launching Real Estate Investment Funds" notes "The lack of real estate funds in the Portuguese financial market constitutes an unjustifiable lacuna for... it does not offer emigrants conditions for solid applications of their earnings." (p. 88). Another scheme was the still relatively unknown practice of buying life insurance. The document notes, "Life insurance can be an important instrument in the capturing of savings of emigrants."** (p. 90) And finally, the creation of liquid capital investment funds (investimentos mobiliarios) constitute an effective and productive form of capturing the savings of emigrants, and it is important to take advantage of them." (p. 91)

Remittances and the Revolution

The governments of the early Revolutionary phase (beginning with the second Provisional Government in September, 1974) were equally concerned about remittances. On the one hand, the publicly expressed rhetoric portrayed the emigrant as a victim of the conditions of the old Regime and not, as he had previously been, a source of remittances. The Secretary of State for Emigration, in an interview in April, 1975, noted that since 1974 "the emigrant had ceased being a way of resolving problems of unemployment and the social tensions which unemployment creates; rather, the emigrant is now seen, objectively, as a Portuguese, who, at a certain time, had to abandon his country because its socio-economic development could not give him the minimum possibilities of a
dignified life." Nevertheless, one of the functions of the newly created (post-1974) Secretariat was in the orientation of the formation of savings of emigrants so that they [the savings] become remittances of foreign exchange and thus benefit first the emigrants themselves and second, the country.... It is very important that the remittances of emigrants be used in the service of regional development so that, first, those that return might find their home areas more developed, and second, so that families that remain can make use of the efforts overseas of their relatives [i.e. can subsist on remittances].""

Efforts to insure the flow of remittances were made by other sectors as well. The Armed Forces Movement, under the sponsorship of the Secretary of State for Emigration, organized programs (sessões de esclarecimento) in 1975 for emigrants in France and other countries to allay their fears about the political and economic situation in Portugal, and by implication, to assure them that their money would be safe.""

Posters of the Secretariat of Emigration, displayed in 1976 in the Labor Ministry in Lisbon, or anywhere else the emigrants were likely to see them, subtly suggested that their work abroad was necessary to the economic health of Portugal. The posters stated the following:

Sai uma riqueza
o teu trabalho
Entre outra riqueza
o teu futuro

Um povo unido
Dentro e fora do pais

Mesmo no estrangeiro
Portugal precisa de ti

Portugal es tu
Participe na sua construção

One wealth leaves your labor
So that another wealth may return your future

A People united
In and out of the country

Even abroad
Portugal needs you

Portugal is you
Participate in its construction*1
The efforts to recapture the pre-1973 level of remittances after the sharp drop in 1975 were further reinforced by a series of financial incentives to emigrant instituted in February, 1976. In order to allay the emigrants' fears that their savings would suffer from devaluations of the escudo in the crisis-filled years after 1974, the Minister of the Treasury instituted a system whereby emigrants could open deposit accounts in foreign currency at preferred rates for certain fixed periods although they could withdraw the money only in escudos. The decree-law announcing the measure, following shortly after the nationalization of the banks, justified its institution as follows:

The defense of the interests of emigrants is a top priority of the Government. Emigrants fully deserve a dominant place in the Government's social and economic planning, not only because of their contribution to the equilibrium of the national economy, but also by their inclusion in the working class whose protection constitutes one of the bases of activity of national political institutions.

The absorption [into Portugal] of the excesses of national labor and the progressive integration of emigrants who desire to return to their country requires intensified investment and stimulation of savings which will be necessary for the former to happen. Emigrant remittances are, as is well known, a fundamental factor in the level of national savings and in the balance of payments. From them, depend, consequently, in large part, the possibilities of financing adequate rates of investment and of acquiring abroad the capital goods which are indispensable to the economic development and the creation of new employment.12

Thus, in effect, the emigrants were to finance the possibility of their own return.

The terms of special accounts, called Emigrant Deposit Accounts (Contas de Deposito de Emigrantes -- CDE) were compared with the terms of savings accounts in banks of the emigrants' countries of emigration
by the Banks competing for their business. For example, the Banco Totta e Açores made the following comparison:

**Emigrant Deposit Accounts in Comparison with Foreign Accounts**

<table>
<thead>
<tr>
<th>Country</th>
<th>Terms (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6 month</td>
</tr>
<tr>
<td><strong>Federal Republic of Germany (Deutsche Bank)</strong></td>
<td></td>
</tr>
<tr>
<td>Emigrant Deposit Account</td>
<td>6.5</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>**Belgium (Krediet Bank) *</td>
<td></td>
</tr>
<tr>
<td>Emigrant Deposit Account</td>
<td>6.5</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Holland (Algemene Bank)</strong></td>
<td></td>
</tr>
<tr>
<td>Emigrant Deposit Account</td>
<td>6.5</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>**U. S. A. (Chemical Bank) *</td>
<td></td>
</tr>
<tr>
<td>Certificate of Deposit</td>
<td>5.45</td>
</tr>
<tr>
<td>Emigrant Deposit Account</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>**Canada (Toronto Dominion Bank) *</td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>7(1)</td>
</tr>
<tr>
<td>Certificate of Deposit</td>
<td></td>
</tr>
<tr>
<td>Emigrant Deposit Account</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>**France (Banque Nationale de Paris) *</td>
<td></td>
</tr>
<tr>
<td>Minimum Deposit 5,000 FF</td>
<td>5(1)</td>
</tr>
<tr>
<td>Emigrant Deposit Account</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Great Britain (all banks)</strong></td>
<td></td>
</tr>
<tr>
<td>Deposits up to 10,000 pounds</td>
<td>6.5</td>
</tr>
<tr>
<td>Emigrant Deposit Account</td>
<td>7.5</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Switzerland (Union des Banques Suisses)</strong></td>
<td></td>
</tr>
<tr>
<td>Emigrant Deposit Account</td>
<td>2</td>
</tr>
</tbody>
</table>

* 1975 rate; (1) -- 3-6 months; (2) -- 6 mo. 1 yr.

Source: Banco Totta e Açores, Boletim Informativo, no. 43, July, 1976, p. 3

The Emigrant Deposit Accounts were the first in a number of financial incentives offered to emigrants. With the incentives came also an increase in the competition among banks for emigrants' money despite the fact that all banks were nationalized. Sophisticated advertising called attention to the advantages of one bank over another. For example, the
Banco Portugues do Atlantico, the pioneer in the 1960's in aggressively seeking emigrant savings, published a monthly newsletter, distributed abroad, entitled *O que interessa aos Portugueses que trabalham no estrangeiro* (What is of interest to Portuguese who work abroad)." Rosemarie Rogers (1981: 347-348) reports similar program for Yugoslavia, Greece and Turkey, but describes them as part of emigrant return incentives. Portugal was not urging return migration; rather just the opposite. The banks in the 1970's, like the State and the Church in the late 1960's, were attempting to bind the ties, to remind the Portuguese abroad that their financial futures were safe in Portugal. The policies vis-a-vis remittances that had been instituted in the mid and late sixties had their continuity -- if more explicitly -- in the post-Regime mid seventies when it appeared that the State was losing one of its most important resources. Remittance policy became, in the 1970's, the State's most visible emigration policy and one that was basically no different from that of the 1880's when the export of emigrants to Brazil was more lucrative than exporting them to Africa.

**Summary and Conclusions**

Emigration policy during the Salazar-Caetano Regime was the consequence of three basic political and economic strategies: maintaining the Empire, controlling the labor supply so as to avoid a major disturbance to the political, economic and social life of the country, and maintaining a positive balance of payments. As such, emigration policy was derived as much from political considerations as economic ones. Within the context of these three relatively constant (over a century) strategies, emigration policy has also reflected the
changing developmental orientation and political bases within the Regime. First, the protectionist restraints of the earlier phase of the Modelo Economico, serving primarily traditional industry, gave way, in the post-War years, to the interests of large-scale capital-intensive industry for which labor absorption was not a priority. Second, the formal restrictions against emigration, serving the pro-Colonial military, Northern land-owners and traditional industrialists were eliminated during the late sixties with the emergence of the Caetano-based planners and technocrats. The latter saw the need to rationalize and liberalize emigration, along with the general liberalizing tendencies of the period.

The Regime's concerns with remittances, labor supply and the Empire were more centralized and controlled expressions of nineteenth and early twentieth century emigration policies. The preoccupation with Portugal's 'demographic excesses', the cost of agricultural labor and the balance of payments lay behind the pre-Regime policy of exporting labor to Brazil rather than to the Colonies. Many of the Regime's policies were continuities of this prior period.

The Regime's early formal policy of creating the conditions of success for the emigrant, was motivated by the desire to maintain the flow of remittances and promote better trade possibilities with Brazil. When emigration was sharply reduced in the 1930's, because of world economic conditions and changes within the Brazilian political economy, Portugal was forced to deal with its 'demographic excess' in a manner most conducive to maintaining economic and political "stability." It was during this early phase that the policies of condicionamento
industrial and the colonial policies of fomenting agricultural settlement in Africa were put forth as solutions to the 'demographic problem' (see Chapters III and V).

Shifts in emigration policy follow directly shifts in developmental strategies and political alliances. The post-War efforts to create an industrial base required domestic labor for infrastructural projects while, at the same time, the need to export a portion of the population that could not be absorbed in industry. In the 1960's traditional industrialists, long dependent on an abundant labor supply, felt betrayed by what they perceived to be non-action by the Government which, in its attempts to maintain enough labor for the armed forces in Africa, was actually stimulating high rates of clandestine emigration.

Caetano's efforts to regularize and liberalize emigration in the mid and late sixties reflected a basic shift in political power and developmental strategies. First, the creation of the National Employment Service, while having little effect on actual emigration rates, nevertheless was indicative of the view that emigration was intimately related to national industrial and economic issues. Its creation was also an attempt to remove emigration from the jurisdiction of the Interior Ministry where it was perceived as an internal security matter, to the Corporations' (Labor) Ministry where, in theory at least, it was treated as a labor problem. The shift in the locus of the administrative apparatus for emigration is symbolic of the general shift of the political economy of the late 1960's.

Second, the 'amnesty' for those who had emigrated illegally, granted soon after Caetano's succession to power, was, at base, an effort to
show industrialized Europe that Portugal was progressing toward liberal democracy. It was also an effort to stem the tide of clandestine emigration which, by the late 1960's, was affecting even capital intensive industry.

The final stage of emigration policy, initiated under Caetano and intensified in the post-1974 era, involved the shift from condemning and containing emigration to recognizing and supporting it. The physical manifestations of the policy were the increase in support services for emigrants -- consulates, schools, social centers, churches, and banks. The reasons for the policy were that first, Portugal could not afford the massive return of its emigrant population -- i.e. it was necessary to encourage the well-being of emigrants abroad while at the same time reminding them that they were still Portuguese. And second, the need for emigrant remittances remained great, especially after 1974 when the economy was shaken by the Revolution and emigrants were afraid to send money to Portugal. The financial incentives created by the State were aimed at emigrant support of the national economy. The State was asking emigrants to invest in their own future return. The fact that post-1974 emigration policies were merely more forceful continuations of policies begun in the late 1960's suggests that the real change in emigration policy occurred along with the first fundamental changes in the political economy -- the years 1965-1970, and not 1974.
FOOTNOTES

1 Miriam Halpern Pereira points out that these three strategies have operated in one way or another in the formation of Portuguese emigration policy since the first major wave of emigration to Brazil in the 1860's and 1870's (MHP, 1981: 53)


3 *Primeiro Inquerito Parlamentar*, 1873: 23. In statements elsewhere in the Inquerito, however, there was a recognition of a lack of capital in the North which constrained agricultural and industrial development of the rural areas. (p. 16). Comments J. Serrao of the Inquerito's observation "...This lack of capital, this public poverty, considered within the controlling the national economy, of burgeoning mechanical industry, incapable of absorbing the excess agrarian population which, in turn, creates a demographic saturation in the hinterland of the north, and the resulting misery is obvious in the factor of emigration." (Serrao, 1970. p. 610).

4 First Herculano quote is from "A Emigração," *Opusculos IV*, 3rd. Ed., 1905, pp. 107-118, as quoted in Serrao, 1976: 103-104; second quote is from "A Emigração," p. 146, as quoted in Serrao 1970, p. 610. In the face of proposals for an agrarian reform program by Oliveira Martins and in later years by Ezequiel de Campos as a solution to labor shortages and to discourage emigration, Southern latifundiarios found they preferred mechanization to solve labor shortage problems rather than risk having their land expropriated and divided. "Having to opt between a reform of property structures and emigration, the agrarian bourgeoisie preferred an attitude of relative tolerance in relation to the latter." (H. H. Pereira, 1981: 52). See also MHP, 1971, where she notes that emigration, while a factor in the reduction of labor reserves, became also a factor in technological progress stimulating mechanization. (p. 50)

5 The *Sociedade de Geographia de Lisboa* was established in 1875 primarily to promote scientific expeditions to Africa. It became the key ideological and intellectual support of the Colonial interests. Its library remains one of the best collections on
Portuguese Colonialism. The report demonstrated a sophisticated understanding of the complexities of the causes and effects of emigration. For example, it asks "What will be the useful and prejudicial effects of emigration on the following: importation of capital, commerce and industry for the country, navigation, export of capital, demographic shifts, work habits, economic initiative, family morals, and shortage of labor?" Among possible causes of emigration are listed the following: insufficient salaries, irregularity of agricultural employment, agricultural blight (phyloxera etc.), lowering of agricultural prices, population excess, paralysis of public works employment, reduction of industrial wages, increasing taxes, administrative centralization, increasing ease of transport. (pp. 5-6)


7 In 1896, in an effort to encourage emigration to the Colonies, a law was passed allowing for the free distribution of passports for travel to Africa. The 1907 Law, while requiring passports for Brazil, simultaneously removed passport requirements for those emigrating to Africa and for tourists.

8 This decree still remains in force in 1984.

9 M. H. Pereira, 1981: 36-37. This was approximately 4 million pounds annually.


11 Agio is defined as follows: "A premium or percentage paid for the exchange of one currency for another." Webster's Collegiate Dictionary, 5th ed., 1948. Since both Brazil and Portugal were in the sterling area, exchange transactions were carried out in London, with London setting the agio rate. The "gold" in the title is used metaphorically to mean the riches Portugal was obtaining from Brazilian emigration.


13 Specifically the Borges Brothers, later known as the Borges e Irmão Group and the Bank of the same name, and Cupertino de Miranda, founder of the Banco Portugues do Atlântico Group. (Cabral, 1979: 55).

14 Despite the major shift in political power in 1926, the period 1919-1945 may be taken as a unit, in terms of emigration policy. 1919 marks the resumption of full-scale emigration after World War I. 1946 was the point at which Portugal began a process of infrastructural build-up in preparation for, in theory at least, the industrialization of the 1960's. A certain amount of labor was needed for that build up, and emigration laws were changed
accordingly.

15 Decreto no. 5,624 of May 10, 1919 and accompanying enabling legislation, Decreto 5,886 of June 19, 1919, Diario do Governo, respectively pp. 795-801 and 1418-1431. Legislation of the decade of the 1920's is a curious blend of, on the one hand, protecting the well-being of the emigrant, as if he had a mission to fulfill, and, on the other hand, formally identifying and labelling the emigrant as a member of the lower class. Considered emigrants and consequently subject to the presentation of passports were the following: 1) Portuguese nationals who, with third class tickets, are destined for foreign ports; 2) Portuguese nationals, embarking with first or second class tickets who fall into the following categories: married women, unaccompanied by husbands except with those with proof of legal separation or divorce; those who intend to establish permanent residence abroad; inaccompanyed minors, individuals under 45 who are still subject to military service. The definition of emigrants as those travelling third class was later removed because it presented a "pejorative aspect," according to Col. Antonio Manuel Baptista, President of the Junta de Emigração in a speech on 18/12/1952, published as Emigração, Ministerio de Interior, Junta de Emigração, p. 4.


19 For example, "700 gr. of bread, 200 gr. of codfish of 300 gr. fresh or salted fish; 200 gr. dried beans or 300 gr. green beans, 100 gr. rice, 250 gr. potatoes, 100 gr. onions, 60 gr. oil, 100 gr. dried fruit or 250 gr. fresh fruit, 50 gr. sugar, 15 gr. coffee, 500 gr. wine, 2-3 liters potable water," Decreto 13,620 of April 28, 1927, Diario de Governo, p. 570,572. The decree also lists elaborate health regulation and the requirement of health personnel on board.

20 Decreto 19,029 of Nov. 13, 1930, Diario de Governo, pp. 839-848. A couple of minor but interesting changes from the 1927 decree are, first, the requirement that wine served on emigrant ships be Portuguese wine (reflecting the nationalist trends of the Regime) and second, the mention for the first time of ships bound for America, not Brazil, reflecting the sharp decline of Brazilian and the increase of U.S. and Canadian emigration.

21 Signed Alberto de Oliveira, Legação de Buenos Aires, Dec. 21, 1924 (document classified as "reserved") as reproduced in M. H. Pereira, 1981: 241-242. Although the letter was written in 1924, before the regulating decrees of 1927 and 1930, similar conditions remained for the 1930's. One is reminded of the comment of Henrique Galvao (Chapter V) regarding the copious legislation for planned settlements in Angola without their realization.

22 Speech given by Col. Antonio Manuel Baptista, President of the
Junta de Emigração, in 1952, published by the Min. of the Interior, 1953, p. 12. In the 1930's and 1940's Brazil, in particular, was experiencing an intense industrialization accompanied by large-scale internal rural-to-urban migration. Getúlio Vargas closed off most European emigration as being contrary to the interests of the Brazilian economy and polity. (H. Vianna, p. 275)

23 There has been nothing written by historians on the shortages. Mention of the shortages and hunger of the period was made by residents of a Northern Minho village during field work in 1978, and reported in A. Leeds, 1984. Alice Ingerson, doctoral candidate in anthropology, Johns Hopkins Univ., has reported mention of the shortages in oral histories done in 1978 of textile workers recounting the War years. A. Ingerson, "Strikes Under the Dictatorship in Portugal: The Language of Deference or Discontent," unpub. ms., 1983.

24 Recall, for example, J. N. Ferreira Dias, considered the father of Portuguese industrialization, in his landmark 1946 book urging the Portuguese to enter the 20th Century by reorganizing industry and providing the necessary infrastructure (see Chapter III).

25 Preamble to Decreto-lei 36: 199 of March 29, 1947, Diario de Governo, no. 72. This decree formally suspended emigration for seven months until the appearance of Decreto-lei 36: 558 which actually created the Junta de Emigração.


28 As listed in Decreto-lei 36: 558, Art. 2.

29 On this point M. B. R. Trinidad comments that the prominence of the Interior Ministry suggests its "undeniable weight in the framing of the responsibility of decision-making which came to be taken regarding emigration." (1981: 75) While the administrative weight of the Interior Ministry was clear, not to recognize the importance of the inclusion of other Ministries is to neglect the complex set of interests and strategies which lie behind the emigration phenomenon. The Ministry of the Economy was clearly interested in remittances, the Overseas Ministry interested in channeling emigration to the Colonies, the Public Works Ministry interested in maintaining enough labor to carry out infrastructural projects and the PIDE to arrest those emigrating clandestinely or encouraging and aiding clandestine emigration.

30 Speech given by Col. A. M. Baptista, p. 10 (see FN 22)

31 The negotiated contracts were the following: 1948, undifferentiated workers from Madeira to Curaçau; 1951, fishermen from Madeira to So. Africa; 1952, families from Madeira to work on plantations in
Southern Brazil (Parana); 1953, emigration of Azoreans to Canada; social service agreements regarding Portuguese emigrants in France; 1954, emigration of Azoreans to Canada; 1955, revision of contracts of Portuguese in Brazil and Venezuela, continuation of Portuguese emigration to Canada; 1956, establishment of administrative channels for emigration to France, England; 1959-1960, emigration Azoreans to Canada and the U.S., contracts for the sugarbeet harvests to France. Boletim da Junta de Emigração, pp. 26-29. By the early 1950's, Brazil had reopened emigration, specifically for agricultural colonization. The massive rural to urban internal migration during the 1930's and 1940's created shortages of agricultural labor. In 1954 the National Institute of Immigration and Colonization was created, with ties to the Ministry of Agriculture, to help resolve the problem. In that year, 72,248 immigrated to Brazil, of whom 37% were Portuguese. (H. Vianna, p. 279).

For example, the Boletim of the Junta listed the following concelhos (counties) from which emigrants had been recruited to work on temporary contracts in the sugarbeet harvests of France in the late 1950's: Barrancos, Sabugal, Guarda, Penedono, Vila Nova de Foz Coa, Sernancelhe, Sever do Vouga, Arouca, Fafe, and Vila Verde.

See for example, Decreto 5,886 of June 19, 1919, Chap. 1, Art. 11, clause 2, Diário do Governo, p. 1919. The requirement remained in force, on paper at least, for the remainder of the period. For example, Decreto-lei 36,558 of Oct. 28, 1947 reissued as Decreto-lei 41,456 of Dec. 19, 1957, both through the Overseas Ministry (Ultramar), stated "the intervention of any individual or enterprise for the purpose of illegal recruitment (engajamento) of emigrants, the obtaining of documents ... is prohibited" (Art. 25, Diário do Governo, Dec. 19, 1957, p. 288). This clause was then repeated in Portaria 19,290 of July 11, 1962, Diário do Governo, no. 157, p. 367.

The increase in Army personnel alone (not including Navy and Air Force) was as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Personnel</th>
</tr>
</thead>
<tbody>
<tr>
<td>1933</td>
<td>-</td>
</tr>
<tr>
<td>1961</td>
<td>-</td>
</tr>
<tr>
<td>1967/68</td>
<td>120,000</td>
</tr>
<tr>
<td>1971-72</td>
<td>130,000</td>
</tr>
<tr>
<td>1974 (April 25)</td>
<td>140,000</td>
</tr>
<tr>
<td>1976</td>
<td>40,000</td>
</tr>
</tbody>
</table>

Source: D. Wheeler, 1979: 195

Decreto-lei 43,582, article 13, b and c, April 14, 1961, Diário do Governo, no. 78, pp. 370-371. In fact, the PIDE had been involved in the process since at least 1957 with the issuing of Decreto-lei 41,456 of Dec. 19, 1957, placing within the jurisdiction of the PIDE the assigning of fines and imprisonment, according to the value of the amount received, for the arranging of falsified documents for clandestine emigration. This was repeated in Portaria 19,270, issued by the Overseas Ministry on July 11, 1962,
Diario do Governo, no. 157. Clandestine emigration continued to be an over-riding concern throughout the decade.


37 For reports of international pressures in favor of self-determination see U.N. Document, Special Committee... (1966); for criticism of labor practices see ILO Reports, (Chapter III).

38 The standard requirements are also listed including necessary health conditions, the guarantee of work, and authorization to enter the country of destination, completion of military service, age between 18 and 45. Requirements are listed in Title II, Chap. I, Article 4 of the decree. The significance of much of the emigration legislation is seen in the passport regulations which are imbedded within the general body of the particular decrees. A compendium of the excerpted passport regulations may be found in the Government publication, Passaportes, separata no. 189, Imprensa Nacional, 1971.

39 For figures on high illiteracy rates in the areas of greatest emigration see Chapter IV, Table IV - 1. The contradictions in Portuguese emigration policy are not new. Bento Carqueja (p. 431), in speaking of emigration policy of the early 20th Century, notes that restrictions against emigration often had to be carried out through indirect means so as not to create political opposition.

40 Recall that in 1907 clandestine emigration also rose markedly as a result of new passport restrictions making more difficult obtaining a passport through official channels. Penalties imposed in the formal legislation of the 1960's were not idle threats. Areas in the North of Portugal near the Spanish border were particularly heavily guarded. Apprehension and trial of those attempting or aiding clandestine emigration is documented in Portugues, et al., 1978.

41 Accurate statistics for Portuguese emigration in the 1960's are difficult to obtain. Figures for clandestine emigration, for example, were based on the differences between legal emigration figures in Portugal and French figures for total immigration of Portuguese. Publications of the official National Statistic Institute, while accessible to all, did not report emigration statistics completely, and the Bulletin of the Junta de Emigração were not readily accessible in the 1960's. They were obtained only by written request justifying their release which was not automatic.

42 There appears to have been some form of liberalization in the early 1960's with the legalization of the status of several thousand emigrants, but the evidence for the liberalization is inconclusive. The possibility of the earlier legalization was reported in J. C. Ferreira de Almeida. In describing the difficulties and inaccuracies of Portuguese emigration statistics, Ferraira de
Almeida notes that the marked increase in emigration statistics for 1963–1964 for France (from 40,000 to 56,000) is not explained in any official Portuguese publication. The only clues are brief announcements by the Junta de Emigração in the daily press of July, 1963 and Jan, 1964 that 2,107 emigrants (in 1963) and 1,943 (in 1964) had returned to Portugal to regularize their status in that year and then returned to France. Ferraira de Almeida concludes that the difference in the 1963–64 figures must have been attributed to approx. 12,700 legalizations of clandestine emigrants. The question still remains as to why the government kept the legalizations relatively secret, and why the possibility of legalization does not appear in legislation before 1966.

43 Only in 1967 did official figures on legalizations begin to appear in Government publications such as the Boletim of the Junta de Emigração for 1965 and in a short introductory note explaining the increase in legal emigration in the Boletim of 1966, published in 1968. (E. S. Ferreira, 1976: 57)

44 Decreto-lei 48,783, Dec. 21, 1968, Diario do Governo, no. 300, pp. 1883–1884. Emphasis mine. The decree seems to be saying, in a veiled manner, that the liberalization was not possible while Salazar was still in power.

45 Diario do Governo, no. 275, p. 1664.

46 This is a re-statement of article 64 of Law 2135 of July 11, 1968. An unpublished study of emigration from the Alto Minho (near the Spanish border) reveals that from 1960–65 in the four counties (concelhos) of Melgaço, Monção, Valença and Caminha, 1899 people were sentenced for clandestine emigration, falsification of passports, recruiting illegally or acting agents (engagador or passador). The figure, based on an examination of judicial records for that period, represents only the small number of those who were caught. (Portugues, et al, p. 31)


48 From personal correspondence with Marcelo Caetano, Dec., 1978. Caetano's criticism of the French authorities was matched in interviews with high-ranking French labor officials who criticized the Portuguese for incompetence.

49 This is certainly no different from the situation of illegal migrant workers in most industrial societies, e.g. the current re-emergence of sweat shops in U.S. industries using illegal alien labor.

50 Interview given to the Swedish newspaper Svenske Dagbladet and translated in the Diario de Noticias of 18/7/1971.

51 The ANP was the new name given by Caetano to the former Uniao Nacional, for most of the Regime, Portugal's only legal party. The
restructured ANP was part of Caetano's efforts at re-aligning the base of support and removing Salazar loyalists. Speech was made at the National Assembly on 27/9/1971.

52 Speech to the Military was made at the National Assembly 4/10/1971.

53 Thanks to Jacinto Baptista, then Director of the Diario Popular for introducing and allowing access to this material. With regard to censorship of emigration news, what was permitted was news of the arrest or sentencing of those emigrating clandestinely or of engajadores, i.e. the Regime wanted to make known the punishment of those emigrating illegally. Any news suggesting the economic benefits to emigrants was also strictly cut.

54 He was responsible for the preparation of the Second Development Plan (1959-64), as he reports in his letter to me.

55 The Development Plans were as follows: First Plan, 1953-58; Second Plan, 1959-63; Interim Plan (intercalar), 1965-67; Third Plan, 1968-73; the Fourth Plan had just been published at the time of the coup.

56 The question must be raised of how meaningful and how effective development plans are in general, and especially in the case of Portugal where the political realities of the Salazarist forces tended to dilute much of the force of earlier Plans, in particular. A number of commentators have been cynical about the impact of the Plans on actual economic practices. J. M. Pereira (p. 31) felt that it would not have made any difference to development if the Plans had existed or not. For a thorough discussion of the evolution of the Plans, see F. P. Moura, parts II, III (chapters 8, 9). With the use of any development plan, the important questions to ask are 1) What models are being used? 2) For which interests and for what purpose are the plans being written? and 3) What is not being included in the plans? There was often a considerable difference between what was included in the working drafts (estudos preparativos) and the final published versions. On these questions see A. Neto, 1969, and S. Ribeiro, 1973. For a discussion of the evolution of labor policy in all the plans see M. O. Vital, 1974.


58 Labor issues were treated under the Ministry of Corporations, part of the Corporatist administrative structure. When the Regime was toppled in 1974 the corporatist structure was dismantled. Out of the Corporations Ministry were created the Ministries of Labor and Social Assistance and Welfare.

59 Analysis of the creation of the SNE is based on interviews in 1976, 1977, and 1978 with then current officials of the SNE and those who had been involved in its creation in 1965. Interviews were carried out in Lisbon and at various regional SNE offices in the North of
Portugal. The inter-ministerial battles for the control of emigration regulation is discussed in M. Murteira, 1974: 50-52, and through a personal interview with him in 1976. Murteira, an economist, was involved in the creation of the SNE in 1965.

Reported in an interview with a former SNE official who was, in 1978, the director of personnel for one of Portugal's largest textile firms.

The man who started the SNE, Joao Moura, told me in an interview in 1976 that an SNE survey of 8,000 firms produced many bluffs on the part of industrialists.

Recall that 1968 refers to Salazar's removal from office and Caetano's ascension to power and the partial triumph of progressive forces within the Regime.


From O Povo Portuguez, p. 431, one of the early classics of Portuguese political economy. Philippovich presumably refers to a member of the 19th century Austrian military family of that name, one of whom was an economist contemporary of Carqueja.

In a comparative study of Yugoslav and Portuguese emigration, Poinard and Roux (p. 40) have labelled the shift from emigração sofrida (suffered emigration) to emigração recuperada (recovered). M. B. R. Trinidad (1981) has made a similar observation, calling the prior the "one-way policy" and the latter the "closed-cycle policy." Trinidad (1979: 226) notes a similar shift in Spanish policy starting in 1969. The Portuguese administrative changes to support the new policy were modelled after the Spanish agencies.

In addition, B. Kayser (1971) notes that in the first half of the 1970's only four districts in Portugal registered growth in employment rates -- Lisbon, Porto, Setubal, and Aveiro, all coastal industrial areas.

Recall that in the mid 1960's a segment of the emigration administration had been handled by the Ministry of Corporations which included labor. The creation of the Secretary of State for Emigration was specified in Decreto-lei 235/74, June 3, 1974. See M. B. R. Trinidad, 1981: 82-84, for a detailed surve of the changes.

The 1975 Bulletin of the Sec. of State for Emigration lists the following delegations of the Institute of Emigration either in existence or proposed: In existence: Rio de Janeiro, Toronto, Montreal, Paris, Lyon, Marseilles, C. Ferrand, Strasbourg, London, Dusseldorf, Hamburg, Stuttgart, Caracas; Proposed: Argentina, Belgium, Spain, Holland, Luxembourg, Switzerland. In 1975 there were 17 Portuguese consulates on France alone. (p. 246).

The role of the Church as a political pacifier, especially in the North, has been described by C. Bretteville, 1979.


See also, for example, L. Taylor, 1976: 293 and R. Dornbusch, R. S. Eckaus, and L. Taylor, 1979: 300.

The term 'private transfers' means all transfers of a private nature whether from emigrants or not, but the large part of the transfers were and are from emigrants.

The press censorship of remittances is clear in comparisons of published emigration news before and after 1974. I would like to thank the library personnel of the Associação Industrial Portuguesa for access to their extensive clipping files.

Livi Bacci (1972: 21) presents comparative remittance and balance of payments figures for Portugal, Spain, Italy, Yugoslavia, Greece and Turkey. For the years 1965-69, in particular, with the exception of Italy for 1965-67, Portugal is the only country showing a positive balance of payments as a result of remittances.

Source of private and public investment figures is Banco de Fomento Nacional, 1971.

For precise figures on the growth of exports see Banco de Fomento Nacional, 1971: 58-60.

Source is Banco de Fomento Nacional, 1971: 67. Similar comparisons were made in an OECD study (1975) which points out that while the actual dollar amounts of remittances for Portugal, Spain and Greece were similar for the period 1960-73, the striking fact is that Portugal's GNP was 1/6 that of Spain and 1/2 that of Greece. (OECD, 1975: 25-27). The general point, though, is that remittances covered a significant portion of both the commercial balances and the over-all balance of payments. In Greece remittances represented from 38% to 28% from 1963-1971. (Nikolinakos, 1977:
Source is Instituto Nacional de Estatistica, Contas Nacionais, as reproduced in Boletim Informativo, no. 43, p. 2, July, 1976, Banco Totta e Açores, Lisbon. For comparative figures for Italy, Greece, and Spain for the years 1958 to 1962, see Nikolinakos, 1977: 212. For those years, Greece shows the highest percentage of remittances to GNP (3.7% to 4.7%) but fall sharply behind Portugal for the later years.

The quote comes from a section entitled "Foreign Commerce and the Balance of Payments of the Metropole in the period 1965/66."

The reason for the competition is as follows: Remittances give foreign credit whose value is based on agreements between the central banks of various countries. Remittances entering a particular Portuguese Bank are sold to the Central bank (Bank of Portugal which, up to 1974 was a mixed private-public bank). Thus, foreign exchange, entering through remittances, is a profitable commodity. In addition, remittances are also kept for a short time to meet foreign obligations of the banks, although the amounts should theoretically be reported to the Bank of Portugal. For example, if the Banco Portugues do Atlantico had to buy French francs from the Banco do Portugal, it would be more expensive than if it used its own reserves from remittances.

The prospector system was described, in 1978, by officials of the banks that used the method, especially the Banco Portugues do Atlantico and the Banco Borges e Irmao. There were also occasional references in the Portuguese press of the late 1960's of assaults in France on the cars of prospectores after making their weekend rounds. The large banks were not all equally interested in pursuing remittances. The first and most aggressive was the Banco Portugues do Atlantico whose founder, Cupertino de Miranda, had begun his initial bank with remittances of emigrants in Brazil earlier in the century. The BPA's resources were not based on large family fortunes as were other major banks (Banco Pinto e Sotto Maior of the Chamonalmaud Group, Banco Totta e Açores of the CUF Group and the Melo family, Banco Espirito Santo e Comercio de Lisboa of the Espirito Santo group and family) and found remittances a way of competing with the large family-based fortunes.

Both funds were established by a decree (depacho) of the Finance Ministry, the former on June 11, 1964, and the latter on April 9, 1965. Revista Bancaria, no. 2, April-June, 1968, pp. 27-28.

As quoted in Revista Bancaria, no. 18, Oct.-Dec., 1969, pp. 52-53. When the banks were nationalized in 1975 and with them the investment funds such as FIA and FIDES, the Government wanted to reassure their investors, largely emigrants, that it was "particularly sensitive to the circumstances of the shareholders" and that the small and medium investors (i.e. emigrants) would be treated no differently from the large investors in the


86 The drop in remittances had already begun in 1973, but the most marked drop in the rate of remittances was clearly in 1975 with a minus 43% rate, representing a reduction of 3.8 million contos in relation to the previous year. (Banco Totta e Açores, Boletim Informativo, no. 43, July, 1976, p. 1).

87 The document was called Programa do MDE/S of August, 1974. It should be noted that the document appeared during the initial "moderate" phase of the Revolution, before the veering to the left in Sept., 1974, and the nationalization of banks and certain industries beginning in October, 1975.

88 Recall that all the major monopolies had insurance companies as part of their conglomerate package. The insurance companies associated with the monopolies were nationalized in March, 1975.

89 Interview appearing in O Seculo, 12/4/75.

90 O Seculo, 12/4/75.

91 Note that the most intimate form of the 2nd person pronoun and possessive adjective is used -- the 'tu' form, usually reserved in Portuguese for family, close friends and children.

92 Decreto-lei no. 729-H/75. Diario de Republica, no. 294, pp. 2116 (19-20)

93 By 1977 accounts in British pounds had risen as follows: 6 mos. -- 10%, 1 yr. -- 10,5%; in French francs and Canadian dollars, 6 mos. -- 8%, 1 yr. -- 8.5%. Aviso no. 7, Diario de Republica no. 49, Feb. 28, 1977.

94 For example, emigrants were offered special credit rates for construction loans of either rural or urban housing (Decreto-lei 540/76; Portaria 718/76 of Nov. 27, 1976; Portaria 671/77 of Nov. 2, 1977). In addition, emigrant accounts became exempt from taxes on interest for both foreign and domestic currency accounts. (Lei 21-B/77 of April 9, 1977).

95 For example, no. 5 of May, 1976, a 10 page issue, contains such articles as "What should the emigrant know about bringing a car back to Portugal when he returns," "Agreement signed to reinforce means of support to emigrants," "200 contos for agrarian research."
Chapter VII - Conclusions

Emigration has been a conscious and explicit policy of the Portuguese State for over a century, and most particularly in the almost half-century of the Salazar-Caetano Regime. Emigration has been, on the one hand, a consequence of the Regime's economic, industrial and colonial policies, and, on the other, an integral part of the strategies of Regime maintenance, making politically possible the implementation of development schemes within both Metropolitan and Colonial Portugal.

This study addresses two heretofore ignored aspects of emigration in general and, in particular, post-War European labor migration. First, analyses of international labor migration have, by and large, examined the economic causes and consequences of emigration on both micro and macro-levels. With the exception of several studies dealing with emigration as a consequence of political relations between countries, there has been virtually no examination of emigration as a national political and development strategy with specific political effects. Second, recent explanations of the causes of emigration have tended to view the phenomenon as a passive consequence of capitalist economic relations between regions and countries or as an accepted phase in the evolution of Twentieth Century and specifically post-War economic development. This study has argued that Portuguese emigration, while certainly not isolated from the effects of international economic and political trends, was nevertheless viewed as a necessity by successive Portuguese regimes which actively pursued the export of labor in the face of other possible options. In the Salazar Regime, the
developmental choices made were those which required the export of labor from both Continental and Colonial Portugal. The rates of emigration and the manner in which it occurred were determined by the political choices made by the Regime.

Emigration policy has been defined broadly throughout the study to mean first, the policy dealing directly with metropolitan and colonial emigration; second, the economic, industrial and colonial policy whose consequences, both intended and unintended, were large-scale emigration; and third, the non-response to that emigration, e.g., the failure to remedy the problems created by emigration for Northern industry, which, in effect, became emigration policy.

While this study has focused on the Salazar-Caetano Regime, 1928-1974, it has also examined Portuguese development and emigration policy in historical perspective for two reasons. First, the political and economic conditions that Salazar inherited in 1928 were the product of several centuries of trends whose continuities with the early twentieth century were still strong in 1928. Many of the features of the 19th century political economy were precursors of Salazarist strategies, and many of the structural constraints of the Portuguese economy which emerged in the 19th century or earlier were present as either constraints on or rationales for action under Salazar. This last point leads to the second reason for an historical examination - the use of history as a legitimizer of policy. "O Brasileiro" - the 19th Century Portuguese emigrant to Brazil became a cultural model for the 20th Century emigrant as a contributor to the Portuguese balance of payments, a reliever of the 'demographic excess', and, it was hoped, a
savior of the Empire.

Salazar had clear-cut political and economic aims when he became Finance Minister in 1928 and Prime Minister in 1932. Those aims were, formally, to set Portugal on a course of steady but measured national development, to stabilize an economy that had been plagued by inflation, labor unrest, and increasing foreign debt for the previous decade, to make Portugal self-sufficient with regard to certain raw materials, to reduce foreign economic influence, while at the same time reducing the risk of social and political unrest and mollifying the interests who supported his rise to power. Labor export from both the Metropole and the Colonies was a clearly defined part of that strategy; it contributed to a positive balance of payments, relieved Portugal's 'demographic excesses', and helped maintain the political and economic benefits of the Empire.

Salazar's efforts were both shaped and aided by Portugal's three-hundred year history prior to the Regime. First, that period is dominated by the long-standing economic and political relationship between England and Portugal in which England's early dominance of Portuguese and Brazilian commerce, aided by the Portuguese wine export interests, created severe constraints on the development of the largely Northern Portuguese textile industry and ultimately on labor absorption capacities. Despite the continuing presence of that relationship, Salazar's early efforts at insulating the Portuguese economy, creating the "Portuguese economic space," providing cheap raw materials and labor and protected markets to the textile industry were all a reaction to the early and constraining dominance of England.
Second, the processes of late 19th century capitalist development in Portugal, while similar in some respects to that in other European countries, became, under Salazar, the models for a set of developmental options whose consequences would ultimately create severe strains on the Regime. For example, the gradual centralization of capital in Lisbon, the decreasing support for Northern industry, and the granting of monopoly concessions which had begun in the 19th century were the pre-existing conditions for the sharp regional disequilibrium, the non-support for traditional labor-intensive industry, and the growth of monopolies in the mid-twentieth century.

Third, the first major wave of emigration to Brazil occurred at the time that the State was attempting to stimulate the shift from subsistence to cash-crop agriculture in the North in the mid-1800's. The institution of a new taxation system, ostensibly to provide revenue for infrastructure projects, and the change from primogeniture to partible inheritance, ostensibly to stimulate a rise in agricultural productivity, contributed, instead, to Portugal's first major population exodus, coinciding with Brazil's need for agricultural labor following the end of slavery. The benefits of emigration—the reduction of the 'demographic excess' and the influx of the 'gold' of emigration—were recognized publicly by late 19th and early 20th century political leaders whose encouragement of emigration was to be repeated throughout the Regime. Salazar knew well the benefits of the earlier emigration. When emigration was sharply reduced during his first years in power because of change in the world economy and in Brazilian immigration policy, industrial policies such as Condicionamento Industrial were instituted, in part, to compensate for the 'excess' labor. In other
words, because emigration was no longer a viable option to relieve population pressure, as it had been for decades, adjustments were made in other policy areas.

Labor migration, then, is not only the result of the disequilibria between regions and countries at a given time, but the end product of centuries of national political and economic patterns. The historical continuities and justifications of those patterns during Salazarism were to give emigration its political and economic importance throughout the 20th century. Salazar's options in carrying out his developmental strategies, known as his 'Modelo Economico', were constrained by historical factors, both domestic and international, but not predetermined by them. While they followed similar trends and strategies of other European countries, they nevertheless departed from them in significant ways.

Emigration Policy as a Consequence of the Modelo Economico

The 'Modelo Economico' was comprised of an inter-locking set of economic, industrial, labor, and colonial policies, formally instituted through the corporate administrative structure set-up in the early 1930's and modified throughout the Regime. Within the general aim of "creating the conditions for development," i.e., facilitating the factors of production, Salazar sought to provide protection for industry from external and internal competition, to provide cheap labor and raw materials and protected markets within the 'Portuguese economic space' - i.e. the Metropole and the Colonies.

Protectionism against internal industrial competition was established
under the system of Condicionamento Industrial (industrial regulation) with the rationale that the Portuguese domestic market could not absorb unregulated rates of production. It controlled the number of firms that could be established in a given sector, their productive capacity and their technological level, and granted monopoly concessions to develop new key industries such as steel, petroleum, rubber, and ship-building. In actuality, the Regime was assuring that the labor-intensive firms, textiles, for example, by not automating too quickly, remained capable of absorbing the 'demographic excesses' that had formerly been absorbed by emigration to Brazil. Condicionamento Industrial was administered through the gremio (guild) structure which, in theory, was to provide channels of representation for industry, commerce, and landowners within the Corporatist New State. In fact, the gremios acted more as a constraint on the true representation of traditional industry while the real interests of monopoly-linked industry were increasingly served by the State.

Protectionism against foreign competition occurred during a time of the import-substitution phase also occurring in the larger Latin American countries, especially Brazil. Interestingly, it was Brazil's own protectionist and industrialization phase which limited its international and especially Portuguese immigration. Portuguese protectionism against foreign competition, in contrast to that of Brazil and Argentina which stimulated the development of heavy industry, tended to keep Portuguese industry in an isolated complacency, insulated from foreign pressures to increase productivity, upgrade technology and improve conditions of labor.
A second 'condition for development', providing cheap, abundant, and subservient labor to industry, was accomplished, in part, through the system of vertical syndicates (sindicatos) whose membership was mandatory and which functioned more to control than to represent labor. Labor's subservient position was further assured by the Regime's elitist attitude against mass education, literacy and vocational training. With the aim of keeping the working class population from being exposed to subversive ideas by discouraging education, the Regime ultimately placed the burden of vocational training entirely on industry which trained almost all labor through an elaborate and lengthy apprentice system. The latter also served the additional purpose of keeping industrial wages low since the period of apprenticeship, and thus even lower wages, was often extended beyond the legal limit. Maintaining one of the lowest industrial wages in Europe, thought at the time to be beneficial to industry, ultimately was detrimental to Northern industry. It was a prime cause of emigration, creating grave shortages of skilled labor, and was an obstacle to purchasing power of the industrial working class and the creation of a domestic consumer market.

Other factors of production which the Regime facilitated for domestic industry in the early phase of the Modelo were colonial markets and raw materials, especially cotton. Raw materials and markets were standard benefits of most colonial empires. Portugal, however, came to rely on the Colonies to a much greater degree than other European colonial powers and for a much wider range of benefits. Colonial benefits to the Regime were obtained through an administrative structure that paralleled the Metropolitan corporative framework of gremios and sindicatos. The Colonial structure provided the raw materials, labor, and ultimately the
foreign exchange that made Africa so important to Portugal.

The Colonial administrative framework established to insure abundant labor for forced agricultural production and infrastructural projects divided the African Colonial population into assimilados, the small Portuguese-speaking, minimally educated segment, and the indígenas, comprising well over 95% of the Portuguese African population. It was by the latter group that cotton was forcibly produced to the benefit of Metropolitan textile manufacturers who then sold back to the protected African market the bulk of their finished product. The Colonial markets for the metropolitan textiles were further protected by the extension to Africa of Condicionamento Industrial which by and large prohibited the manufacture of textiles there until the 1960's.

The assimilado-indígena system operated to assure labor for cocoa, coffee, and other agricultural products and, most importantly, labor for port construction and operation in Lourenço Marques (Mozambique). The latter activity provided one of Portugal's most important Colonial resources and constitutes a key element of Portugal's Colonial emigration policy - the export of Mozambican labor to the Transvaal Rand mines in exchange for So. African port traffic through Lourenço Marques. The emigration of Mozambican miners provided the Regime with one of its most important Colonial resources, gold from the deferred payments of Miners' wages.

The political and economic importance of Africa shifted in the 1960's, both following and stimulating the general changes in the Regime's metropolitan strategies. It is during this period that emigration as a consequence of the Modelo becomes clearest. Following
the general trend in post-War European re-industrialization, Portugal began its own heavy industrialization in the early and mid-1960's with the removal of protection against foreign investment, a greater trade orientation toward Europe, emphasis on capital-intensive industrial investment especially in the coastal and Southern regions without concern for internal labor absorption. Unlike other European countries where traditional industry was being supported along with the growth of capital-intensive industry, in Portugal, the former was being neglected in the name of political expediency and economic development. That neglect is seen in the growth and State support of industrial and banking monopolies with corresponding waning support (e.g. lack of credit) for traditional Northern industry. The shift in priority is further seen in the removal of protected markets for textiles and the removal of the prohibition against establishing industry in Africa, even with the suggestion that the outmoded Metropolitan textile industry emigrate to Africa. There was both veering away from the narrow Colonial trade relationship, and an effort to develop the Colonies industrially and agriculturally with the help of substantial foreign investment. At the same time, the resources required to fight three colonial independence wars were constraining public investment for development within Metropolitan Portugal.

When Portugal removed its long-standing insulation from the currents of world economic and political trends, it removed as well its protection against massive labor loss. While Portuguese labor, like other Southern European labor, was responding to the labor needs of Europe, it was also responding to decades of 'benefits' to industry - low wages, control of labor, almost non-existent social benefits and,
especially in the 1960's, to the colonial war effort which made
criminals out of those emigrating clandestinely, thereby stimulating
higher rates of emigration.

Emigration Policy as Export of Labor

While the massive emigration of the 1960's and 1970's was a
consequence of the Modelo Economico, it was also a direct result of the
long-standing Portuguese policy to export a segment of its Metropolitan
and Colonial population. The evolving Modelo must be viewed in relation
to the ability of the State to export labor. Indeed, it can be said
that the Modelo was as much a consequence of the possibilities of
exporting labor as vice versa. Emigration shaped the political options
available to both Salazar and Caetano.

During the first years of the Regime, the Brazilian emigration that
Portugal had promoted and depended on since the 1860's was severely
limited, and Portugal was faced with a drop in remittances and the
prospect of having to absorb internally more of its 'demographic excess'
than had been previously necessary. The Regime encouraged emigration to
the degree that it was possible in the 1930's and 1940's, and while at
the same time attempting to maintain an abundant supply of cheap and
subservient labor for industry and agriculture. One of Salazar's
publicly stated rationales for Condicionamento Industrial was the need
to absorb the 30,000 - 40,000 men who would normally be absorbed through
emigration.

Despite international restrictions on emigration in the inter-War
years, the Regime's over-riding formal policy was to "create the
conditions for success" for emigrants, and to export a steady stream of men in exchange for foreign exchange gained through remittances or new trade advantages. It was during this period that the Colonies began to be mentioned as a destination for the Metropole's 'demographic excesses', although relatively few went to Africa at the time.

Through the inter-War and post-War years, the underlying reasons for emigration remained the same. What changed was the administrative apparatus to deal with it. Consistent with the general centralizing tendencies in all areas of Regime policy, and with the post-War recognition that the economic needs of the State had to be coordinated and planned for, the Regime, in 1946, created the Junta de Emigracao within the Interior Ministry. The creation of the Junta set the stage for inter-ministerial conflicts over the appropriate political control of emigration during the entire post-War period. Those conflicts are symbolic of the political and economic shifting tensions of the period from the autarchic, African-oriented economy and polity, insulated from domestic and international criticism, to a more European-oriented and liberal economy and to a polity forced to respond to both internal and external pressures.

The internal pressures emerged in the 1960's in various forms - the Colonial Wars, mounting internal opposition to the Wars, increasing labor and student unrest, and, within the bureaucracy, efforts to institute comprehensive economic planning and the rationalization of industry and the labor force. Such a notion was troublesome to Salazarists in industry and agriculture who still operated on the principles of the early phase of the Modelo and who saw planned efforts
to tamper with their labor supply as contrary to their interests.

The most visible evidence of the new mentality was the Development Plans which, while often producing more form and rhetoric than actual change, were nonetheless indicative of the general trends toward liberalization and reform of the economy. All four Development Plans of the post-War era had called for a continuing annual emigration to absorb the labor that Portugal's capital-intensive industrialization could not absorb.

Consistent with the attempts to coordinate planning activities, the administrative locus of emigration shifted from the Interior Ministry, where it had been seen as an internal security issue, to the Labor Secretariat within the Corporations Ministry, where emigration was seen theoretically as a factor in over-all national development. The creation of the National Employment Service under the aegis of the Labor Secretariat in 1965 was an early attempt at rationalizing the emigration process and removing it from the hands of the Interior Ministry whose handling (or mis-handling) of emigration at the local level served the interests of agriculturists and industrialists by repressing emigration instead of regularizing it. The consequence was a vast increase in clandestine emigration by those circumventing the control of local authorities.

Clandestine emigration was the result of both the de facto control of local officials who refused to authorize legal exits, and the de jure control of the Regime whose requirements for legal emigration, especially literacy, effectively prevented most prospective emigrants from leaving officially. The former is related to the 'benefits' granted
by the Regime to industry which became dependent on abundant and cheap labor and which opposed emigration in the 1960's. The latter is related to the Colonial War effort which required military manpower for three simultaneous wars.

The Colonial Wars were the last and most costly stage of Portugal's effort to establish a permanent White presence in Africa. The Regime's early attempts to install agricultural colonies of Metropolitan Portuguese were largely failures. It wasn't until the 1960's that the white presence increased dramatically, first as a result of the sharp rise in international coffee prices, stimulating a ten-fold jump in emigration to Africa, and second, as a result of the military presence which the Regime attempted to convert to a civilian presence. Like Northern industrialists who were alarmed at the loss of labor, colonial and military interests were alarmed at the loss to emigration of military manpower. Military efforts at re-directing the flow of emigration from France to Africa were several, including staging propaganda campaigns among migrants in France and exerting pressure on Portuguese negotiators during the French-Portuguese bi-national accord meeting to reduce the number of Portuguese immigrants allowed into France. Military efforts, though, contrasted sharply with those of Marcelo Caetano to stop the "hemorrhage" of the late 1960's.

Just as the more fundamental Portuguese "Revolution" occurred in the late 1960's and early 1970's, so did the basic shifts in emigration policy occur with the liberalizing tendencies of Caetano. Conscious of the fact that shortages of skilled labor were beginning to affect Southern industry as well as Northern industry, and sensitive to the
fact that one million illegal emigrants in France—and thus one million Portuguese criminals—did little for Portugal’s image in the West, Caetano liberalized emigration by offering 'amnesty' to those who wished to regularize their status. Significantly, that amnesty was one of the first changes Caetano made after replacing Salazar.

The liberalization of emigration was the first step in the over-all change from condemning and attempting to control emigration to supporting and even encouraging it. This was a change common to several labor export countries, but particularly important to Portugal after 1974. The shift, for Portugal, was a response to the restriction of immigration by the labor import countries, especially France, and the concern that Portugal would have to re-absorb its emigrants. From the point of the view of the limitations of the domestic labor market, and of the badly needed remittances, the return of a million or more emigrants would have been disastrous. This shift in policy, begun under Caetano, but continued and intensified in the post-1974 period, stressed support to emigrants, assuring them of a viable existence in their place of emigration and reminding them of their Portuguese identity. The policy was subtly geared to stimulating remittances which fell off sharply in 1974 and 1975 when emigrants feared for the safety of their savings. A series of incentives to re-stimulate remittances had, by 1977, restored remittances to their 1977 levels. The policy stimulating remittances in the post-1974 era was merely a more forceful and visible version of the more veiled remittance policies throughout the Regime.

Emigration, then, was a crucial factor in the pursuit of three basic developmental strategies—control of the supply and demand of labor,
retention of the Empire, and maintenance of a positive balance of payments. At various points throughout the Regime, it aided or hindered various constituencies, depending on the needs of that group. National banking and financial circles were continuously seeking the remittances that emigration brought. Colonial interests profited by the export of Mozambicans to So. Africa, and sought to stimulate the emigration of Metropolitan Portuguese to Africa. Those efforts were supported and intensified by the military in the mid and late 1960's when Colonial emigration was seen as one solution to holding Africa. Those same groups condemned European emigration, however, as being contrary to the interests of the State and particularly the Empire.

Equally condemning of European emigration were Northern agricultural and industrial interests who felt the Caetano interests within the Regime, by attempting to regularize emigration in the mid-1960's, were neglecting their interests. The technocrats of Caetano's camp, however, saw a certain level of emigration as the way to aid industrial modernization in the 1960's.

**Emigration Policy as Non-response to 'Crisis'**

This last point is related to the final element of emigration policy outlined above, i.e. the perceived non-response by the State to the problems created by emigration for labor-intensive industry. That non-response in effect constitutes the third aspect of Portugal's emigration policy. It relates to the political effects of Salazar's changing options.

To review briefly, the argument is that emigration in the 1960's
facilitated the process of industrial modernization by creating the possibilities of capital-intensive development without particular concern for labor absorption. The Regime's lack of response to the complaints of Northern industrialists about labor shortages, as well as explicit statements by Regime officials of the need to export a certain amount of labor, and even export to Africa the outmoded textile industry, are evidence of the development value of emigration, as a way of modernizing industrially by exporting the tension inherent in the process.

Besides providing the means by which Portugal could, hopefully, undergo industrial modernization without concern for labor absorption, emigration and its perceived effects of Northern industry represent a basic shift in political support by and for the Regime. The traditional Northern industrial bourgeoisie was one of the bases of Salazarist support in the first half of the Regime and, in turn, was supported by the Regime through its labor and wage policies. However, the post-War modernization period witnessed a shift away from Northern support to that of Lisbon-based large-scale industrialists whose strategies and needs were oriented to the priorities of capital-intensive expansion and preparation for competing with the European economy. Northern industrialists who remained within the protectionist mode of the Modelo suffered both from emigration and a lack of Regime support.

The conclusion to be drawn from the foregoing analysis is the following: within the broad constraints of the international political economy, the emigration policy of a given state will vary in response to the particular political and economic priorities as defined by the
dominant elites. The emigration policy may, at time, be the indirect consequence of other political and economic policies as seen in the case of the Modelo Economico in which one set of Portuguese elites saw emigration as instrumental to other objectives.

They may be directly related to the task of establishing or maintaining a political base, as in the case of Mussolini's emigration restricting policies in order to build the facade of Italian Fascism, and Salazar's restrictions against those who had not completed military service. Portugal's future in Africa was being threatened by the 'hemorrhage' to Europe.

All Southern European countries share certain historical and developmental features which help to explain the existence of emigration. All were constrained by Northern European commercial and industrial interests whose penetration into the markets of southern Europe helped to perpetuate the power of agricultural elites and retard the process of industrialization. All experienced similar post-War patterns of development resulting in labor "excess" and the need for foreign exchange in the form of remittances. It has been shown, in the Portuguese case, that the pattern of development and the shifting base of political support that accompanied it was made possible largely through the option of emigration. At the same time, emigration was the vehicle through which that shifting support could occur, as, for example, in the creation of the National Employment Service in order to administer the "rationalization" of emigration.

The last two factors which, taken together, distinguish Portugal from other Southern European labor export countries are its status as an
authoritarian regime and colonizer. How much does that distinguishing role affect the political bases of its emigration policy? Clearly the requirement of military service in Africa, the existence of a well-established secret police with a far-reaching network of informers and a heavily censored press affected the character and rate of clandestine emigration and the public's awareness of it. Clandestine emigration became the dominant form of emigration in the mid and late 1960's.

Salazar's protectionist and insular economic policies oriented to the Colonial Empire in the first half of the Regime ultimately contributed to the constraints on Portuguese industry which made emigration so important for Portugal.

The contribution of this study to the general body of emigration literature is its examination of the relationship between labor export and the Portuguese polity. The ultimate value of such a study will be heightened by parallel research in other labor export countries, as yet undone.
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