

The Portuguese Industrial Elite and Its Corporative Relations: A Study of Compartmentalization in an Authoritarian Regime*

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Today there is a general realization that no form of interest can forget its dependence on other forms, and also that private interests must be subordinate to the general: the profession, production or the Nation. The corporative organization disciplines competition and seeks to maintain harmony and balance within each sector. . . . Corporativism must be lived and put into practice by the whole nation. It must dominate the guidelines of companies and settle deep into the consciousness of the workers. [MARCELLO CAETANO, ex-Prime Minister of Portugal, November 6, 1968]

I. Introduction

In the spring of 1974 the authoritarian regime initiated by Salazar more than 40 years ago was overthrown by a coup d'état. The ruling junta incorporated a variety of political persuasions into the provisional cabinet, encouraged the formation of political parties, pledged general elections within a year, and restored basic civil rights. Almost overnight censorship was eliminated, the dreaded secret police dissolved, and Salazarists purged from ranking civil and military posts. What will be the course of this revolution? Given the instability of the present situation, both within the state and civil society at large, and the possibility of certain international spillovers, it would be unwise to predict the future from the present. Nor do I intend to engage in such speculation. Instead, this essay will attempt to explore some of the tendencies underlying the dissolution of the Salazar-

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Caetano regime. The long-term trends underlying the regime's demise are fairly well known. Since the early sixties wars in its African territories absorbed a significant proportion of the country's human resources and nearly half its national budget. This severely curtailed domestic expenditure and infrastructural and industrial development. Industry was concerned with the prospects of the "internationalization" of the economy, beginning with the country's joining the European Common Market. Until recently industry in general and the traditional industrial sectors in particular had enjoyed the protection offered by European Free Trade Association membership. Common Market affiliation threatened economic disaster for many sectors. Many industrialists, as I have shown elsewhere, were frankly insecure about their ability to compete in the European markets.¹ Comparatively speaking, the country lacked skilled manpower; it was faced with rapid increases in wages due largely to the scarcity of labor caused by emigration; it suffered galloping inflation (21 percent in 1973 and 35 percent in the first quarter of 1974 according to OECD figures) which drastically reduced the real value of salaries and further stimulated emigration; it was threatened by the loss of raw materials vitally needed for industrial expansion (e.g., an oil embargo imposed by the Arab league); and it was hampered by dim prospects of national financial incentives and investment. The Salazar-Caetano regime clearly faced numerous problems severe enough to threaten its survival.

Could the regime have survived if different policies or strategies had been adopted? In retrospect this seems highly unlikely. Nevertheless, it could be argued that one solution would have been to intensify and broaden political mobilization among the population and to strengthen institutions and officially created voluntary associations. But the regime's fear of mobilization matched its fear of disorganization. Organization without mobilization—this was the regime's formula. And this formula required the deactivation of all organizations potentially capable of articulating and mobilizing sectors of the population for purposes of political intervention. This applied not only to the diverse political parties associated with a democracy (wherein dissent can find a limited expression) but also to the original "governmentalist" party through which support for the regime had originally been mobilized. And yet this same formula required the filling of all organizational vacuums. The various interests within civil society had to be organized in a coordinated and harmonious whole and subordinated to the state. And it was via the corporative system that the state's organizational schemes were to be realized.

The corporative system was intended to organize the interests of the various social groups and subordinate them to the interests of the state. However, we have here the germs of a contradiction. Corporatist theory maintains that the interests of these different social groups are inherently

¹ This is clearly shown in an essay Philippe Schmitter and I prepared entitled, "The Portuguese Industrial Elite Faces the European Economic Community."

noncontradictory—that they presuppose a deeper unity within society conceived as a whole. As such the state is neither partial nor neutral. Instead it is the concrete expression of this aforementioned deeper unity, and the corporative system acts as the circuitry that transmits the differential aspects of this unity to the state. If, however, these different interests are not complementary, then the basic premises of corporatist theory are rendered invalid. The state, in fact, does not express this “basic unity” nor does the corporatist system serve to transmit this unity. Instead the interests of the state are revealed to be partial (that is, supportive of specific interests embedded within civil society and/or the specific interests of the state embedded in its own relative autonomy and positivity vis-à-vis civil society) while the corporative system serves to compartmentalize, preempt, and prevent “class hegemony or polarized group confrontation, and the consequent loss of state autonomy which might have otherwise been spontaneously produced as the result of capitalist development.”² In other words, these institutions serve an essentially repressive function and can thus be quickly delegitimized in the eyes of their constituents. It was fairly obvious that the corporative institutions that “organized” the “popular classes” served this second and repressive function. But what about these corporative institutions, the *grêmios* of the property owners (industrial, commercial, and agricultural) that served that group most favored by the regime. What functions or dysfunctions did they serve?

An examination of these questions may help to understand, if only to a small degree, why the regime fell so quickly. The relative success or failure of the Salazar-Caetano regime to develop a viable corporative system, and the reasons for this success or failure, should provide insight into the conditions which permit or prevent a corporatist solution in a traditional society like Portugal.

II. Portuguese Corporatism: “Grêmios”

Since Salazar’s assumption of power, Portugal had a single party which played an insignificant role in politics because few elites or masses had any connection or identified with it; it had no clear ideology; no program, platforms or propaganda; no prestige accorded to party officials; no organization at the grass-roots level; in fact the only time one heard about political parties was during the regime’s rare elections. In part, as an alternative to political parties and political mobilization, Salazar introduced corporatism in 1933 as part of the *Estado Novo* [New state]. Essentially, corporatism is a state-organized and regulated system of interest representation in which various constituencies, primarily grouped on the basis of their occupations or vocations, are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered, and func-

² Philippe C. Schmitter, “Corporatist Interest Representation and Public Policy-Making in Portugal” (paper presented at the conference group on modern Portugal, University of New Hampshire, Durham, New Hampshire, October 10–14, 1973).

tionally differentiated categories. These groupings are granted a representational monopoly and autonomy in exchange for observing certain controls on their selection of leaders, articulation of their claims, and on their intercorporate relations.³

The corporatism of Salazar has been described as *state* corporatism as opposed to *societal* corporatism. As recently explained, while societal corporatism is a “concomitant component of the postliberal, advanced capitalist, organized democratic welfare state where there exists relatively autonomous, multilayered territorial units; open competitive electoral processes, party systems and ideologically varied coalitionally based executive authorities”; state corporatism is a “defining element of, if not structural necessity for the antiliberal, delayed capitalist, authoritarian, neomercantilist state in which territorial subunits are tightly subordinated to central bureaucratic power; elections are nonexistent or plebiscitary; party systems are dominated or monopolized by a weak single party; executive authorities are ideologically exclusive and more narrowly recruited and are such that political subcultures based on class, ethnicity, language or regionalism are repressed.”⁴ Portuguese corporatism, then, must be understood not in terms of its positive accomplishments but as an institution of social control which sought to permit the participation and integration of various factions while at the same time containing and regulating the emergence of new ideologies, interests, and leadership which might eventually threaten the regime’s survival. Corporatist legislation established the state’s right to regulate and coordinate national social and economic activity by bringing labor and capital into harmony for the common good. Through the establishment of corporative institutions (e.g., *casas do povo*, *sindicatos*, *grêmios*, *juntas*, etc.) the regime reserved the right to intervene in economic and social activities as the arbiter and regulator of production, wages, and labor relations. By *decreto-lei* no. 23049, the regime, at its initiative, created patronal guilds (*grêmios*) in each industrial, agricultural, and commercial sector and required all those operating in that sector to join, contribute, and abide by the decisions of the *grémio*. These institutions were empowered to intervene, when judged convenient, in the economic activities of the members (*agremiados*) in order to cooperate and bargain collectively with the workers’ organizations (*sindicatos*) in the “progressive resolution” of work problems and social security, regulate production quotas, manufacturing conditions, and pricing and distribution of certain commodities essential to the country’s foreign trade (wine, cork, wool) or national consumption

³ This is a composite of definitions offered by Philippe C. Schmitter and James M. Malloy (see Philippe C. Schmitter, “Still the Century of Corporatism?” pp. 93–94, and James M. Malloy, “Authoritarianism, Corporatism and Mobilization in Peru,” pp. 55–59, in *The New Corporatism: Social Political Structure in the Iberian World* ed. Frederick B. Pike and Thomas Stritch [Notre Dame, Ind.: University of Notre Dame Press, 1974]). Also see the historical essay by Howard Wiarda in the same collection.

⁴ Schmitter, “Still the Century of Corporatism?” pp. 103–5.

(wheat, rice, codfish, bread).⁵ However, these powers were circumscribed by the regime because the decrees also specified that *grêmios* must work exclusively within the national plan “with absolute respect for the superior interests of the nation . . . and subordinate their interests to the interests of the national economy and the principles designated by the national labor statutes” (*decreto-lei* no. 23049, *artigos* 1–3). Initially membership was obligatory for all enterprises belonging to the same sector or exercising activities in the same sector.⁶ But soon after the enactment of the original legislation a new decree was enacted (*decreto-lei* no. 24715) which permitted patronal entities, at their own initiative, to petition the Ministry of Corporations for authorization to form a voluntary *grémio* after 50 percent of the enterprises in that sector agreed to join. Once recognized, however, the regime assured the power of these corporative organizations by (a) officially recognizing them as the legal representatives of their respective sectors and as having a monopoly and formal access to various government councils, (b) stipulating that decisions taken by the *grémio* were applicable to all enterprises regardless of whether they were members or not, and (c) allowing them the right to impose membership on other employers in the same sector. On the other hand, the regime also assured its control over these organizations by requiring that they comply with the country’s labor code, submit periodic reports for ministerial ratification, and solicit approval from the Ministry of Corporations of candidates proposed for *grémio* office (*decreto-lei* no. 24715, *artigo* 13). In this sense the *grémio*, as a corporatist artifact, paralleled similar institutions that were applied to other sectors of the population. For example, the urban working class and landowners were corporatized into *casas do povo*. However, unlike other strata, certain private industrial and commercial associations (e.g., *Associação Industrial Portuguesa*, *Associação Comercial de Lisboa*, *Associação Industrial Portuense*) were allowed to survive thus offering alternative channels for interest articulation. Moreover, industrial elites, particularly some of the large, Lisbon-headquartered consortia (e.g., *Companhia União Fabril* [CUF], *Champalimaud Group*, *Português do Atlântico Group*) were able to pursue their interests via direct contact and alliances with different sectors of the state apparatus, including the military.⁷

⁵ The latter functions were the property of the *juntas*. For a detailed discussion of Portuguese corporatism and its history, see *Corporação de Comércio, As Corporações Na Economia Nacional* (Lisbon: Companhia Nacional Editora, 1971).

⁶ Corporative legislation specified four types of *grêmios*: (a) national—which are obligatory, e.g., *Grémio Nacional dos Bancos e Casas Bancárias* [National Guild of Banks and Banking Houses]; (b) regional—whose domain coincided with a political administrative area of a metropolitan territory; (c) district—usually representing commerce or industry; and (d) municipal—farmers or commercial *grêmios* (see *Corporação de Comércio*, pp. 28–29, 92–94).

⁷ “O Fim da Noite Salazarista,” *Opinião* 78 (May 6, 1974): 5. Also see Robin Blackburn’s recent essay for a discussion of the linkages between the large consortia and the regime (“The Test in Portugal,” *New Left Review*, vols. 87–88 [September–December 1974], esp. pp. 7 and 14).

III. Data on Recruitment to Leadership in the Corporatist System

A survey conducted in 1965 with a sample of heads of larger Portuguese industries (industrial elites) provides some specific evidence for the questions raised earlier concerning the relative effectiveness and representativity of the corporatist system under Salazar and Caetano.⁸ The data permit an analysis of the characteristics of the heads of industries, relations between industrial sector, and the holding of *grémio* and other formal leadership positions. First, the career patterns of the industrial elite will be examined in order to characterize those elites who held formal leadership positions and those who did not. Did the two groups differ in their social class origins, their age, educational attainment, social mobility, or size and type of enterprise they directed? Are they distinguishable in terms of their relationship to the ownership and control of their enterprises? Were founders, as compared to heirs or managers, more likely to have held formal leadership positions? Second, I will discuss the industrial elites' attitudes toward and usage of *grémios*, the corporative institutions designed to represent the interests of the industrialist strata. Specifically, I wish to examine which segments of the industrial elite used the *grémios* and which elites considered these institutions effective in representing their interests. In the final section these findings will be weighed in terms of their implications for the breakdown of the regime.

⁸ In 1965 a survey of 306 heads (chief executives, presidents, etc.) of manufacturing and service enterprises in Portugal's six most industrialized districts (Aveiro, Braga, Lisbon, Oporto, Santarem, and Setúbal) was conducted. A stratified random sample of enterprises employing 50–999 individuals was drawn, using statistical information from an industrial census (Instituto Nacional de Estatística, *O Inquérito Industrial de 1957–1959*, Volume Geral [Portugal, n.d.]), and manpower data from files provided by the Ministry of Corporations (*Fundo de Desenvolvimento de Mão-de-Obra de Ministério das Corporações*). The sample was augmented to include all enterprises employing 1,000 or more persons, considering the importance of this strata to the economy. Although enterprises having 50 or more employees constituted only a small fraction of all manufacturing and service enterprises (this is true even in the most industrialized countries), because they employed a large share of the labor force (66 percent) their heads were defined as members of the Portuguese *industrial elite*. In all, 6 percent of the elites heading enterprises employing 50–99 persons (small enterprises), 16 percent of those employing 100–499 (regular and medium enterprises), 54 percent of those employing 500–999 persons (large enterprises), and 100 percent of those employing 1000 or more persons were interviewed. The sources of these data were detailed, systematic tandem 2–3 hour interviews, half of which were in central Portugal (the districts of Lisbon, Santarem, and Setúbal) and half in the northern part of the country (the districts of Aveiro, Braga, and Oporto). The study included questions on the internal organization and decision-making processes within each enterprise, labor relations and manpower, interest group affiliations, and attitudes toward and experiences with banks, government agencies, foreign investment, and international economic blocks (e.g., European Free Trade Association, European Economic Community). Also included were questions pertaining to the socioeconomic origins, career patterns, self-image, and opinions of the industrial elite. For a more extensive discussion of the sampling, survey design, and analysis techniques see my study, *Á Elite Industrial Portuguesa* (Lisbon: Calouste Gulbenkian Foundation, 1969), appendix A.

IV. Findings

1. *Formal Leaders*

In this essay formal leaders are those who held positions in government and/or in corporative interest groups. Public positions are any public offices held at the national, provincial, or municipal levels of the government. Some examples of public positions at the national level are cabinet positions such as ministers, deputy ministers, undersecretaries, director generals of ministries, *procuradores* (members) of the Corporative Chamber or *deputados* of the Legislative Assembly. Provincial positions are governors, provincial judges, or assemblymen but, since none of the industrial elite members ever held provincial positions, this category shall be omitted from our analysis. Municipal positions are mayors of cities, municipal councillors, and local officials in general. Public positions also include other positions held in the government, such as consultant to a ministry, a delegate to an international convention, or a civil servant. Only a tenth of our sample held this type of position.

Corporative positions are ranking positions in *grêmios*. To determine corporative membership, the respondents were asked: "Of the many organizations, both public and private, professional, commercial, corporative, etc., which serve or are designed to serve, the interests of industry, to which does your enterprise belong and to which do you personally belong?" They were then asked whether or not they were officers in any of these organizations. Later in the interview in order to identify public office holding we asked: "Have you ever been elected or nominated to any municipal, state or federal position?"

From these questions four main types emerged: (1) those elites who only held corporative positions, (2) those who held only public office, (3) those who held both types of positions, and (4) those who held neither corporative nor public office. The first three types are formal leaders, while the fourth type are nonposition holders.

My tabulations show that almost half (46 percent) of the industrial elite members held some public or corporative office. In terms of the type of formal leaders, about a third (31 percent) held corporative positions and nearly as many (26 percent) held public positions. Considered separately (see table 1), one-fifth held only corporative positions, mainly presidents of *grêmios*, 15 percent held only public office, and 11 percent occupied both corporative and public office.⁹

Table 1 shows the relationship between characteristics of the Portuguese industrial elite and formal leadership positions.¹⁰ The table is

⁹ Very few, perhaps three or four, elite members held ranking offices in other interest group organizations such as *juntas*, *federações*, or the private commercial or industrial association.

¹⁰ My preference in this essay is to treat formal leadership positions as the independent (or causal) variable, although most biographical and structural characteristics antecede leadership, e.g., socioeconomic origin.

TABLE 1
 FORMAL LEADERS AMONG THE PORTUGUESE INDUSTRIAL ELITE (% DISTRIBUTION)

	POSITIONS HELD										
	Only Corporate			Only Public			Both Corporate and Public				
	None	Corporate	Nat.*	Mun.†	Other	Total	Nat.	Mun.	Other	Total	
Total.....	55%	20%	2%	9%	4%	15%	3%	3%	5%	11%	100%
N.....	(165)	(60)	(7)	(26)	(11)	(44)	(10)	(9)	(14)	(33)	(302)
A. Biographical Characteristics											
Age:											
55 years or younger.....	55%	62%	29%	42%	55%	43%	20%	22%	50%	33%	52%
Over 55 years.....	45	38	72	58	45	57	80	78	50	67	48
Type of education:											
Engineering.....	27%	22%	43%	15%	64%	32%	30%	11%	50%	33%	27%
Economics.....	7	5	0	0	0	0	0	11	22	12	6
Law.....	4	10	29	0	0	4	30	0	7	12	6
Medicine, pharmacy.....	4	3	0	0	0	0	0	0	0	0	3
Other university.....	5	3	28	4	9	9	10	0	0	3	5
High school or less.....	53	57	0	81	27	55	30	78	21	40	53
Socioeconomic origin:											
Upper.....	34%	54%	43%	39%	46%	41%	30%	45%	50%	42%	40%
Middle.....	49	36	57	46	27	43	60	44	50	52	46
Lower.....	17	10	0	15	27	16	10	11	0	6	14
Social mobility:											
Upward.....	38%	34%	57%	31%	64%	43%	30%	44%	64%	49%	39%
Static.....	42	46	43	50	27	43	60	56	29	45	43
Downward.....	20	20	0	19	9	14	10	0	7	6	18

NOTE.—When the number of cases is less than 20, the observations are tentative.

* National.

† Municipal.

TABLE 1—Continued

	POSITIONS HELD									
	Only Corporate			Only Public			Both Corporate and Public			
	None	Nat.*	Mun.†	Other	Total	Nat.	Mun.	Other	Total	TOTAL
Ownership and Control:										
Founder.....	37%	14%	54%	9%	36%	20%	45%	7%	21%	34%
Heir.....	32	0	34	18	25	30	44	43	40	34
Owner-manager.....	15	0	8	18	10	30	11	36	27	16
Manager.....	16	86	4	55	29	20	0	14	12	16
Geographic mobility:										
Natives.....	58%	29%	61%	55%	54%	60%	89%	64%	30%	59%
Migrants.....	33	57	35	36	39	40	11	29	43	33
Foreign-born.....	9	14	4	9	7	0	0	7	27	8
B. Structural Characteristics										
Size of enterprise:										
Smaller‡.....	66%	0%	58%	9%	36%	70%	56%	29%	48%	58%
Larger.....	34	100	42	91	63	30	44	71	52	42
Location										
Northern Portugal§.....	55%	0%	67%	27%	57%	30%	67%	36%	42%	54%
Central Portugal.....	45	100	33	73	43	70	33	64	58	45
Size and location:										
Smaller										
Northern.....	60%	0%	80%	0%	75%	43%	80%	0%	44%	62%
Central.....	40	0	20	100	25	57	20	100	56	38
N.....	(109)	(0)	(15)	(1)	(16)	(7)	(5)	(4)	(16)	(174)

‡ Smaller = 50-499 employees; larger = 500 or more employees.

§ Northern Portugal = Aveiro, Braga, Oporto districts; central Portugal = Lisbon, Santarem, Setubal.

TABLE 1—Continued

	POSITIONS HELD												
	Only Corporate			Only Public			Both Corporate and Public			TOTAL			
	None	Nat.*	Mun.†	Other	Total	Nat.	Mun.	Other	Total	Nat.	Mun.	Other	Total
Larger:	45%	0%	91%	30%	46%	0%	50%	50%	41%	0%	50%	50%	45%
Northern.....	55	100	9	70	54 †	100	50	50	59	100	50	50	55
Central.....	(56)	(7)	(11)	(10)	(28)	(3)	(4)	(10)	(17)				(128)
N.....													
Selected sectors:	34%	0%	45%	29%	32%	17%	50%	50%	36%	17%	50%	50%	35%
Textiles.....	20	0	15	14	12	0	0	0	0	0	0	0	17
Construction.....	26	14	20	14	18	0	0	17	7	0	17	17	24
Metals 	13	29	5	14	12	17	0	17	14	17	0	17	12
Chemicals.....	7	57	15	29	26	67	50	17	43	67	50	17	12
Services.....	(118)	(7)	(20)	(7)	(34)	(6)	(2)	(6)	(14)				(203)
N.....													
Technological complexity:#	44%	100%	19%	55%	41%	50%	22%	36%	36%	50%	22%	36%	43%
T+.....	56	0	81	45	59	50	78	64	64	50	78	64	57
T-.....													
Size and technological complexity:	51%	0%	20%	0%	19%	43%	40%	75%	50%	43%	40%	75%	48%
T+.....	49	0	80	100	81	57	60	25	50	57	60	25	52
T-.....													
Larger:	30%	100%	18%	60%	54%	67%	0%	20%	24%	67%	0%	20%	37%
T+.....	70	0	82	40	46	33	100	80	76	33	100	80	63
T-.....													

|| Includes electrical and heavy machinery, steel and metal products.

Technologically complex (T+) = enterprises above the mean in superior or intermediate technicians or both; technologically noncomplex (T-) = enterprises below the mean in both superior and intermediate technicians (see footnotes for further explanation of this measure).

TABLE 1—Continued

	POSITIONS HELD										TOTAL
	Only Corporative			Only Public			Both Corporative and Public				
	None	Nat.*	Mun.†	Other	Total	Nat.	Mun.	Other	Total		
C. Biographical/Structural Characteristics											
Education and size:											
Smaller:											
High school or less.....	62%	0%	93%	0%	87%	43%	80%	50%	56%	62%	
University or more.....	38	0	7	100	13	57	20	50	44	38	
Larger:											
High school or less.....	36%	0%	64%	30%	36%	0%	75%	10%	24%	39%	
University or more.....	64	100	36	70	64	100	25	90	76	61	
Socioeconomic origin and size of enterprise:											
Smaller:											
Upper.....	27%	0%	33%	100%	38%	29%	40%	75%	44%	34%	
Middle.....	54	0	54	0	50	71	60	25	56	51	
Lower.....	19	0	13	0	12	0	0	0	0	15	
Larger:											
Upper.....	48%	43%	46%	40%	43%	33%	50%	40%	41%	48%	
Middle.....	38	57	36	30	39	33	25	60	47	38	
Lower.....	14	0	18	30	18	34	25	0	12	14	
Ownership and control and size:											
Smaller:											
Founder.....	43%	0%	60%	0%	56%	14%	60%	25%	31%	42%	
Heir.....	32	0	40	0	38	43	20	75	44	37	
Owner-manager.....	16	0	0	0	0	29	20	0	18	14	
Manager.....	9	0	0	100	6	14	0	0	6	7	

TABLE 1—Continued

	POSITIONS HELD										
	Only Corporative		Only Public			Both Corporative and Public					
	None	Corporative	Nat.*	Mun.†	Other	Total	Nat.	Mun.	Other	Total	
Larger:											
Founder.....	25%	22%	14%	46%	10%	25%	33%	25%	0%	12%	23%
Heir.....	32	37	0	27	20	18	0	75	30	35	31
Owner-manager.....	13	30	0	18	20	14	33	0	50	35	19
Manager.....	30	11	86	9	50	43	34	0	20	18	27
Ownership and control and location:											
North:											
Founder.....	42%	26%	0%	54%	0%	48%	33%	67%	0%	36%	39%
Heir.....	37	51	0	36	33	36	36	33	40	43	40
Owner-Manager.....	12	17	0	5	0	4	0	0	40	14	12
Manager.....	9	6	0	5	67	12	0	0	20	7	9
N.....	(90)	(35)	(0)	(22)	(3)	(25)	(3)	(6)	(5)	(14)	(164)
Central:											
Founder.....	31%	36%	14%	50%	12%	21%	14%	0%	11%	10%	27%
Heir.....	27	32	0	25	13	11	14	67	44	37	27
Owner-manager.....	17	24	0	25	25	16	43	33	33	37	21
Manager.....	25	9	86	0	50	52	29	0	11	16	25
N.....	(75)	(25)	(7)	(4)	(8)	(19)	(7)	(3)	(9)	(19)	(138)
Ownership and control and technological complexity:											
T+:											
Founder.....	33%	31%	14%	60%	17%	28%	20%	50%	20%	25%	31%
Heir.....	28	31	0	20	17	11	0	0	40	17	25
Owner-manager.....	15	28	0	0	17	5	60	50	0	25	18
Manager.....	23	10	86	20	50	56	20	0	40	33	25
N.....	(72)	(29)	(7)	(5)	(6)	(18)	(5)	(2)	(5)	(12)	(131)

TABLE 1—Continued

	POSITIONS HELD											
	None	Only Corporative		Only Public			Both Corporative and Public				TOTAL	
		Nat.*	Mun.†	Other	Total	Nat.	Mun.	Other	Total			
T—:												
Founder.....	40%	29%	0%	52%	0%	42%	20%	43%	0%	19%	36%	
Heir.....	35	55	0	38	20	35	60	57	44	52	41	
Owner-manager.....	14	13	0	10	20	11	0	0	55	24	15	
Manager.....	11	3	0	0	60	12	20	0	0	5	9	
N.....	(93)	(31)	(0)	(21)	(5)	(26)	(5)	(7)	(9)	(21)	(171)	

divided into three parts to facilitate its interpretation: (a) biographical characteristics of the industrial elite members, (b) structural characteristics of the enterprise, and (c) combinations of biographical and structural characteristics. Only the relationships which account for most of the variance shall be reported in this essay.

The most significant differences in table 1 were found with respect to size of enterprise and with respect to some sectors of industry. Compared to elites heading smaller enterprises (employing 499 or fewer persons) it is apparent that heads of larger enterprises (employing 500 or more persons) were more likely to have occupied public positions at the national level of the government. Many of these public office holders were also found in the service and chemical sectors. Since a number of companies in these sectors were state owned (e.g., Sacor, the petroleum refinery), their chief executives, *administradores delegados*, were appointed by the government. Other calculations show that quite a few were ex-cabinet members, or ranking university professors, or both as in the case of João Pinto de Costa Leite (Conde de Lumbrales) who was *administrador delegado* of Sacor and *catedrático* of the law faculty. In 1965, when I conducted that study, most of these service and chemical industries were concentrated in central Portugal, especially in the district of Lisbon.

In northern Portugal those who held public positions were at one time mayors, city councillors, or other municipal officials rather than national office holders. Many were heads of textile or other light industries who, having inherited wealthy and stable enterprises, entered politics. (Most textile enterprises in Portugal are concentrated in the northern districts of Oporto and Braga.) But given the regime's tendency over the past 40 years to fill top political positions with individuals from Lisbon, it would appear that northern political aspirants have had to fulfill their political ambitions at the purely local level.¹¹

The group which participated least in the *polity* were those heading construction enterprises. A large proportion of these enterprises were directed by individuals who with little capital and little formal education had founded their enterprises and remained so involved in the day-to-day management of their companies they had little time for political activities.

Corporate leaders.—In contrast to public office holders, corporate leaders among the industrial elite (e.g., presidents and directors of *grêmios*) were more likely to be (a) younger, (b) upper class in their socioeconomic origins, (c) sons of businessmen or landowners, (d) nongeographically mobile (i.e., natives) (e) heirs (usually having inherited their enterprises from their fathers who were the original founders), and (f) nonsocially mobile.¹² About half the corporate leaders had attended university and,

¹¹ Schmitter established that from 1934 to 1969 a greater proportion of Corporate Chamber members were born in Lisbon than in Oporto (Schmitter, "Corporatist Interest Representation," table 5).

¹² Social mobility was determined by comparing the socioeconomic origins of the respondent (as measured by father's occupation and his evaluation of the economic

while most had majored in engineering, a number were also lawyers, which in Portugal has traditionally been the career chosen by the landowners' sons as a principal avenue to politics and administration.¹³ Few differences in birthplace were found among the different types of formal leaders. The proportion of Lisbon-born elite members who held formal leadership positions did not significantly exceed the proportion born in Oporto, Portugal's second city and northern capital.

Structural characteristics of the enterprise such as its size, location, technological complexity, and industrial sector also differentiate among formal leaders.¹⁴ For example, table 1,B indicates not only that there is a direct relationship between socioeconomic origin and corporative position but that this is accentuated by region and sector. Those from upper-class origins, directing northern enterprises in traditional and economically more stagnant sectors such as textiles, foodstuffs, and wood and cork products were more likely to have occupied corporative positions. A significant number of these men were heirs.

Another noteworthy characteristic of corporative leaders was the relative stagnation of their enterprises especially in comparison to those of most other types of formal leaders among the industrial elite. This difference is particularly apparent in traditional sectors and larger technologically noncomplex enterprises, as table 1 shows. But, as I have shown elsewhere, this lack of industrial dynamism is highly correlated with inheritance among the Portuguese industrial elite.¹⁵ Despite the fact that heirs were from upper-class origins and have inherited larger enterprises, some let their businesses remain idle or even dwindle in terms of technological capability and recruitment of personnel. Other calculations reveal that these industrialists were "backward" in their managerial structure as relative to enterprises of comparable size they had small managerial teams

status of his family during his youth) with the size of the enterprise he directed at the time of the study. An example of a downwardly mobile industrialist would be an individual who characterized the economic situation of his family during his youth as "prosperous," whose father was a large landowner but at the time of the interview directed a small enterprise in a traditional and economically more stagnant sector (e.g., foodstuffs, ceramics, wood and paper products). In contrast an upwardly mobile industrial elite member would be someone who indicated the economic situation of his family during his youth as "poor," whose father was a minor public functionary but who himself rose to head a larger enterprise.

¹³ See Hermínio Martins, "Portugal," in *Contemporary Europe: Class, Status and Power*, ed. Margaret S. Archer and Salvador Giner (London: Weidenfeld & Nicolson, 1971), pp. 67–68, for a more detailed discussion of avenues to power during the Salazar-Caetano regime.

¹⁴ Technological complexity was measured by determining the number of intermediate and superior technicians relative to other enterprises of similar size (number of employees). Those which were above the mean derived for any of the five categories (small, regular, medium, large, or giant) either in superior, intermediate, or both types of technicians were considered technologically complex; those below the mean in their size category were considered technologically noncomplex enterprises. A further discussion of this measure and its derivation appears in chapter 10 of my book (n. 8 above).

¹⁵ *Ibid.*, pp. 115–18.

and were reluctant to delegate authority. This pattern, incidentally, is not peculiar to Portugal but has been noted by other students of entrepreneurship and economic growth. For instance, Kindleberger, in discussing the British family firm, notes that "the founder who emerged from poverty is replaced by the son or grandson 'without exceptional energy' and 'brought up to think life easy.' The first obstacle [to economic growth] is the desire for the quiet life, or for public esteem. . . . In Britain the descendants of the founder were typically statesmen first and businessmen second."¹⁶

The predominance of this type of participant in ranking corporative positions has consequences for the *grémio's* effectiveness. It suggests that the *grémio's* function was more honorary than effective. In fact, often the entrepreneurs (founders) in our studies criticized their *grémio* leadership for being unaware of, or oblivious to, the problems which confronted their sector. Most founders thought that participation in or presenting problems to their *grémios* was a waste of time. Very few, as I will show, saw the *grémio* as effectively representing their interests.

Public leaders.—Thus corporative industrial leadership in 1965 was principally the haven for those from upper socioeconomic class business and landowning origins, inheritors of family businesses, those with a secondary education or law training, and those who had always lived in the same geographical area. The composition of those who held *public positions* was different. Compared to corporative leaders, they were more likely to be (a) older (55 years of age or more), (b) middle class in socioeconomic origin and individuals whose fathers were from a variety of occupational backgrounds (i.e., more white-collar, professional, and working-class population), (c) upwardly socially mobile, (d) individuals with engineering, technical, or liberal arts training, and (e) managers, especially those heading larger enterprises.

In addition to size of enterprise, other structural characteristics of the enterprise combined with biographical characteristics in locating those who held only public office among the industrial elite members. There are two distinct groups who have held public positions. One group held leadership positions at the national level. It was composed of managers of larger, centrally located, technologically complex enterprises such as those found in state petroleum and utilities (e.g., electricity, transportation, water) sectors. Over half were migrants of middle- and lower-middle-class origins who had come to Lisbon from the north to pursue a career in engineering. Although many of these national public leaders were employed in these state-owned industries, a number were also associated with the large consortia in private sectors. The second group was composed largely of non-university educated, middle-class founders or upper-class heirs who were directing mostly northern, technologically noncomplex enterprises belong-

¹⁶ Charles P. Kindleberger, *Economic Growth in France and Britain* (Cambridge, Mass: Harvard University Press, 1964), pp. 124–27.

ing to traditional sectors of the economy. This group held ranking municipal government positions. Their political activities were more local in scope and more community-oriented. In contrast, the managerial types holding positions at the national level were more technocratic in training and outlook. In their day-to-day activities they devoted more time planning, establishing norms and policies for their enterprises, and in obtaining information about external trade and market conditions. The founder and heir types were more “inward” oriented and more “immediate” in their activities. They tended to handle problems as they arose in their enterprises, spent a great deal of their time inspecting their factories’ operations, giving orders, and exhibited a more paternalistic concern with the workers, their workers’ families, and the local community.¹⁷

A third group also emerged in the analysis. This was comprised of those elites who held “other” public and corporative public positions. Mainly they were industrialists who held nonpolitical positions at the national level, such as a functionary in a ministry (e.g., economic technician), member of a national or international commission (e.g., permanent committee member on National Industrial Progress commission, delegate to the International Labor Organization Congress, OECD representative, adviser on Angolan vegetation), a university professor, or an administrator of a state-owned enterprise. Those who held this variety of positions were more likely to be (a) evenly distributed in terms of their age, (b) university graduates in engineering, (c) from upper socioeconomic origins, (d) upwardly socially mobile,¹⁸ (e) managers of larger, centrally located enterprises in both traditional and modern industrial sectors.

Since this large group resembles those who held national positions, I will group them when analyzing the relationship between the industrial elite and the *grémios*.

Corporative and public leaders.—A tenth of the industrial elite held both corporative and public positions. Comparatively speaking, both corporative and public leaders were older than those who held only corporative or public positions, suggesting that age and position holding in corporative and public institutions vary directly. As a whole there was a greater proportion of university educated elites among this group and more hailed from middle-class origins, but, as table 1 shows, very few (12 percent) were managers. Corporative and public leaders were more likely to be associated with technologically noncomplex enterprises, particularly in the textile sector.

But similar to the patterns which emerged in describing public leaders, the greatest differences are found between national and municipal leaders rather than between those who held dual positions and those who did not. Corporative-national leaders look very much like those industrial

¹⁷ Makler, pp. 274–76.

¹⁸ This is explained by the regime’s tendency to have recruited technicians from middle-class origins to direct its public utility corporations.

elites who held only national positions. Even more alike are corporative/municipal and only municipal position holders, as the figures in table 1 show. The primary attributes of these types of industrial elites is their ownership and control (as founders or heirs) of technologically non-complex, northern enterprises associated with traditional industrial sectors. The overlap of roles at this local level could be interpreted as evidence of attempts by this propertied elite to consolidate its power in order to be able to influence policies affecting industry which, as I shall show, were not influenced through the corporative system or its organizations. But further research on the relationship between *grêmios* and municipal politics is necessary to clarify the extent and nature of interlock between these two institutions.

Non-position holders.—Finally, in my profile are those who held *no* formal positions. This group comprised half of the elite. What this indicates is that the largest proportion of industrial elite members have not been involved in public or corporative office holding, nor as I shall show in the following section did they seek the support of, or articulate their interests through, their *grêmios*.

The nonposition holders were concentrated more in (a) smaller enterprises, (b) northern, (c) construction, textile, and other traditional and technologically noncomplex enterprises; and in terms of their biographical characteristics were (d) evenly divided in terms of secondary and university educational attainment, (e) more likely to be middle class in their socio-economic origin, (f) more upwardly mobile, (g) mainly founders or heirs, and (h) nongeographically mobile (i.e., natives).

The ownership and control factor perhaps best characterizes the nonposition holders. I found that they were mainly upwardly mobile founders of smaller construction companies, heirs of northern technologically noncomplex textile, foodstuffs, or metallurgical companies, plus a small group of managerial directors of smaller centrally located, technologically complex and recently founded enterprises. As newer enterprises, either they had not been incorporated into a *grémio*, or more likely they belonged to an industrial sector which had not been corporatized. Other calculations indicate that, of those who were managers, many were foreign born which would preclude their holding corporative and public office.

Thus, the formal leaders among the Portuguese industrial elite were a mixed lot. The corporative leaders (*grémio* leaders) could be characterized as younger, propertied (founders, heirs, owner-managers) from upper socioeconomic class origins, divided between nonuniversity and university trained, geographically nonmobile and directors of technologically non-complex enterprises mainly associated with traditional industrial sectors. Among public leaders two groups can be distinguished: municipal and national leaders. Those who occupied municipal positions shared the same characteristics as the corporative leaders, except that as a group they

tended to be older, more middle class in origin, nonuniversity educated and more concentrated in technologically noncomplex northern enterprises. In contrast were the national leaders. They were older university trained engineers, nonpropertied executives of major, centrally located, and technologically complex enterprises often connected with important Lisbon-headquartered consortia.

My findings indicate that there was some interlocking between the polity and the economy. At the very least there was an interchange between what C. Wright Mills labeled top command posts in government with those positions at the top of the industrial world.¹⁹ The chief executives of a number of Portugal's largest, most modern enterprises at one point in their careers held ranking positions in the regime. Other calculations indicate that the movement was from top political and civil service positions immediately into the presidencies of large corporations, similar to the pattern in France.²⁰ The typical career path to a large modern corporation in Portugal started with an assistant professorship at a university, particularly under the tutelage of a well-known *catedrático*, movement into an undersecretarial (deputy minister) position and then either from there to a top industrial post or continuation in the government, moving into a ministerial position, and then into industry. The predominance of academics was undoubtedly due to Salazar's and Caetano's influence. During their political careers both retained their full professorships at the University of Coimbra, Portugal's oldest and most famous university.²¹ My impression is that the professoriate in Portugal enjoys high prestige. For example, as I have shown elsewhere, university professors were accorded higher social prestige by the industrial elite than ranking civil servants (deputy ministers), military officers (active colonels), and even prominent leaders in their own class (directors of enterprises employing more than 400 individuals).²²

I found no evidence that there was a movement in the other direction, that is, from the executive suite into ranking national government posts, as is sometimes the pattern in advanced industrial countries such as the United States. In fact, a recent study of Portuguese corporatism has shown that while industrialists comprise about 20 percent of the Corporative

¹⁹ Further studies of other elite groups (e.g., Portugal's political elite) are necessary in order to establish the *extent* of interlocking among the polity and the economy. Preferably this should be done over time.

²⁰ See Henry Ehrmann's study, *Organized Business in France* (Princeton, N.J.: Princeton University Press, 1957), for a discussion of the movements between civil service and industrial leadership.

²¹ In fact, Caetano's career itself has been characterized as typical of the interlocking among academics, the polity, and the economy. Martins has noted that Caetano was co-opted ". . . a conservative monarchist of non-upper class origin, he had a distinguished academic career in Law via the professoriate, whence he joined the Cabinet, and played other political roles . . . ; and by marriage into a leading Republican business family whose wealth and Republicanism date back several generations" (Martins [n. 13 above], pp. 71–72).

²² Makler, pp. 238–40.

Chamber, very few were members of the much more important national legislative assembly.²³ Nor were industrialists to be found at the cabinet level.²⁴ Thus, at least formally, the regime seems to have limited the mobility of this class and confined them to corporative organizations. However, that the regime precluded the industrial elites from directly participating in the polity did not mean that this class had no influence on government policy. The very fact that the largest private, modern enterprises recruited ranking civil servants can be construed as a means by which this group attempted to contact and influence the government at the national level. At the local level there seem to have been more linkages between the polity and the economy. Members of the traditional propertied class among the industrial bourgeoisie occupied top municipal or *grémio* positions either simultaneously or at one time during their terms as enterprise heads. Thus, there was more of a two-directional “flow” between industry and the polity at the municipal than occurred at the national level. However, there was neither upward mobility from the municipal or the *grémio* arena into cabinet or national legislative positions, nor, as I shall also demonstrate in the next part of this essay, was the regime particularly receptive to the claims from this group.

2. *Formal Leaders and Their Grêmios*

In the previous part of this essay the characteristics of industrial elite members who held corporative and/or public office were identified. In this part, I will examine the attitudes of the industrial elite toward their *grêmios* in order to evaluate the nature and function of these organizations. For example, what proportion of the industrial elite use their *grêmios*? What proportion consider them to be effective in defending their interests and why?

Spokesmen for the Salazar-Caetano regime would have maintained that the industrial *grêmios* served to transmit the interests of its constituents to the state. At the same time they would have stressed the complementarity of interests between the two. The potential contradiction between these two statements was hidden by the very organization of the *grémio* system. The latter was constructed as if the interests of the two parties were indeed complementary, which in practice meant that the *grémio*'s functions were narrowly circumscribed by the state. Indeed one part of the corporatist legislation states that the *grêmios* “must subordinate their respective interests to the interests of the national economy, in collaboration with the State” (*decreto-lei* no. 23049, *artigos* 1–3). And Pedro Theotónio Pereira, one of the principal architects of Portuguese corporatism, in discussing corporative leadership stated that corporative

²³ It has also been argued that the Corporative Chamber is an innocuous institution. Schmitter notes that “the Chamber could be abolished completely and it would neither radically disturb the pattern of policy-making, nor seriously threaten the persistence of the ‘corporative complex’” (Schmitter, “Corporatist Interest Representation,” p. 21).

²⁴ Martins, pp. 70–71.

organizations should be “directed by neutral elements who have the confidence of the Government.”²⁵

If this contradiction was implicitly recognized in the legislation of the regime and in the statements of its ideologists, what was its status in the actual functioning of the *grémio* system? One would expect that the continued viability of the *grémio* system would depend ultimately on the “flow” of demands moving from the entrepreneurs to the state; on whether or not there existed regular opportunities for different groups within the industrial elite to openly compete for leadership positions; or, at the very least, on whether or not the majority of the industrial elite made use of their *grêmios* and considered them effective in articulating their interests. This problem can only be analyzed by an examination of the nature of the relation between the *grémio* system and its constituents. And this opens the door to a larger problem: the relation between the government and the various components of the patronal class.

In my study of the Portuguese industrial elite I asked each respondent with what frequency he presented problems to his interest group or *grémio* (for those who indicated that this was the interest group most directly related with the defense of their enterprise’s interests) and to evaluate the designated organization’s effectiveness in representing his interests.²⁶

Table 2 shows that use and effectiveness of *grêmios* is correlated with formal political leadership in interesting and revealing ways. First, except for those who held corporative and public positions, the industrial elite’s evaluation of their *grêmios* outweighs their actual use of these organizations. For example, while 64 percent of those who held public office reported that their *grêmios* were effective in defending their interests, only 44 percent actually used them. The same pattern appears among those who held no formal leadership positions and among those who held only corporative positions, although the percentage difference is not as pronounced. Second, industrial elite members who held public office were more likely to have considered *grêmios* to be effective than those who held only a corporative or no leadership position. This was especially the case among those who held national positions. In fact, this even suggests that corporative office holding might be inversely related to positive evaluations of the *grêmios*.²⁷ Some attitudes of formal leaders and non-position holders substantiate these quantitative findings.

²⁵ Pedro Theotónio Pereira, *A Batalha do Futuro* (Lisbon: Livaria Clássica, 1937), p. 128.

²⁶ Specifically, the questions measured relevance, effectiveness, and use. In sequence they were: “Of all the organizations that you have just mentioned which one is most directly related with the defense of the interests of your enterprise?”; “In which ways do you think this organization effectively defends the interest of your enterprise?” and “Aside from routine matters how often do you present problems to this organization?”

²⁷ This hypothesis only holds for *grêmios*. Other calculations show that elite member assessment of private industrial interest groups (e.g., *Associação Industrial Portuguesa*)

TABLE 2
 FORMAL LEADERS WHO USED GRÉMIOS AND CONSIDERED THEM EFFECTIVE

	POSITIONS HELD									
	Only Corporative			Only Public			Corporative and Public			
	None	Corporative	Total	Mun.*	Nat.†	Total	Mun.	Nat.	Total	TOTAL
Leaders who used <i>grêmios</i>	28%	51%	44%	39%	57%	44%	75%	79%	78%	55%
N.....	(97)	(51)	(25)	(18)†	(7)	(25)	(8)	(19)	(27)	(200)§
Leaders who considered <i>grêmios</i> effective.....	44%	55%	64%	61%	71%	64%	62%	65%	64%	52%
N.....	(101)	(51)	(25)	(18)	(7)	(25)	(8)	(20)	(28)	(205)

* Municipal.
 † National; also included in "national" are those who held "other" positions.
 ‡ Limited number of cases (20 or fewer) permits only tentative observations.
 § Twenty-two reported using other organizations which best represented their interests (12 used private interest groups [e.g. *Associação Industrial Portiguesa*], and 10 used other corporative organizations [e.g., *junta*s]). Half of the remaining 41 cases were not affiliated with any interest groups and the responses of the others were not codable.
 || Thirty-four reported that other organizations were effective (22 indicated private interest groups and 12 used other corporative organizations). The remaining cases were not affiliated with any interest group.

There were a variety of responses to the question, "In which ways does this *grémio* effectively defend your interests?" Criticism centered on: reservations about leadership, "*personalismo*," lack of cooperation and trust among members, government receptivity, *grémio* mandate, and corporatism itself. Consequently, this led many to circumvent the system and either articulate their interests directly to ranking government officials, or to do nothing at all. Here are some examples of these criticisms.

Some industrialists expressed little or no confidence in leadership. Typical in this regard was the opinion of the manager of a large Setúbal cork products plant who, in discussing the *Junta Nacional da Cortiça*,²⁸ said:

How can it protect us? It doesn't do that at all. These organizations suffer from organic deficiencies. Our branch of activity has never had any protection from the State or any of its organs. Its leaders are neither acquainted with our branch nor surrounded by technicians who could elucidate them. As a result, we sometimes receive statistics on exports in which cork is not even mentioned. This is absurd considering that cork is one of our largest sources of income in this country. Therefore as this is a difficult branch and government lacks technical background they simply avoid us. The president of the *Junta da Cortiça* asked me for suggestions in December of 1961. Nothing ever came of it! Since they have no technicians they can neither help us nor try to reorganize the branch. I told them we could have avoided the competition of other countries but it was no use. What is wrong with this country is that we have "doctors" without specialization in the branch and we lack technicians to help us with the problem. It is not like France or the USA. In those countries one can count on technicians for advice. [Manager, Setúbal, cork products, giant-size enterprise]

And an heir of a small northern textile mill told us this about his *grémio*:

The *grémio* still does not protect our interests because it is a very young organization but I don't think it ever shall. The guilt lies with the officers. If there was leadership of the *grémio* perhaps one could already have seen the results of its action. I do not trust the *grémio* as a solution to our problems because I do not agree with its leaders. They are not qualified enough to deal with problems in our sector. [Heir, Oporto, textiles, medium-size enterprise]

Some industrialists doubted *grémio* effectiveness because of the strong individualism, distrust, and competitive relationship among the members of the same sector. Typical is a foodstuffs manufacturer who remarked that:

The directors of the *grémio* are too worried about solving their own problems. We discuss problems dealing with prices, financing, work discipline

is more positive and more consistent among formal leaders and those who held no formal position in government or corporative organizations.

²⁸ A *junta* was a national corporative organization established mainly to coordinate the commercialization of a product or service very important to the national economy.

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but most of the time, I am against their opinion. The leaders of the *grémio* are all bad competitors. After all, we are all in the same business, and there are sufficient consumers to sell all our production. [Founder, Oporto, food products, medium-size enterprise]

And a Lisbon executive explained that:

The *grémio* is too slow. There was a time when the *Associação* offered better guarantees. But the Government tried to limit its power so that the *grémio* could take over most of its functions. The problem is that the members of the *grémio* are too suspicious of one another. Therefore, they restrict themselves to discussing general problems which do not involve confidential information. The Portuguese never trust their competitors. Generally, there was more cooperation in the *Associação Commercial*. [Manager, Lisbon, mining, large-size enterprise]

More serious perhaps were industrialists who felt that the *grémio* was ineffective because the government ignored, or was insensitive to, its claims. Typical in this respect were the complaints of two owners of large northern textile mills. One said that:

I go to the *grémio* to discuss problems of general interest that are fundamental to our industry such as the labor contract which was written without us being consulted. We only were officially informed there should be a 40% raise in salaries one week, after the Government's decision. [Owner-manager, Braga, textiles, large-size enterprise]

And another commented that:

I don't see much point in going to the *grémio* since it can't help me much. Besides being too young as an organization the minister does not pay attention to what the *grémio* requests and sometimes he does exactly the opposite. [Heir, Oporto, textiles, giant-size enterprise]

An owner of a Lisbon metallurgical products factory spoke much in the same vein and also hinted at those whom the propertied class considered the regime to favor.

The *grémio* presents its reports to the *Corporação da Industria* which takes them to the Government. However, the Government does as it pleases paying no attention to these reports. Instead of asking the opinion of people with experience in the field they would rather confer with technocrats. [Heir, Lisbon, metallurgical products, medium-size enterprise]

Still another source of criticism among members of the industrial elite centered around limited mandate of *grêmios*. For example, a founder of a relatively small (185 employees) metallurgical products plant remarked that:

The institution of *grêmios* has brought few benefits to our industry. It is true that the *grêmios* are not well organized. They should be in permanent contact with industrialists. However, the *grêmios* have not been given a definite function in our industrial structure. The *grêmios* lack autonomy and are not powerful as representative organs should be. For example, right now a labor agreement is being discussed at our *grémio* but the

Minister of Corporations has already promised longer vacations to our workers before we could say anything about it. There is no coordination. I also knew that in other branches of industry *grêmios* have been trying to introduce export bonuses such as the ones in Spain. Our *grémio* hasn't succeeded because it is not given enough consideration. As a consequence certain Portuguese industrialists prefer to invest capital in Spain where these bonuses exist. [Founder, Lisbon, metal products, regular-size enterprise]

Finally, some industrialists expressed strong skepticism about the corporative system in general and participation in *grêmios* in particular. Notice that in the following criticism a Lisbon executive indicates the necessity to increase his *grêmios* political and financial power through conglomeration (the formation of a national *grémio*) and the establishment of its own financial institution (and industrial bank).

There seems to be a tremendous lack of coordination between several of our industrial organizations. The problems we discuss at the *grémio* are taken to the *Corporação* which takes them to the Ministry. Later on the problems are referred to the *Direção Geral da Indústria* and finally they come back to the Ministry. The whole process may take years. Nothing is solved: first, because our public servants are ill paid, and second because there is no coordination of functions. A corporative system without coordination is anarchy. There are 6 or 7 *grêmios* for the metallurgic industry. This is why they have been discussing the labor contract for three years without success. There should be a national *grémio* since we all share the same interests. Later on this *grémio* should organize an industrial bank. [Owner-manager, Lisbon, metallurgy, large-size enterprise]

And one founder and owner of a giant foodstuffs company outrightly remarked that

I don't believe in *grêmios*. I don't agree with the way they are now organized. They are good for nothing. During the [second] world war corporatism didn't remain faithful to its principles of self-directedness. Theoretically, the *grémio* should act as a link between the industry and the Government, but that hasn't really happened. The *Grémio dos Oleos Vegetais*, for instance, only deals with technical problems. It does not protect our interests. Whenever I need something, I'd rather go to the Ministers directly. [Founder, Lisbon, food products, giant-sized enterprise]

One pattern that clearly emerges is that the propertied elite members—the founder, the heir, and to some extent the owner-manager—were far more critical of the *grêmios* than the hired managerial types among the industrial elite. Particularly critical were the propertied elite who also held *grémio* office. Many were northern Portuguese textile elites.

Enterprise founders, in particular, tended to criticize *grémio* leadership. This is understandable since true to the mold of the Schumpeterian entrepreneur they were usually assertive, self-made, risk-taking individuals who would be unlikely to tolerate ambiguity, lack of leadership, and indecisiveness especially among their industrial colleagues in their negotiations with ministries and other government institutions. Inevitably during

interviews with founders they would say, “I wish our *grémio* was more powerful in its dealings with official organizations,” or “our *grémio* leadership is afraid to take a position or does not persist with our claims.” Other calculations show that even industrialists who had been *grémio* officers and/or had attempted to articulate their interests through these organizations gradually became discouraged and began to adopt other strategies. The principal one seems to have been contacting ranking government officials or ministries directly. Some indicated that they contacted the appropriate minister or ministry whenever they had to resolve a problem. One owner said “it is much easier to deal with the government directly than with organizations like *grêmios* which are supposedly protected by the government” (heir, Lisbon, transportation, giant-size enterprise). But being able to contact government officials in Portugal depended upon “who one knows.” In this regard table 3 clearly indicates that the majority of those elites who held national positions were in frequent contact with the government.²⁹ To recall, most of these were once senior civil servants who were recruited by the country’s important consortia to head their major technologically complex enterprises. In marked contrast are the remainder: those who held only corporative and/or municipal positions. Only a small proportion of this group reported that they contacted officials in higher government circles. These were the propertied elite—the heads of smaller companies mainly associated with traditional economies in northern Portugal—who neither used corporative organizations or private industrial associations nor contacted officials in higher government circles.³⁰ Most were really “outsiders” in terms of being able to articulate their interests. Consequently when questioned on how they resolved problems paramount to their enterprise’s survival the reply, “I do nothing,” was not uncommon.

V. Summary and Conclusion

These different types of formal leaders among the Portuguese industrial elite give the impression of a certain degree of heterogeneity. But upon closer inspection one discovers that the different sectors of the industrial elite were confined to relatively homogeneous compartments. The main participants in the national arena were technocrats: deputy ministers, middle class in origin, once professors who were co-opted into senior civil service positions and then into the executive suites of Portugal’s largest,

²⁹ The questions used to determine frequency of contact with the government were: “With what frequency do you contact official entities, directly or indirectly, regarding problems confronting your enterprise?” and “Which entities do you approach?”

³⁰ Those who used the private patronal associations (e.g., *Associação Industrial Portuguesa*) and the *juntas* tended to perceive them as more effective and actually used them more often than those incorporated into the *grêmios*. However, only a small proportion of the industrial elite were associated with such institutions (10 percent). The group belonging to the private associations were the heads of the larger, modern, technologically complex enterprises situated in Lisbon; those incorporated into the *juntas* belonged to the traditional export sectors such as cork, wine, and fish products which the government protected in order to guarantee a correct balance of payments.

TABLE 3
FORMAL LEADERS WHO FREQUENTLY CONTACTED GOVERNMENT

	POSITIONS HELD							
	None	Only Corporative		Only Public		Corporative and Public		Total
		Mun.*	Nat.†	Mun.*	Nat.†	Mun.	Nat.	
Leaders who frequently contacted government	30%	40%	80%	11%	64%	48%	35%	
N.	(142)	(58)	(15)	(41)	(9)	(31)	(272)	

NOTE.—Unlike table 2 this table is not restricted to those who indicated that *grémios* best represent their interests but includes other interest groups as well.

* Municipal.

† National.

newest, mainly state or consortia-owned enterprises. Participating in the municipal and *grémio* arenas were the propertied elite—the less educated, the wealthier founders, owner-managers and heirs of mostly traditional, technologically noncomplex enterprises. Mobility was also truncated. Technocrats moved into larger, newer enterprises from government posts but rarely from there into municipal and *grémio* positions. There is little evidence that once in industry they were co-opted back into ranking national posts. The more traditional propertied elite, in contrast, moved in and out of municipal or *grémio* office but were rarely recruited into the higher command posts of the regime.

What then is the relation between this apparent stratification of the industrial elite and the *grémio* system? On the basis of the above paragraph it can be seen that the *grémio* system did not serve as a staging or socializing institution from which the regime recruited its future leaders. None of the industrialists who held *grémio* positions were co-opted into national posts; in fact, only a few industrialists could be found even in the Corporative Chamber, where academics and bureaucrats have been consistently and heavily overrepresented.³¹ Indeed, it would suggest that the function of the *grémio* system was its ability to enforce such compartmentalization. This becomes evident when we examine the *grémio* system in terms of its ability to represent its constituent's interests.

In our brief excursion into opinions about the effectiveness of the *grémios*, it was often the smaller, more traditional, propertied elite that was the most critical. And of these it was often those most integrated into the corporative system, the *grémio* leaders, who offered the most poignant complaints. Some viewed the government and its ministers as a haven for technocrats who understood little about the actualities of industrial life; others expressed reservations about the possibility of cooperation among competitive units while others complained about the *grémio*'s lack of mandate. In this connection it should be noted that the *grémio* system provided the only means by which this group could articulate its interests to the government. They did not, on the whole, have access to the older, private patronal entities or the semipublic *juntas*—the latter being used by only a small proportion of the industrial elite. Nor could they bypass the institutional structure and present their claims directly to the government. They simply did not have the power or the "connections." In short they were forced to channel their interests through an institution that could not, in their eyes, effectively represent these interests.

In this case, it could be argued that the *grémios* served as a placating and buffer institution. As noted earlier, they could be considered at the organizational level as an alternative to political parties and political aspirations for a system which, on the one hand, after nearly 3 decades of

³¹ Schmitter shows that civil servants and professors have been well represented in Portugal's Corporative Chamber since its first session in 1934 (Schmitter, "Corporatist Interest Representation" pp. 20–21).

political turmoil, wished to maintain a maximum of political demobilization but on the other hand had to satisfy the ambitions of certain sectors of the industrial class. *Grêmios* and even municipalities 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 arm's length, a group on which the regime's power was based but which was accorded little power of its own. It could be argued that the regime blocked the participation of this group in the national arena in order that it not come into conflict with the professoriate and lawyers who had been recruited for their technocratic or bureaucratic expertise. Perhaps it could be better argued that the regime felt that the interests of this group were too deeply embedded in the rural past and as such did not correspond to the projected "national interests."³² Whatever the case, it appears that the regime attempted through compartmentalization both to maintain and contain the traditional class structure.

However, not all components of the industrial elite were critical of the *grêmio's* effectiveness. Our study has revealed that the closer a leader was to the "top" (a national position) the greater the likelihood he would both evaluate the *grêmio* as effective and use it. That a larger proportion of this group tended to laud their *grêmio's* effectiveness than actually to use it suggests that the interests of these more powerful sectors largely coincided with those of the state. If we presume that these interests were totally congruent, then we would have to conclude that the *grêmio* system was for this group totally redundant. However, such an assumption would be unwarranted. It would be better to suppose that there existed a whole range of issues where the interests of these industrialists neither coincided nor conflicted with those of the government. And it would be in terms of representing these interests that the *grêmio* could acquire its function. Yet this group tended to bypass the *grêmio* structure and penetrate the government by more private and direct means. This suggests that the *grêmios* were too cumbersome to be an effective organ of interest representation. Nor did the *grêmios* serve to contain the political interests of this group—and thereby secure the state's autonomy. The more powerful elements in the industrial elite seem to have been able to pursue their own interests by supporting various cliques in different intragovernmental struggles.

In sum we could say that the compartmentalization noted earlier with respect to intraelite mobility finds its echo in the compartmentaliza-

³² Schmitter in his essay on Portugal paraphrases Marx and suggests that authoritarian rule was the only possible form of rule when neither the bourgeoisie nor the working class had yet acquired the ability to rule, but the transition from precapitalist to the capitalist mode of production was imposed upon the nation from without. In this sense the compartmentalization of the traditional elites could be seen as an attempt by the government to bypass this group without destroying it in order to further economic growth and capitalist development in the absence of a vigorous and autonomous national capitalist class (Schmitter, *ibid.*).

tion of interest representation. To paraphrase Schmitter, the Portuguese regime was characterized by state corporatism for the smaller, more traditional propertied elites and societal corporatism for the more dynamic and powerful members of the industrial elite.³³

One wonders if the corporatist system could have effectively represented the interests of the industrial elite—even in the best of all corporatist societies. The growing complexity of the economy, the spawning of new economic sectors and subsectors would, according to corporative theory and practice, necessitate the creation of new *grêmios*, and new *sindicatos* to enter into negotiation with the *grêmios*, and new government agencies to oversee both the *grêmios* and the *sindicatos*. Such a quantitative extension threatened not only to overtax government resources; it threatened a bureaucratic proliferation whose internal rigidity could only hamper entrepreneurial activity. While such considerations may not apply to those operating in the more backward and stagnant sectors, their importance is quite considerable for those firms facing heavy competition in the more advanced sectors. In essence, corporatism violated that flexibility required by the more dynamic forms of capital accumulation. It comes as no surprise, then, that after the first and original spurt of corporatization, the *grémio* structure became an object of unofficial, benign neglect on the part of both the government and the industrialists.³⁴ It has already been noted that this process was most advanced among the most powerful and dynamic groups. And this process could only be accelerated by the proposed “internationalization” of the Portuguese economy. In fact the *grémio* structure was, on the whole, not enlarged to include the more recently established sectors of the economy. In short, the *grémio* system was in decline. It was gradually being reduced to a purely formal facade that neither reflected nor organized its underlying reality. Of course this process had not been completed. The *grémio* system still remained repressive for some, irrelevant for others, and cumbersome for all. One could almost hear the sighs of relief that followed this institution’s demise after the coup: “We suffered from the economic archaism of the old regime; corporatist and patronal unions, *grêmios*, and protectionist measures that prevented free competition.”³⁵

The above discussion provides some evidence for the regime’s lack of legitimacy, for the reasons behind its failure to find support among those who had the most to lose after its demise. After all, those who were

³³ The Portuguese case thus appears as a hybrid. However, at the formal level the Portuguese polity was characterized by state corporatism. It was only at the informal level that societal corporatism reared its head, and as such the inordinate influence of powerful economic groups was not exercised via formal associational intermediaries (Schmitter, “Still the Century of Corporatism?” pp. 103–5).

³⁴ Schmitter, “Corporatist Interest Representation,” pp. 12–16.

³⁵ Quoted from Morais Cabral, member of the executive commission of the Confederation of Portuguese Industry, cited in Yves Hardy, “Portugal: Anatomie do Nouveau Pouvoir Militaire,” *Les Temps modernes* 30 (December 1974): 544.

forced to bear the brunt of the corporatist system were marginalized by that very system. However, it would be a mistake to suppose that the regime's stability could have been enhanced by incorporating a wider span of elites. To equate stability with elite "pluralism" is to make a number of assumptions that do not hold in the Portuguese case.

In the first place it presupposes that the exclusion of certain elites from the centers of power would result in their active opposition to the latter. While they may have resented the *grémio* system, there is no evidence to suggest that they played a role in the coup either of an active or passive nature. To recall, a large proportion of those groups which were marginalized were from the north, the traditional stronghold of Portuguese conservatism. And it was to this group, among others, that General Antonio de Spínola appealed during his attempted countercoup in September 1974. Nor is there any evidence that this group, if incorporated, could have proposed alternative solutions regarding Portugal's chronic difficulties. In fact this possibility was unlikely since many among these groups were associated with family enterprises embedded in the traditional economies, often characterized as resisting any changes in the economy which would threaten their already precarious position. Indeed other calculations show that compared to elites associated with dynamic sectors the traditional elites were isolationist. Over half opposed Portugal's economic integration into Europe and nearly 60 percent even opposed the country's economic integration with its African territories.³⁶

In the second place it presupposes that these groups would not be marginalized by the "spontaneous" evolution of the Portuguese economy. Yet, given the concentration of this group in the more backward and stagnant sectors, we must assume that the opposite is the case. In fact, if we are to attribute a progressive role to the *grémio* system, it could only be in terms of the enforced (political) marginalization of certain groups that still play an important and even dominant role in the economy. In this sense the *grémio* system may be an eminently transitional phenomenon.³⁷

A more relevant hypothesis than the pluralist one could be advanced in the other direction: that the regime's instability was due not to its failure to incorporate a broad range of elites but to its failure to control those interests which were able to infiltrate the state apparatus itself. In this sense, because there were no reliable and institutionalized channels of interest articulation, those groups interested in influencing government

³⁶ Most isolationism was found among those who held only municipal positions. Seventy-three percent opposed European economic integration and 63 percent opposed integration with the country's African territories. In contrast, among those who held national positions 60 percent favored European economic integration and over half favored economic integration with the territories.

³⁷ In this case one could argue that the *grémios*, by containing the traditional sector, permitted that space to develop within which more modern economic sectors could emerge. However, further study of the system would be necessary to substantiate this hypothesis.

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policy did so by allying themselves with various cliques in their intra-governmental struggles. It is in these machinations, internal to the state, that the immediate causes of the coup are to be found. However, these immediate causes cannot be divorced from the larger context.

The various alliances and conflicts which were focused within the government were manifestations at the political level of problems that had much deeper roots.³⁸ Portugal by the 1970s had accumulated a variety of problems—colonial wars, relations with the European Economic Community, severe inflation, massive emigration—which remained unresolved. While certain of the more powerful consortia (or more specifically conflicts among these consortia) had a role in precipitating the events that led to the coup, it would appear that these consortia have been bypassed by subsequent events, particularly after the demise of General Antonio de Spínola.³⁹ The continuing intervention of the government can only erode the economic and political position of the industrial elite (or at least its leading sectors). At present the government has nationalized the banks and much of basic industry, including petrochemicals, heavy metal-mechanic industries, the largest trucking firms, cellulose, cement, tobacco, steel, electric industries, and has also recently intervened in other ways, for example, in the appointment of state administrators over private firms, *saneamentos* (purges), control over credit, price income policies, etc. However, it would be premature to write this class's obituary. Its future role will depend on political developments within and perhaps outside Portugal, particularly the outcome of the conflict between the Communist and Socialist parties during the next few months to say nothing of the emerging conflicts within the military.

³⁸ This does not mean that these intragovernmental conflicts were mere reflections of long-term trends. The short-term and immediate causes cannot be reduced to the long-term causes. In this sense there was no "necessity" in the coup that can be traced to say the "political economy." However, these longer-term trends would result, and were resulting, in changes whose importance should not be underestimated. After all the transition from feudalism to capitalism did not necessitate the occurrence of the French Revolution.

³⁹ Kenneth Maxwell argues that Spínola supported the consortia and their vision of a Portuguese economy "rationalized" along West European lines, while the Portuguese Communist Party (PCP) and Armed Forces Movement (MFA) support "the small, archaic, and uncompetitive enterprises that managed to survive under the old regime." This argument while formally correct can be misleading if it suggests that (1) small enterprises will flourish under the new regime and that (2) the government will not "rationalize" the Portuguese economy. The present economic difficulties and the measures necessary to combat these difficulties point in the opposite direction (see Kenneth Maxwell, "The Hidden Revolution," and "Portugal under Pressure," *New York Review of Books* [April 17, 1975, and May 29, 1975, respectively]).