
Corporatism and the Portuguese *Estado Novo* 1933–74

Antonio de Oliveira Salazar, the professor of political economy who ruled his country for over four decades came to power in circumstances different to those that swept Mussolini into government. Salazar did not lead a mass movement nor require political violence to secure his position. Instead, he was invited by the military leaders, who had seized power in an essentially nationalist coup in 1926 against the widely discredited republican regime,¹ to take on the job of finance minister in 1928 on a permanent basis (he having held it briefly in 1926). Thus Salazar's appointment was initially a straightforward example of a military government appointing civilian experts to conduct specialised areas of government, which in this particular case involved remedying Portugal's precarious financial position. Yet within four short years Salazar had so enhanced his prestige and developed his political power that he was nominated prime minister. The army had no desire to govern, and no plan for government anyway, so they handed power back to civilians whom they regarded trustworthy enough to protect their honour and keep this position secure. Therefore, while the military had brought Salazar to power, the regime that he moulded – the *Estado Novo* – after the 'return to barracks' was very largely civilian. Not surprising though, 'The New State civilian elite, dominated by the person of Salazar, demonstrated that in governing, and in surviving threats pragmatism, opportunism, and the art of ruling took precedence over doctrine and ideology.'² Nevertheless, the year 1933 – just one after Salazar³ was appointed prime minister – proved to be the *annus mirabilis* of Portuguese corporatism with the establishment of a corporatist constitution, the passing of a Labour Statute and a plethora of decrees establishing the corporatist structures.

The state, the economy and the market

The Political Constitution of the Portuguese Republic, ratified by a suspect and limited plebiscite in March 1933,⁴ which stated that 'the Portuguese

State is a unitary and corporative republic',⁵ gave the state on paper at least wide socio-economic responsibilities. Most notably, it was the duty of the state 'to coordinate, stimulate and direct all social activities in order to promote a proper harmony of interests within the lawful substitution of private interests to the general good'⁶ and to strive to assist the 'least favoured classes'.⁷ There were also references to fair remuneration, balancing profits with social benefit, to intervene in private enterprises for a larger social benefit and so on.⁸ In September of the same year the Labour Statute was promulgated by decree-law. The Statute which was a Portuguese hybrid of the Italian Charter of Labour and the papal encyclical *Quadragesimo Anno*, spelt out in far more detail the state's obligations including guaranteeing the right to work,⁹ minimum wages and conditions for employees,¹⁰ regulation of prices, production¹¹ and several references to achieving social ends.¹² The Statute also set down the basic structure and function of the corporatist system.¹³

There are several reasons why Salazar and his colleagues chose to take Portugal in a corporatist direction, and indeed were allowed to by the military, though the exact processes involved remain under-researched. Firstly, the state in Portugal had always performed a significant role in the economy. The Portuguese economy had never experienced a liberal capitalistic revolution or anything approaching it. Instead, it had remained dominated by a historic tradition of monopoly mercantalism and state 'enterprise' with the owners of business dependent on governmental access for contracts and privileges. Private capital developed not in a liberal competitive environment but in a close relationship with the state that was quasi-medieval in character.¹⁴ Corporatism was not a departure, but more of a development. Second the period during which Salazar established his position was that of the 1929 crash and world depression; the indicators in many countries were pointing in an interventionist direction. Thirdly, the international climate with Mussolini's experiments, *Quadragesimo Anno* and the plethora of works by corporatist ideologues made the 1930s the decade of corporatism and gave such ideas great prominence. Fourthly, a significant element in the army were sympathetic to general corporatist notions, and many were Catholics and aware of the Church's social teachings. Finally, there was Salazar himself who was able to forcefully articulate his corporatist ideas and, importantly, sell them effectively to key political constituents. His powerful personality as much as anything helped to mould the new corporatist regime.¹⁵

Until the regime was toppled in 1974 the Portuguese corporatist state comprehensively regulated the economy, controlling wages and working conditions, prices, investment, production and foreign trade. Further, as we shall see, there was probably a greater degree of effectiveness in the

regulation than had been the case in Italy, though the regime's economic aspirations were concomitantly lower. Even in the post-war era when virtually all West European countries found a formula for economic success, Portugal stayed with her highly *dirigiste* approach established in the 1930s.¹⁶ In distinction to Mussolini's drive to insulate the Italian economy and reduce its dependency on 'plutocratic nations' which did so much to determine economic developments at home, Salazar never sought to turn international dependency into the overriding consideration. The Portuguese leader was far more pragmatic in approach. In 1931 he stated that, while Portugal could not be left standing in the spread of protectionism, 'we sincerely hope that conditions abroad may enable us to abstain from methods of narrow nationalism'.¹⁷ Nonetheless, although Salazar did not pursue full-blown protectionism, the very weak international position of the economy and balance of payments deficits necessitated a degree of protectionism. The most accurate description of commercial policy in this period was one of 'relative economic autarky'.¹⁸ In the 1950s, however, Portugal clearly eschewed international trends and continued to maintain 'relative economic autarky', though pragmatism remained an element of the approach.¹⁹

In 1960, however, the nation's external economic policy began to change direction when Portugal became one of the original members of the European Free Trade Area (EFTA). Nevertheless, Portugal entered on preferential terms, EFTA recognised Portugal's relative economic underdevelopment and permitted her to keep protective tariffs for her new industries, with a gradual reduction taking place up to 1980.²⁰ Thus, Portugal was set on a slow, but inevitable course of trade liberalisation, despite the implication which this had for Portuguese corporatism. But two factors had forced Portugal's hand. Firstly, many of those countries which joined EFTA, including Britain, were the major consumers of Portugal's and her colonies' basic products. If she remained outside, the markets were at serious risk. Secondly, with agriculture in stagnation (which in the final years of the regime necessitated increasing food imports),²¹ the growth of industry was the only route to development, but the sector required a market far larger than that provided by the integrated market of Portugal and her colonies.²² This increasing pressure to develop the industrial sector was further emphasised when in 1965 a decree was passed which greatly liberalised the law concerning foreign investment.²³ Again it was necessity rather than desirability that was the key factor; foreign resources were needed for the home economy because large amounts of domestic resources were being channelled into the colonial wars.²⁴ So despite the threat it posed to domestic capital, Portugal ended up with one of the most liberal foreign investment laws in Europe.

The moves in the 1960s towards a more open economy reflected the increasing tensions that existed within the Portuguese economy, intensified by costly colonial wars. But even prior to this, domestic economic considerations, not international isolation for its own sake, had determined the nature and direction of the Portuguese corporatist economy. The primary concern of economic control, as far as one can generalise, was directed to determining the form and pace of economic development. Salazar's actions largely appeared designed to maintain the existing social order at the expense of economic development; rapid and relatively unfettered development appeared to the regime's leaders to pose such a threat. With this point in mind we turn to examine the structures of the corporatist system.

State-licenced intermediaries

The Portuguese corporatist system was largely mapped out in a massive flurry of activity in the period 1933–5, and, apart from some appendages in the 1950s and 1960s, never reached any further peaks of creativity, but fell into 'lethargic evolution'.²⁵ Given that the establishment of state control over the economy was paramount, not the generation of class harmony, the corporations were a belated and very half-hearted addition to the machinery. Instead, as imposition, not consensus, was the tenor of the system, the corporatist structure was fundamentally based upon the syndical associations. On the same day that the Labour Statute was enacted, several decree-laws were passed establishing most of the syndical structure of licenced organisations for a particular branch of production or occupation. The decrees, reflecting the peculiarities of prerégime associability, established the following complex structure: a national system of *gremios* which were associations of employers' interests in industry and commerce, based according to branch of production;²⁶ a national system of *sindicatos*, or worker organisations which paralleled the *gremios*' structure, except they were more strictly classified according to job;²⁷ a number of *ordens* to give members of the liberal professions their own agencies;²⁸ a nationwide system of *casas do povo* which were organisations in all rural *frequeisa* (parishes) consisting of both rural workers and landowners in a two-tier system of membership;²⁹ and a structure of *casas dos pescadores*, initiated somewhat later in March 1937, which were similarly mixed organisations of workers and owners, based on fishing centres.³⁰

The *casas* represented an attempt to have integrated intermediaries. It was, however, a false dawn. The *casas do povo* were not in the first few years anything more than local mutual aid societies. More importantly,

the mixed formula did not prove successful and in 1937 owners and workers were given separate organisations, the landowners being organised in specially constituted *gremios da lavoura*. The new *gremios da lavoura* and the *casas do povo*, once the latter had their regulations changed in 1940, came to parallel the syndical bodies in industrial sectors.³¹ Likewise, in due course, the fishing organisations were also divided despite genuine senses of solidarity in such communities.³² The idea of the integrated intermediaries certainly did not get off to an auspicious start – even in the most fertile sectors.

Nevertheless, the urge to complete the corporatist edifice with the establishment of corporations proper was there, and in 1938 legislation for their creation was drafted. But the war and the general need to consolidate the already existing structures intervened, and it was not until the mid 1950s, when there was an attempt to inject some life into the flagging system, that legislation was actually enacted.³³ Even once the legal go-ahead had been given, though, urgency was not a prominent feature: the decree was passed in 1956 but it was not until a decade later that the final one of the eleven corporations was established. The corporations were not, however, based upon a function or trade, but instead drew their constituences from broad economic sectors like agriculture, industry, trade and fishing and canning.³⁴ Further, formally they were supposed to be composed equally of representatives from worker and employer organisations, but the workers were represented by professionals and business managers whom the Portuguese perversely categorised as workers.³⁵ Business and bureaucratic elites dominated the governing councils. In addition, the state had its own ‘observers’ on the governing councils. The so-called observers, however, were not only empowered to attend all meetings and consult all documents, but also to veto any proposals and, even, to halt all deliberations whenever they judged it to be necessary.³⁶ Thus, although the corporations were separate legal entities, having the juridical status of ‘collective persons’, they were kept under near-obsessively rigid state control.

In the absence of corporations to perform regulatory activities Salazar emulated Mussolini and created a series of bodies *en attendant*. The organisations were, however, not designed to paper over embarrassing gaps for propaganda considerations, but were effective regulatory agencies. These Organisations of Economic Co-ordination (OECs) were of three types: Regulatory Commissions to control imports of certain nationally important productions; National Juntas for developing and regulating exports; and Institutes designed to coordinate production. The OECs were designated ‘pre-corporative’ to indicate that in due course their functions would be assumed by the corporations,³⁷ but from an early stage the OECs

became well-entrenched agencies of the regime, becoming the machinery through which the state extended its control over almost every area of the economy. By the mid 1950s the regime's leaders were not willing to put at risk the grasp they had over the economy.³⁸ Throughout the regime the OECs were, in consequence, the effective corporations in terms of performance of functions. Moreover, while it was severely circumscribed and biased, representation was granted to syndical units on the appropriate OEC and probably provided the most effective arena of participation for them.³⁹ The whole issue of membership of the intermediaries, and the consequences this had for representation, nonetheless, requires further investigation because it reveals much about Portuguese corporatism.

The intermediaries' membership

With the syndical structures forming the basic units of the corporatist system it was the membership and jurisdictional attributes of these bodies that was pertinent, because they were the effective intermediary organisations. Although the regime had placed considerable emphasis on spontaneous development, the syndical associations were largely created by government fiat. In the case of organisations of industrial workers, membership of the *sindicatos* was left on a voluntary basis. However, as only one *sindicato* was officially recognised per category and that once recognised that *sindicato* represented all workers in the designated constituency, membership was not of primary significance. In any case, in 1939 a law was passed that allowed the government to make mandatory contributions from all workers in the category; such powers were increasingly exercised, usually on 'a discretionary basis to reward compliant *sindicatos* and punish recalcitrant ones'.⁴⁰ Most importantly, the *sindicatos*' charters, elections and decisions were under constant supervision by the state.⁴¹ The *sindicatos* were, therefore, first and foremost agencies for controlling the workforce; there did not appear to be any serious effort to offer them a means of participating. Not unexpectedly, the statistics reveal that by 1945 almost all categories of urban worker were organised into *sindicatos*, though some do not appear to have actually operated.⁴²

Turning to agricultural workers and their organisations, the *casas do povo*, the case was somewhat different. Like the *sindicatos* (at least after 1938 when they became simply workers' bodies), they had the advantage of representational monopoly, but though there was supposed to be a *casa* in every parish, in practice coverage was limited.⁴³ Despite the marked increase in numbers between 1955 and 1965, in the mid-1960s only 625 out of nearly 3600 parishes could boast a *casa*.⁴⁴ Such a low level of coverage it should be noted was not through lack of potential members,

because membership of these state sponsored bodies was compulsory.⁴⁵ Instead, it largely reflected that the *casas* system existed largely to stultify any pressure on the public authorities, and in many areas, with the absence of other forms of organisation, the need for a *casa* was not pressing. Just to rub salt into the rural workers' wounds, through the regime's life landowners remained compulsory members of the *casas*, because of their role in social assistance, and in the South the *latifundistas* (large landowners) played a prominent part in these supposed workers' organisations.⁴⁶ Indeed, the predominant position of *latifundistas* is well illustrated by the fact that several men who headed the *casas* were also leaders of the *gremios da lavoura*.⁴⁷

Turning to the *gremios* themselves a further twist to the corporatist system is revealed. To facilitate an institutional structure for economic regulation that was corporatist in character, Decree Law No. 23049 allowed the state on its own initiative to command the creation of employer guilds in any industrial, commercial or agricultural sector. All those operating in the sector were required to join and abide by its decisions. Voluntary establishment of *gremios* was also permitted from 1934 onwards but they still had to be licenced by the state and abide by certain regulations and subordinate their interests to those of the state.⁴⁸ The *gremios* were originally conceived of as being monopolistic, with the sole power to speak for a particular sector, but the regime left a loophole in the original decree as a palliative to employers that provided for the continued existence of previously constituted 'class associations'. Such compensation was not afforded to workers' organisations; rather it forcibly closed down and seized the property of over 750 workers' organisations. In the event the concessionary approach to employers continued throughout the regime's existence. The number of obligatory *gremios* created was relatively small; by 1967 only 91 out of 559 employers' *gremios* had been obligatorily formed. This tendency to rely on voluntary formation, however, did not hit the state authorities regulatory ambitions as they simply turned to the para-ministerial OECs.⁴⁹ One consequence of the voluntarist approach (50% of businesses had to approve a *gremio* before it gained a representational monopoly) was that many sectors, including important ones like cork and metal working, remained for years 'non-corporatised' with many businessmen in these sectors utilising their old industrial associations to express their views. By the end of the regime in 1974 certainly not all sectors could claim a *gremio*. Likewise, the spread of *gremios da lavoura* on a largely voluntary basis never extended to anything approaching its full complement. So the syndical associations, the grass-roots of the corporatist system, presented a miscellany of bodies. Despite the point that the charters of all these syndicates clearly reflected

corporatist notions of an intermediary providing the state with a means of regulating economic actors – their charters explicitly stating that interests had to be subordinated to the state – the coverage of the economy was very far from complete. Thus the corporations when they finally appeared could not be the great, integrative capstones of the corporatist system, even although organisations could be compelled to join.⁵⁰ That apart, as already mentioned, the formal equality between employers and employees masked the relative predominance of business interests on the governing councils. Such bias was a feature of Italian corporatism, but the limited development of a syndical structure was not.

Only in the case of urban industrial and service workers was coverage anything near comprehensive. The *sindicatos* tended to be small and localised, and there was no effective organisational structure of federations worth talking about. Organisational fragmentation of the urban workforce was the key feature.⁵¹ This had led Hermino Martins to describe the corporatist system in essence as one of control over the industrial working class.⁵² This was undoubtedly a prime function. But even where organisations did not exist corporatist licencing had an impact – it prevented any other organisation from existing and hence completely blocked potential channels of influence. It was very much part of a strategy of control by the dominant groups: unorganised workers were of benefit to business and land elites. The reasonably widespread development of urban workers' organisations probably reflected the need to have organisations of control where workers were fairly concentrated in numbers. Without doubt the policing role of the *sindicatos* is well-documented. Moreover, the greater threat the urban workforce posed necessitated greater palliative welfare provision which the *sindicatos* were involved in administering. The issue of control would not, however, appear to explain the incompleteness of the *gremios* system given the position of economic elites in the system. The *gremios* that existed were a means of control in the marginal and less-powerful sectors, they also acted as a placating and buffer institution for the industrialists who were excluded from the national arena. Where they did not exist or were otherwise redundant, corporatist licencing was still relevant because they left the field clear for the dominant industrial elites to use the channels they commanded without fear of challenge.⁵³ In short, licencing allowed channels of influence and arenas of decision-making to be kept within a tight, centralised bureaucratic structure.

The intermediaries' functions

The corporations under the 1956 decree had been given broad economic, social and political (i.e. representative) functions.⁵⁴ In actual operation

though the regime sought to seriously debilitate their creations. For one thing they were all but starved of financial resources.⁵⁵ Additionally, they were never effectively integrated into the rest of the corporatist system.

Quite literally, they ended up as small offices up back streets, far from the centres of power; they did not even have the standing of Mussolinian grandeur. With a tight-knit, bureaucratic system initiated in the 1930s, now tried and tested as an effective instrument of state control, Salazar had no intention of weakening this command structure that just moderately significant corporations would have entailed. Even in an advisory capacity, the corporations' role was limited; occasionally they gave technical advice, but more usually they were not even consulted. The corporations became essentially research bodies, supplying information of interest only to the business community.⁵⁶

The functions of regulating prices, production, wages, investment and trade were the remit of the ministerial agencies, the OECs. This plethora of juntas, institutes and commissions provided by all accounts a very effective machine for state regulation over production. Further the controls were extensive, regulating the creation of new and the expansion of old industries, and giving the government virtually all the necessary power to set wages, prices, production quotas, exports and imports.⁵⁷ Such representation as was granted to outside interests⁵⁸ interfered little with governmental control;⁵⁹ the bureaucracy created by Salazar in the 1930s reigned supreme.⁶⁰

Extensive centralisation also resulted in a limited and subservient role for the lower corporative bodies, the syndicates. The *sindicatos* never had any real influence on events. Only in the final years of the regime, when Marcello Caetano succeeded Salazar as Prime Minister, did the *sindicatos* come to participate seriously in wage determination, though in a circumscribed manner.⁶¹ The *sindicatos* also received a fillip from the development of the social security system in the 1960s as they had been granted powers over administering funds and benefits. Likewise, the *casas do povo*,⁶² until these developments in the 1960s, performed virtually no functions except collecting membership fees. The *casas* were in fact revised under Caetano to become agencies for administering social assistance schemes, and it is suggested that there was also a consequent increase in their numbers so that by 1973 on paper 80% of parishes were covered.⁶³ Overall the social security improvements provided a much-needed lift to the flagging corporatist system.⁶⁴ Turning to the *gremios* the picture is clearly one of more substantial institutions though, ironically, they appeared to go into decline in the final years of the regime. The business organisations did enjoy a degree of discretion in implementing decisions

taken higher up, although tight controls did not allow them to 'bend' the decisions. It would be wrong, however, to imply that the *gremios* ever breached the principle of central control – delegation was always limited. The main function of the *gremios*, in addition to being administrative arms of central government, was as a representative body for business. But for those entities for whom this was the only channel of influence, the *gremios* do not appear to have provided a particularly resonant voice or a direct line to centres of decision-making.⁶⁵

If the example of Italian corporatism was to be taken as indicative it would be anticipated that the syndical associations of the corporatist system, at least where they were developed, would have played a direct role in relations between employers and employees. The National Labour Statute envisaged collective bargaining between the monopoly *sindicatos* and *gremios* to achieve 'social justice'. But if the parties failed in their attempts to get a just resolution, it was the exclusive function of the state to step in to enforce it.⁶⁶ To make such procedures operationally effective, strikes, lockouts and other disturbances to production were made illegal;⁶⁷ indeed strikers were classified as criminals.⁶⁸ In place of the outlawed methods for settling disputes a series of *Tribunais do Trabalho* (Labour Courts) was established to arbitrate over collective, and also individual, labour disputes.⁶⁹

The proposals to bring capital and labour together in an *espírito de justiça* were not, however, seriously pursued. Instead from the outset the state stepped in. The first round of collective contracts was negotiated with active participation of ministerial officials acting as conciliators and arbitrators. Such events were indicative of what was to come. Under Salazar, the predominant pattern quickly became that the subordinate *sindicatos* and *gremios* did not in fact negotiate with each other over conditions and wages. Rather, the Subsecretariat (after 1950, Ministry of) Corporations, through the *Tribunais* and other of its agencies settled all aspects of labour conditions.⁷⁰ Indeed, the ministry often just ignored legal requests to renegotiate contracts. Thus influence over wage determination and conditions was dependent upon influence at ministerial level. Centralisation in this extreme form remained the norm until Salazar gave way to Caetano. The changes announced in June 1969 most significantly involved making it mandatory that labour contracts be formulated by direct negotiation between employer and employee associations, with a few exceptions, rather than by state administration. Other attempts at introducing greater decentralisation, including some involvement of the corporations, were also pursued, but the changes were not always successfully accomplished.⁷¹ One serious obstacle to reform was Caetano's weak political base, and reform of industrial relations remained only partial.⁷²

On top of this the participants, the *sindicatos* and the *gremios* remained evidently subordinated,⁷³ and the state was not averse to stepping into the breach whenever appropriate, as for example when in 1971 one-year contracts were automatically increased to two years by the government.⁷⁴

Overall, even making allowances for belated developments in the 1960s and early 1970s the corporatist structures – both syndicates and corporations – did not provide a network of regulatory agencies; their regulatory functions were in terms of regulation conducted by the state small scale and marginal. Often the state took positive action to ensure such organisations could not operate effectively. The tight grip of the central state bureaucracy was not easily loosened. It is to the politics of this state structure that we now must turn.

The nature of the political system

Salazar was brought into government at the request of Portugal's military leaders, who had seized power in 1926, for his technical abilities, and, as was mentioned in the introductory section, from this base he moved on to consolidate his position, building up a strong personal dictatorship, and to shape Portugal's corporatist constitution.⁷⁵ The Constitution itself reversed the power arrangements for the Republic, giving supreme authority to the executive and limited functions to Parliament, although this reflected the *de facto* situation that had emerged after 1926. There were certain elements of a compromise with liberal democratic forms, but these were all on the surface and lacked any substance. At the top of the state structure was the President whose only important function, the rest being merely ceremonial, was to appoint and dismiss the Prime Minister. In constitutional terms the President was to be elected 'by the Nation' for a term of seven years.⁷⁶ But in practice there never was a free and fair election for President. In the first place, all elections were based on a legally restricted franchise which was further subject itself to interference to disenfranchise certain people and generally discourage registration. Until after the Second World War, no 'opposition' candidates presented themselves at either presidential or National Assembly elections. Instead, the presidential elections took on a plebiscitary nature with only one candidate (nominated by the governmental 'anti-party', the *União Nacional*) standing.⁷⁷ After the war, candidates from opposition groups did stand, but restrictions on electioneering resulted in candidates withdrawing before the poll in a last ditch protest. In 1958, however, General Delago, with some obvious popular support behind him, did not stand down, and, despite the bias of the electoral system, took 31% of the vote against the *União* candidate, Admiral Tomas.⁷⁸ Given the problems caused by

Delago's candidacy and its side-effects for the regime, 1959 saw the system of presidential elections changed to one based upon an electoral college of both houses of parliament, plus some delegates from districts and overseas provinces.⁷⁹

To all intents and purposes Salazar's rule was a self-perpetuating dictatorship. The prime minister was constitutionally responsible to the President⁸⁰ but the head of state's powers of appointment and dismissal were in practice of little real significance. Nor did the two legislative assemblies place any marked constraint upon the executive. On major issues, including the legislation of the corporatist system, they were by-passed through the use of decrees. The National Assembly was empowered formally to advise on and consent to, and even occasionally modify, laws emanating from the executive.⁸¹ In reality, these powers meant very little. The elections for the Assembly were of the same type as those for the president prior to 1959, with the result that Portugal was a one-party state (even if a few hardy opposition candidates stood against all the odds), Salazar himself handpicking the *União Nacional* candidates.⁸²

The other assembly, the Corporative Chamber was likewise given a limited role in political decision-making. It was 'composed of representatives of local autonomous bodies and social interests, the latter being those of an administrative, moral, cultural and economic order'.⁸³ Until 1960 the Chamber was exclusively government appointed, although thereafter the one-third from corporatist bodies were selected by the corporations themselves – if still under government supervision. The function the Chamber was granted was to issue advisory opinions (*pareceres*) on pending legislation. Such advice, which was not without its impact on decisions, usually pertained solely to technical matters. But it was always the case that in the last resort the advice could be ignored. Nor was the Chamber in any real sense representative of interests – even selectively so – within society. Instead as Schmitter states the Chamber 'more closely resembled a sort of National Honours Society or functional-administrative College of Cardinals who had been anointed for their service to the State'⁸⁴ – a feature that the Assembly in part shared.⁸⁵

In corporatist Portugal, therefore, power rested with the executive, representative of nobody and responsible to a political figurehead, with Salazar, to whom ministers owed their appointments and were responsible, dominant.⁸⁶ The Constitution recognised and to some degree protected this state of affairs. Salazar's power base was not, however, the paper upon which the Constitution was written. The near personal dictatorship he built up rested upon his control of the bureaucracy, which he reformed and regularised by strict fiscal accountability and purges. To all practical purposes the bureaucracy became the arena for making and

overseeing policies. Indeed, so effective became this bureaucratic machine that in the 1960s it began to usurp the power of its creator. However, while Salazar was in complete control of this administrative state, any policy decision could be his personal prerogative. Obviously, Salazar could not manage or control everything and he formed around himself a governing team of like-minded ministers, secretaries and under-secretaries who in their relations to the Premier acted somewhat like White House aides.⁸⁷

Interestingly, like Salazar many of the chief architects and early administrators of the corporatist system – men such as Caetano, Pereira, Costa Leite, Augusto da Costa and Castro Fernandes – were not professional politicians but were academics-cum-corporatist ideologists.⁸⁸ Despite the fact that the regime's leadership was steeped in corporatist doctrine, there was never any attempt to apply principles of self-regulation for producers. Salazar's foremost reason for establishing such a centralised state was clearly to consolidate his own political base by removing autonomous sources of resistance. The crisis of the Spanish Civil War and the Second World War reinforced, but certainly did not initiate, these tendencies. Justification of the *étatiste* system from the dictator was in terms of the state, in the absence of a strong corporatist consciousness, having to assume control 'as the representative and custodian of the people's interests'.⁸⁹ No doubt this was true, but the paternalistic state also was a screen for Salazar's near obsessive concern never to lose control.

Salazar and his colleagues never faced until into the 1960s any real challenge to their consolidated position, though power at the centre did undergo change. As already mentioned, the bureaucratic machine that Salazar established as the basis of his dictatorship latterly began to usurp him (though partially this was the result of his own withdrawal from *affaires d'état*). Further, Caetano, when he became Prime Minister found the bureaucracy so well entrenched that he failed to make a dramatic mark on events. Thus it appears that while power remained consolidated within the top echelons of the central bureaucracy, the power within that arena became more widely diffused.

Evidently other interests were not without some influence. One obvious grouping was the military and secret police who did so much to maintain the regime in power after 1945. The military did not, however, interfere in the operation of the corporatist system itself; the military's objectives were safeguarding its honour and ensuring order and stability. Until the outbreak of colonial wars in the 1960s, it was not the case that the regime bought military support through healthy expenditure on armaments and pay. Instead, many officers were coopted into the domestic and colonial administrations as a reward for loyalty. Thus much of the military was compromised and became a part, rather than an overseer, of the regime.⁹⁰

The Church also represented a major source of potential influence within society. Like the Army it was closely bounded to the state structure, but while it shared in numerous, if not exorbitant, benefits, its wide espousal of the corporatist ethic did much to reinforce the regime. Nonetheless, the regime was never 'clerico-fascist' in character. Latterly, the Church began to dissociate itself from the regime and stand on the side of change, but its influence in this respect was never extensive in face of the established regime.⁹¹

The leading source of power within the regime, in spite of certain outside groups wielding a degree of influence, lay in the hands of the personnel of the state administration. With the exception of certain economic elites, the personnel of the bureaucracy was largely an autonomous grouping drafted in under the regime: 'the *Estado Novo* was founded and staffed in large measure by a new generation composed mainly of civil servants, technicians and professors of fairly provincial origins who, with the important exception of the financial sector, do not appear to *initially* have been controlled by or held accountable to either a liberal, internationally linked, modern industrial-commercial bourgeoisie or a conservative, provincially bounded, feudal-landed aristocracy [...]'.⁹² This is not to deny that in the course of time this new elite began to penetrate the major economic interests, such that the elites of the polity became extensively fused with those of the economy. The bureaucracy itself became riddled with elaborate patronage patterns and systems of access whereby private interests could be pursued and public officials share in private spoils. This was all the more significant because the civil service was the main area of recruitment to the governing team and because each ministry enjoyed some degree of autonomy.⁹³ The channels of patronage and influence were, however, strictly restricted, and outsider groups such as workers, peasants, small businesses and all but a few landowners had scant other effective routes of influence. Thus the *Estado Novo*, unlike the Italian corporate state, created its own ruling cadres composed largely of self-made men who through a mixture of technical/professional education and ideological commitment worked their way up to considerable power and rewards. Large private capital, guardian of the nation's economic hardware in an economy that was always in a precarious state, had its strategic position recognised and safeguarded, though it was absorbed into the state system, merging very directly its interests with those of state personnel. The new elite of the Portuguese state, however, were not particularly radical or reformist in inclination. Here Salazar's influence and his concern to carefully check the rate and direction of development appears to have been the crucial factor, though a process of osmosis resulting from the rigid character of the structures is also widely

mentioned by authors. In this respect the takeover of the state did not mark a break with the traditional patrimonialist mercantilist-bureaucratic state.

Stability and order became the *raison d'être* of the regime; corporatist notions of justice remained confined to ideological debates and never really surfaced in day-to-day life. There was never even any serious attempt to 'corporatise' society, to develop a new moral order. In the final years of the regime, the rigid bureaucracy appeared to be more and more devoid of any clear direction, unable to respond to the developmental process it was supposed to control. It is not surprising that Caetano's rule swayed without apparent direction between reformism and the *status quo*.⁹⁴ In the end, the corporatist regime did not fall to 'outside' opposition, which was limited and weak,⁹⁵ but collapsed from within because of the state's inability to respond to changing circumstances with regard to both Portuguese society⁹⁶ and a bureaucratic pillar of the regime, the army.⁹⁷

Labour under Portuguese corporatism

In the previous sections we have already seen that labour was devoid of any independent organisational base and a politically impotent outsider. To all intents and purposes the workforce was dependent upon the state and its agencies for the level of their wages and standards of working conditions and opportunities. In constitutional terms at least the workers were reasonably well-protected. The Constitution made it the duty of the state to ensure the 'highest wage consistent with fair remuneration for other factors of production',⁹⁸ while the Labour Statute made references to the right to 'humanely sufficient' and subsistence wages.⁹⁹ The state through the highly effective OECs were certainly not without the means to fulfil the promise.

The first contracts negotiated under the *Estado Novo*, regularising employment conditions for the first time in many industries, did see some modest increases in remuneration levels for workers, although these limited gains had been preceded by a period of wage freezes and austerity.¹⁰⁰ Such increases as there were appear to have been more of a palliative than an attempt to implement the minimum wage legislation, and at best over the early years of the regime real wages only just managed to maintain their level.¹⁰¹ But the events of 1934–6 were not indicative of the future and, despite the continual promulgation of new laws governing minimum wages by the National Institute of Labour and Social Security, legal theory began to diverge markedly from actual practice.¹⁰² The corporatist arrangements for 'collective negotiations' instead of becoming

a means to social justice, became simply a machine for holding down general wage levels. Given the grip Salazar had, such events could not have occurred without his positive support. With the crises of the Spanish Civil War and the Second World War there was a tightening-up of state control over wages, most notably through a decree in April 1934 which gave the government the legal right to regulate all wages and conditions of work.¹⁰³

It was during the period of the war that the real nature of the system fully manifested itself. In July 1942 a group of *sindicato* representatives presented a petition to Salazar concerning the fall in real wages, although many firms were earning huge profits.¹⁰⁴ The prime minister, however, ignored the appeals to social justice, but blamed employers *and* employees for their selfishness having an adverse effect on productivity, while related strikes and protests were dealt with by harsh repression.¹⁰⁵ More significantly, wages continued to be allowed to fall behind prices, and in cases money wages were cut.¹⁰⁶

After the crisis of the World War the state did not move to take up the objective of social justice. Thus, in the 1960s, after thirty years or so of corporatism, the average earned income was around £90 a year, with some particular wage rates being abysmally low, especially as certain prices of basic necessities were not correspondingly low.¹⁰⁷ These low wages in part reflected the low level of development of the Portuguese economy, but also was a consequence of the returns to property: in 1950 labour took only 39% of the national product, leaving 61% to interest, rent and profits; by 1965 labour's share rose to 47%, and in 1971 it reached 52%. So over the post-war period real industrial wages grew faster than real per capita income, though agricultural wages only kept pace with per capita growth.¹⁰⁸ This relative improvement in returns to labour, however, needs to be put into the context of continuing extremes of poverty – one writer described the condition of Portuguese workers and peasants as 'highly deprived'¹⁰⁹ – compared with high and secure profits and a very wealthy elite, including one of the wealthiest aristocracies in Europe. Part of labour's plight resulted from Salazar's intention to check development resulting in low productivity, but as figures on profits show (see below p. 124) the regime's pretensions to be guardians of justice were vacuous. In the late 1960s, even under pressure of labour militancy and labour shortages caused by massive emigration,¹¹⁰ the wage concessions granted did not include acceptance of the idea of a national minimum wage proposed by labour leaders.¹¹¹ The legislation of the 1930s was left with a very hollow ring to it.

Nor were labour's sacrifices made to allow for increased funds for investment to develop the economy. Some writers have indeed argued that the regime deliberately fostered stagnation,¹¹² fearful of the social dislo-

cation development would engender. With not untypical arrogance Salazar held to the view that betterment would be morally corrupting,¹¹³ a view widespread amongst the Portuguese upper class. Moreover Salazar was pessimistic about Portugal's economic potential.¹¹⁴ But more substantially the resultant social change would have broken the grip of the dominant politico-economic group that held the majority in a near feudal social structure.¹¹⁵ In the end, the strategy proved unworkable: even a 'guided development' brought forth economic¹¹⁶ and social¹¹⁷ changes which the political structures of the state begun to lose their grip on in the 1960s.

The regime, therefore, can be seen as attempting to try to freeze the subservient position of labour, even against a historical background of constant change. Moreover this was conceived as a strategy that was sustainable with the minimum granting of concessions. This is reflected by the point that up to the early 1960s Portugal had virtually no social security system. Only those workers – essentially the skilled urban workers – covered by *caixas de previdência* attached to *sindicatos* enjoyed any benefits. The *casas* which were to provide for the rest of the country, of course, were few in number. In the 1960s a new generation of somewhat more enlightened elements began to find themselves in prominent positions in the regime and in consequence the Ministry of Corporations became a hive of activity to improve welfare provision. Behind these moves was a growing awareness of the endemic poverty in Portugal, combined with concern about the threat this potentially posed to the regime's existence and the lack of credence it gave Portugal with her increasingly important European allies.¹¹⁸ In typical manner the promise of legislation, of new agencies, programmes and funds, was not translated into practice. So throughout the 1960s a smaller proportion of G.D.P. was spent on welfare than had been the case in the 1940s and 1950s.¹¹⁹ The system, moreover, remained concentrated on the 'urban elite' by-passing the rest, while the new spending often simply increased the public payroll, and provided funds for corrupt officials and a financially constrained government to tap.¹²⁰ The general lethargy, indifference of the Salazar period remained ever resilient. Under Caetano, a concerted effort was made to try to implement the array of legislation with the intention of creating a genuine *Estado Social*,¹²¹ but it was a case of too little, too late. Indeed, the growing worker militancy and its attendant economic disruption undermined the effort and created further paralysis,¹²² while the colonial wars proved a serious drain on funds.¹²³

The generally low level of wages in Portugal and the paltry provision of welfare which depressed labour costs, however, did not even provide the compensation of high levels of employment for the workforce. The

generally retarded development of the economy was the major factor explaining this. Underemployment, rather than unemployment, was the form the problem took. An official survey of the economy carried out in 1964 stated that, although unemployment was only 2.4 to 2.8% of the active population, there was an 'appreciable margin of underemployment difficult to measure'.¹²⁴ The difficulties apart, others did put forward estimates of 40% or above of the working population.¹²⁵ Despite the severe situation the thrust of governmental policy was not channelled primarily at job creation. Instead, much was directed towards developing the nation's infrastructure at the expense of long-term jobs. As Pintado pointed out in 1964: 'Some grounds exist for the suspicion that employment has not been a major consideration governing decisions on investment in Portuguese industry in recent years.'¹²⁶

The period 1960 to 1973 was, nonetheless, a period of high growth-rates, between 6.1% and 7.1% per annum. But such developments, which owed much to foreign influence of investment and trade, had little impact on employment opportunities *per se*, because labour productivity grew at the same rate.¹²⁷ Over the period 1960–73 the number of workers in manufacturing increased only by 8.1%.¹²⁸ Nonetheless economic growth did help to reduce underemployment as the primary sector declined relative to the secondary and tertiary ones.

Economic growth, however, was not the sole cause of change. Probably a more prominent factor restructuring employment during this period was brought about by emigration. Net emigration over the period exceeded one million, which was greater than the natural increase in the Portuguese population. Such an outflow, which reduced the global size of the working population, manifestly acted as an important safety-valve on underemployment, and reduced the need to take remedial action, i.e. develop the economy more rapidly. It further had the benefit in the 1970s of supplying a very high level of income from abroad through remittances to migrants' families (in 1972/73 it was equivalent to 10% of national income). However, as part of the emigration consisted of skilled workers seeking to escape from the comparatively low wage-rates, it latterly caused problems of labour shortages.¹²⁹

Over the era of corporatist Portugal the position of labour undoubtedly improved. But this has to be contrasted with what might or could have been. Often the benefits that were gained resulted from a fortuitous side-effect of governmental intentions elsewhere, e.g. to expand the economy to finance the colonial wars. Labour seemed to count for little in the authorities' eyes. An elite of urban workers did make certain gains latterly, but for the rest it was a story of very low wages, insecure employment and inadequate or non-existent welfare provision.

Capital under Portuguese corporatism

'Property, capital [...] have a social function in the field of economic cooperation and common interests, and the law may determine the conditions of their use on exploitation in accordance with the community aim in view [...]'.¹³⁰ Thus the *Estado Novo's* Constitution explicitly recognised the social function private capital was to perform under corporatism. The Statute of Labour added more directly that: 'The State recognises the right to property' which was explained in Catholic terms as 'a rational imposition of human nature',¹³¹ though property's social obligations were also elaborated.¹³² Under the regime the principle of private property was indeed protected, full state ownership pertaining only in a number of defence industries and public utilities. It should be added that Government shareholding was a reasonably common practice, designed to bolster sectors that were weak.¹³³ The protection was not, all the same, universal. Despite Salazar's pledge 'to create the largest number of small proprietors',¹³⁴ between 1933 and 1950 many peasant proprietors were evicted from or pressurised to leave their land. Similarly, small and medium businesses were often ousted because they lacked access to government funds and assistance from which the larger concerns benefited, while in other cases legally enforced mergers were pushed through.¹³⁵ Referring to these biases, Pintado in the mid 1960s, pointed out: 'There remain two [other] fields in which almost everything has still to be done in Portugal. These are control of economic concentration and the provision of aid for medium- and small-sized businesses'.¹³⁶

Throughout the regime's life it was the handful of dominant companies that gained not only at the expense of labour but also smaller entities. Portugal's private sector was dominated by 40 great families whose dynasties were often linked through marriage to the great southern arable estates.¹³⁷ As Harry Makler has so well exposed, these entities not only escaped the effective, rigid grip of control of the Salazarian bureaucracy, they went one better by being integrated into its command structure. The new political and administrative elite of the regime which, as we saw, emerged independently from other societal elites, became impregnated by these exceedingly wealthy sectors of Portuguese society; and not surprisingly the process was not all one way. Makler's studies reveal that the various state regulatory agencies, most significantly the Organisations of Economic Coordination, but also *gremios* and other public bodies, were substantially taken over by the industrial elite. In his survey Makler found that nearly half (46%) of the industrial elite held some corporative or public office simultaneously. The interlocking between the elite of wealth and the elite of the polity was well established by the 1960s, but was a

process that had begun in the 1930s when the state first began to exercise direct control over the economy. The *gremio* system itself was recognised by most industrialists as being an unsatisfactory means of getting their demands met and even of articulating their interests. Only the top national industrialists saw it of being beneficial to their interests, not it appears for any positive reasons, but because, by dominating the *gremios*, the large concerns were able to block the only channel open to their smaller competitors. The *gremio* system was too cumbersome to be effective even for the top industrialists and so they turned to other channels. They circumvented the system by directly contacting high officials and government personnel, by recruiting top civil servants for executive posts with their *consortia* and by gaining public positions themselves. Smaller entities could also practice such tactics but, as a general rule, they had to set their sights lower down the state hierarchy; some remained complete outsiders.¹³⁸

Thus regulator and regulated became inexorably interlinked through various networks. It would be wrong, however, to simplify the state of affairs. As far as one can tell the most significant process of interlocking would be reasonably complex. It would take the following form: the most educated (sons of businessmen and professionals) are recruited into state bureaucracy as technocrats and work way up to senior position in state; they then move into newer more dynamic industrial sectors where merit rather than familial connections are basis of recruitment; and thence use knowledge of state machine and laws, and connections with state officials and family business to further own business interests.¹³⁹ Of course it must be reiterated that numerous industrialists retained both their public and managerial positions simultaneously. Further it needs to be said that latterly the smaller, more traditional propertied elite began to be eased out by the larger, newer and more dynamic entities from positions of dominance. So, while there was during the regime a dominant position held by the industrial elite *per se*, the character of this elite underwent a process of change over the period. The regime became, or more accurately was moulded into, the protector of the newly emergent modern capitalist entities who were only just emerging in the 1930s. This is not to argue that the old families who previously dominated were ousted; many of them moved into these new sectors. But what clearly did happen was that with the opening up to foreign capital and trade in the 1960s, the old traditional quasi-feudal companies became increasingly less viable, and so the newer more dynamic entities superseded them. Some capitalists were no doubt able to swim with the tide, others began to sink slowly.¹⁴⁰

The Portuguese *Estado Novo* was from its early days onwards protector of dominant bourgeois interests. While the regime performed this function it has to be acknowledged that over the period of its life the character of

dominant capitalist entities was changing with resultant tensions, and it was not until the 1970s that the ascendancy of the modern capitalist was clearly discernible.¹⁴¹ The emergence of modern capitalist entities, in addition to its costs on other sectors of society, had a generally adverse affect on the Portuguese economy. The nature of their advance was not of long-term advantage to the Portuguese economy, because it resulted in not only economic growth but also a process of distorted development such that Portugal grew both richer and more underdeveloped (i.e. more dependent upon external factors and less able to provide economically for the majority of its population).¹⁴²

While the Portuguese economy was being guided down the path of restrained and latterly distorted development, the accumulation of large capital was healthy. With such a high level of concentration and low wages this was hardly surprising. Pride of place went to the conglomerate *Companhia União Fabril* which was responsible for 20% of all Portuguese industry and 10% of national production.¹⁴³ By the beginning of the 1970s it was calculated that 168 companies, many of them inter-linked or part of the same *grupos*, despite accounting for only 0.4% of the companies in Metropolitan Portugal, held 5.3% of total capital. In the 1960s, furthermore, many of these *grupos* developed foreign connections. Thus several important sectors had effectively a very few suppliers, and in some cases only one.¹⁴⁴ These favourable positions were protected and sustained by the state.¹⁴⁵ Many sectors it should be added, notably textiles reflected the opposite extreme – a high degree of fragmentation.¹⁴⁶ In landholding a picture of extremes was also found: 1% of operators with farms over 50 hectares had 5.1% of crop land under their control, while 78% of holdings accounted for only 15% of total crop land.¹⁴⁷ While exact information about profit levels is not widely available, a study in the early 1960s is very revealing and supports the conclusions of many observers. Working from official figures Ramos demonstrated that in industries where concentration was high, the average profit per worker's week was always well in excess of the average weekly wage. Often it was of the order of two to nine times higher.¹⁴⁸ Such returns were not the result of capital's super-high productivity; in fact it was particularly low.¹⁴⁹ Nor were they, once earned, clawed back through tax. In the period 1967–9, indirect taxes accounted for nearly half of government revenues, while tax on corporations was only 17.6% of revenue.¹⁵⁰ Additionally, a range of generous tax concessions were available to encourage investment¹⁵¹ and tax assessments were weighted in favour of large enterprises.¹⁵²

Overall, it is difficult to escape the conclusion that, whatever its other features, Portuguese corporatism was a decidedly benevolent guardian of

big capital in a manner that was not the case under Mussolini's corporate state. It is to a comparison of these two corporatist systems, and a wider assessment of authoritarian-licensed corporatism that the next chapter is directed.