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The Late Construction of Portugal Welfare State: The Failure of the Social Corporatist State (1933-1974)

*La tardía construcción del Estado de bienestar en Portugal:
el fracaso de Estado Social Corporativista (1933-1974)*

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Resumen: La construcción del «Estado de Bienestar» en los países capitalistas y democráticos europeos, posterior a la Segunda Guerra Mundial, debe entenderse como parte de un proceso de modernización de las sociedades. El «Estado de Bienestar» creado por las democracias europeas se diferencia, por lo tanto de los modelos estatales autoritarios, fascistas o comunistas. El corporativista *Estado Novo*, que estuvo en vigor en Portugal entre 1933 y 1974, asumió una especie de tercera vía capaz de superar los modelos liberales y socialistas de protección social. En comparación con lo logrado por los países del «Welfare State», el modelo de protección social corporativista portugués fracasó en todas sus dimensiones (educación, salud, seguridad social). Portugal, en la Segunda Guerra Mundial, fue incapaz de desconectarse de una ideología conservadora, autoritaria y retrógrada y, a pesar de tener un crecimiento económico nunca antes visto, se mantuvo privado de dos de los principales motores de la modernización social de la «edad de oro» del capitalismo: democracia política y modelo de Estado de Bienestar. Esto solo iba a tener lugar el 25 de abril de 1974. Muy tarde, tres décadas tarde, y en un momento en que el Estado del Bienestar comenzaba a ser víctima de su propio éxito.

Palabras clave: Estado de Bienestar. Estado Corporativista. Modernización. Capitalismo. Democracia

Abstract: The Welfare State's construction in capitalist of democratic countries the post-World War II European must be understood as part of a modernizing process of societies. The Welfare State created by European democracies is therefore distinguished from authoritarian, fascist, or communist state models. The corporatist *Estado Novo*, which was in force in Portugal between 1933 and 1974, assumed a kind of third way capable of overcoming the liberal and socialist models of social protection. Compared with those achieved by Welfare State countries, the Portuguese Corporatist Social Security model failed in all its dimensions (education, health, social security). Portugal in the post-World War II, was unable to disconnect itself from a conservative, authoritarian and retrograde ideology and, despite having an economic growth never seen before, it remained deprived of two of the main engines of social modernization of the 'golden age of capitalism': political democracy and the Welfare State model. This was only to take place on 25 April 1974. Very late, three decades late, and at a time when the Welfare State was beginning to fall victim to its own success.

Keywords: Welfare State. Social Corporatist State. Modernization. Capitalism. Democracy



The construction of the welfare state in capitalist and democratic countries in the European post-World War II must be understood as being part of a process of modernising the more developed societies, in which the role of the State is central to the economy, to labour issues and to the distribution of the wealth created. Tackling the «social issue» that industrialised societies faced since the 19th century proved to be a prime and imperative necessity for all governments. However, this issue has been common to all models of state, the answer found by the post-World War II European democracies should not be confused with other authoritarian, fascist, corporative or real socialist political experiences¹. The characteristics of the Beveridgean-based welfare state and the state models of well-being were inextricably linked to the affirmation processes of liberal and representative democracies would hardly be reproduced in non-democratic states. On the other hand, being a creation of advanced and democratic capitalist societies, the welfare state should not be understood, as some more simplistic analyses tend to do, just as an expansion of the traditional liberal state in which the main difference lies in the increase of social policy-related expenditure². This simplistic and economist view, often present in the discussions on the state's functions, ignores the political and institutional changes that have taken place in this new model of state³. The first priority is to take into account what «the political consensus and social pact» represented between capital and labour, in which both forego part of their power, making capitalism compatible with democracy⁴.

The welfare state has grown and developed in a very specific historic context, one where the dynamics of political and social solidarity linked to the (re)construction of the Nation-States come together in democracy, hungry for peace, and whose governments are committed to harmonising these values with capitalism. This model of state did not invent solidarity or attempt to alleviate the workers' social risks; the main change was that the state recognised the right of citizens to demand (as their right) the overall coverage of social risks in health, education, social security, employment, and housing. In this meaning, the welfare

¹ Picó i López, 1999; Ritter, 1991.

² Esping-Andersen, 1990.

³ Teulon, 1992; Rosanvallon, 1984; Santos, 1998, pp. 193-257.

⁴ Santos, 1998, pp. 214-215.

THE LATE CONSTRUCTION OF PORTUGAL WELFARE STATE

state can be best described as the result of a society of rights, with a strong emphasis on labour rights⁵. This constitutional recognition of economic, social and cultural rights of citizens has represented a sizeable step towards civilisation. In our opinion, it must be understood as a mark of modernisation and development of contemporary societies. First, as a fundamental step towards the process of transforming the liberal state⁶ and, on the other hand, for having been a historic experience in the modernisation of society and of the state, with different results in each country, but nevertheless long-lasting and visible, making it possible to tally democracy with capitalism and, in some way, capital with labour. Actually, the welfare state can be seen as a response «to the problems that the growing complexity of society brings to the political structure». Understood like that, we can view it «as a general modernisation phenomenon of societies: both as the result of the increasing differentiation and expansion of activities and sectors, and of the social and political mobilisation process»⁷.

Its importance and resilience to the criticism of those who long for the liberal state prior to the war are well reflected in the attacks on the post-war political consensus on the welfare state by a neo-conservative and neo-liberal political mainstream, accusing this model of state of being at the origin of the social and economic crisis in the 1970s. We will seek to analyse the late construction of the welfare state in Portugal under this theoretical reference framework, in which the welfare state is inextricably linked to the post-World War II political consensus and to the political and institutional framework brought about by the democratic rules. The reason for it being late is that before the 1974 revolution one of the preconditions for its development in Portugal—the existence of a democratic regime— did not exist. The Corporatist *Estado Novo* that was held in Portugal between 1933 and 1974 not only considered that democracy was unnecessary for any political, economic or social policy, but also sought to solve the social issue within the framework of corporatism⁸. Unlike most democratic European countries, Portugal only satisfied the political conditions for tallying capitalism with democracy and for

⁵ Fleutôt, 2017, p. 10.

⁶ Marshall, 1950.

⁷ Mozzicafredo, 1992, p. 59.

⁸ Garrido, 2016; Cardoso and Rocha, 2003, pp. 111-135; Rosas and Garrido, 2012.

building the welfare state after 1974 (as did Spain⁹ and Greece), at a time when the more developed European countries were already discussing the reshaping and sustainability of social policies developed until then. This is where the Portuguese specificity lies: the end of dictatorship on 25 April 1974 opened the doors to democracy, consolidated with the promise of political, social and economic equality, the objectives of which are enshrined in the fundamental rights of the Constitution of 1976. It took, therefore, one generation for Portugal to catch up with the freedom, democracy and the welfare state model as existed in the rest of the industrialised and democratic Europe¹⁰. All this interestingly in the context of a broader left-driven political and ideological consensus than in the post-World War II period, as it had the support of Christian democrats, social democrats, socialists and communists. But times were different and demanded new political and social commitments. One need only remember that the National Health Service in Portugal was created in the same year that Margaret Thatcher took office in England (1979) with the mission of taking down the welfare state that had been created in the country in 1942, with the «Report on Social Insurance and Allied Services» drafted by the Conservative MP William Henri Beveridge¹¹.

1. THE OVERDUE MODERNISATION AND THE REMAINING CORPORATIST SOCIAL MODEL

From 1933 on and under the leadership of António de Oliveira Salazar, the auto-proclaimed Portuguese *Estado Novo* assumed its corporatist nature. The political rejection of liberalism and democracy and its organic nature or pretention of all the social framed policies developed thereafter. The solutions to this key issue will be sought within the corporatist system which, as is well known, also aimed to be a third way to overcome the solutions proposed by Liberalism and revolutionary Socialism. Accordingly, the Constitution of 1933 prescribed that it was for the State «to coordinate, promote and supervise all social activities and ensure that the conditions of the under-privileged social classes improved»¹². Nevertheless, the role of the State in the specific field of social security to be created would only be to promote «solidarity, welfare, co-

⁹ Comín, 2007, pp. 123-128.

¹⁰ Silva, 2013, p. 25.

¹¹ Silva, 2013, p. 25.

¹² Constitution of 1933, Article 6.

operation and mutual society institutions»¹³. From these general and ambiguous precepts contained in the Constitution it can be easily seen that, as far as the new social security is concerned, the corporatist state had no intention of funding it, let alone assume the responsibility of building a social protection system as a right of citizens¹⁴. Instead, unlike the Constitution of the Republic of 1911, which inscribed in the fundamental law the «right to public assistance», during its entire term the corporatist *Estado Novo* firmly rejected this founding principle of the welfare state.

The Constitution of 1933 and the *Estatuto do Trabalho Nacional* («National Labour Statute»)¹⁵ became the main programme and ideology points of reference of the social policy to be developed by the *Estado Novo*. Articles 34, 48, 49 and 50 of the «National Labour Statute», a fundamental component of the social welfare model to be implemented in the corporatist system, provide the main topics and instrumental goals of the social policy of the corporatist *Estado Novo*. It departs from any unitary and tendentially universal principle of statutory social insurances, favouring the gradual implementation of social welfare. Corporatist bodies were responsible for the initiative, organisation and running of welfare institutions rather than the state. It was for these corporative bodies to «defend the workers in sickness, disability and involuntary unemployment, and to also provide them with retirement funds» (Article 48). In January 1935, the Government's proposal was submitted to the National Assembly, establishing, through Law 1884 of 16 March 1935, the social welfare model in Portugal. According to the new diploma, social welfare would be developed in four categories: 1st category: Welfare Institutions of Corporatist Bodies; 2nd category: Retirement or Pension Funds; 3rd category: Mutual Aid Associations; 4th category: Welfare Institutions. Of these four categories, the main new element was the establishment of Welfare Institutions of Corporatist Bodies, with Union Welfare Funds, Welfare Funds of Community Centres and Fishermen's Centres. Before 1933, the remaining three categories already enshrined in the law were already running, so the law simply provided for their integration in the new system¹⁶.

¹³ Constitution of 1933, Article 41.

¹⁴ Maia, 1985, p. 44; Lucena, 1976, p. 385.

¹⁵ Decree-law 23 053, of 23 September 1933. «Estatuto do Trabalho Nacional» was a very similar to the fascist «Carta de Lavouro».

¹⁶ Maia, 1985, p. 46.

By reference to the main structuring diplomas on social policy in the corporatist *Estado Novo*, the Constitution of 1933, the establishment of social welfare (1935) and the Social Assistance Statute (1944), Salazar's social policy followed a political and ideological matrix that it had never truly abandoned: the family as the basic unit for preventing the social risks facing its members; the State having a supplementary role in the financing of social welfare and social protection; the dominant charitable and welfare nature of social policies.

For political and ideological reasons, the corporatist model of social welfare during the *Estado Novo* period departed from the social insurance model (1919) of the 1st Republic¹⁷. According to Teotónio Pereira, an active ideologue of corporatism and Vice-Secretary of State for Corporations and Social Welfare (1933-1936), the Republican Social Insurances were a «state», «socialist» and «red» creation, serving only to «seduce the proletariat»¹⁸. A new model of social welfare based on corporatist principles was therefore needed. First, the Union Welfare Funds should be established «far from the abstract dimension of class conflict or of the Socialist utopia of the welfare state» and based on «high level corporatist solutions», considering its «natural harmony with the realities of life»¹⁹. For Teotónio Pereira, the main architect of the foundations of the Portuguese Corporatist Social Welfare system, «our social welfare problems» would not be solved through «textbook suggestions or copying other solutions». They would have to be «integrated in the corporatist movement», abandoning the «idea of a bureaucratic, complacent and passive box; once the worker no longer had to deal with the State and public money—that can easily allure abuses and bad desires— then he/she would regard the welfare organisation of his/her professional household as a work of his/her own, a result of his/her sacrifice, responsibility and hope»²⁰. The State would only have to «monitor the development of new bodies closely, define their technical aspects, helping to form an environment of solidarity, giving them the indispensable reputation and solidity»²¹.

¹⁷ Cardoso and Rocha, 2009.

¹⁸ Pereira, 1937, p. 49.

¹⁹ Decree 25 935, 1935.

²⁰ Pereira, 1937, p. 51

²¹ Pereira, 1937, p. 52.

THE LATE CONSTRUCTION OF PORTUGAL WELFARE STATE

The Portuguese welfare state model begun in 1933, which lasted until 1974 with poor results, can only be understood in the context of the poorly achieved dynamics of the corporatist economy. Therefore, it makes no sense to affirm, whatever assessment we make of its results, that the *Estado Novo* was not concerned about having a social and, as far as possible, corporative policy. As argued by Fátima Patriarca, the fact that the *Estado Novo* was anti-Communist and anti-Socialist—and Salazarism was that to the core at every stage of its evolution and time—does not mean that it was indifferent to the social issue²². One only has to look at the role played by the Catholic elites in the institutionalisation of the *Estado Novo* and the fact that the Church's social doctrine, since the Encyclical *Rerum Novarum* (1891) and then later with Pope Pio XI (1922-1938), was ideologically aligned on the understanding of the social issues—and how to solve them politically—with the organic and corporatist vision of society and of State²³. This corporatist ideological, authoritarian and charity-based matrix will, in fact, prevent the *Estado Novo* from recognising the virtues of social welfare «for all and for all risks», arguing that it was an illusion as «the large foreign social welfare structures were not for our pockets or our customs»²⁴. We recall that the same applied to democracy, which was also not in line with our way of being. As argued by Teotónio Pereira (1937), Portugal's problem regarding social welfare could not be solved through universal and State-based solutions²⁵. This rhetoric corporatist self-sufficiency and even belief, widely shared among the main ideologues of the regime, in a particularly unique Portuguese way, was what prevented Portugal from understanding and accepting the path trodden by the welfare state in the more developed European countries in the aftermath of the World War II. At the same time, being closely connected with and almost dependent on the development of corporatist in the Portuguese society, to be successful social welfare depended on the growth of primary corporative organisations—guilds or associations, national unions, community centres and fishermen's centres, etc.—and their power of initiative, since the system's funding depended on them. However, in the end corporatism in Portu-

²² Patriarca, 1995, II, p. 638.

²³ Fontes, 2000, pp. 310-323.

²⁴ Pereira, 1937, p. 49.

²⁵ Pereira, 1937, p. 51.

gal did not generate a corporatist economy. As Álvaro Garrido stated, in Portugal there has never been a corporatist organisation of stakeholders, but rather an institutionalisation of interests within entities created by the State²⁶. This double political failure became more and more obvious in the 1950s and 1960s when it became clear that the corporative social welfare model was paralysed and could not keep pace with the social protection activities taking place in European countries with a welfare state. This is the moment when the regime abandons the envisaged role of arbitrator and, against all its prior provisions, assumes that it has to be involved in and replace the corporative entities in the establishment of welfare institutions.

The need felt by the regime in 1962 to reform social welfare was the first sign that things were not going well²⁷. An important opinion given by the Corporatist Chamber in 1961, precisely when the idea was to replace the law that established social welfare (Law 1884 of 1935), could not have been clearer: «in practice, only the trade, industry and service sectors have grown satisfactorily; in fishing, the protection was based mostly on welfare formulas; in agriculture, no more than one-fifth of the rural population was covered by the “Casas do Povo”, and in most cases their benefits were not above modest levels»²⁸. The numbers were not misleading: in the early 1960s, 863.7 thousand beneficiaries were covered by the union welfare funds and pension and retirement funds. This data shows that about 30% of workers and 40% of their relatives were not integrated in the social welfare regime. In the same period, only 19.6% of the rural working population that could be covered by welfare was in fact integrated in the system, and only 17% of their relatives, in the same conditions, had social security. Only the fisheries sector showed an almost full coverage, although their protection was of a more welfare nature rather than social security. While the numbers show a poor social security coverage, the situation regarding the risks covered is even more critical. Social protection for workers in commerce, industry and services only covered sickness, disability, old-age and death. Only some of the funds provided coverage for survivor's pension and, in the case of unemployment, the special diploma, promised both in the National Labour

²⁶ Garrido, 2016.

²⁷ Maia, 1985, p. 53.

²⁸ Maia, 1985, p. 53.

THE LATE CONSTRUCTION OF PORTUGAL WELFARE STATE

Statute (Article 48) and in Law 1 884 (Article 4) of 1935 was still awaited. At the time, occupational accidents and diseases were still the employers' responsibility. As with coverage, the situation of beneficiaries of community centres and fishermen's houses funds was even worse. For the former, «the statutory scheme included only the provision of medical assistance, a sickness benefit in cash and a death grant»²⁹. As regards fishermen, although the coverage levels were better, the protection system was still dependent on the financial (even cyclical) capacity of their institutions, and could cover «medical assistance in sickness, sickness benefits, birth and death grants, disability and retirement pensions and child benefits»³⁰.

If we take as a reference of social spending the expenses borne by the State regarding education, health, social security, housing and urban equipment (*Table 1*), we find that even in the so-called golden age of the economy (1950-1973) Portugal kept itself on the sidelines of social policies of the more developed European countries. In 1960, social expenditure by the Portuguese State as a percentage of GDP was of only 6.2%, corresponding in some cases to one third of social expenditure in welfare state countries. If we compare, for example, with the two European countries chosen the most by the Portuguese as an emigration destination in this period, France and Germany, we find that social expenditure in these countries was of 14.4% and 17.1% respectively. These figures were only achieved following the fall of dictatorship in 1975, which shows how Portugal lagged behind in terms of social policies. Given this reality, it is not surprising that the emigrants became the great disseminators in Portugal of the social benefits provided by the welfare state of their host countries.

²⁹ Maia, 1985, p. 55.

³⁰ Maia, 1985, p. 55.

Table 1. Social expenditure in Portugal (as a percentage of GDP)

Years	Totals	Education	Health	Other social costs	Social Security	
	1= (2)+(3)+(4)+ (5)+(6)	(2)	(3)	(4)	General Social Security (5)	Civil Servants (6)
1960	6.2	1.8	0.9	0.7	2.0	0.8
1965	6.3	1.4	1.2	0.5	2.6	0.6
1970	9.9	1.9	1.7	0.6	5.2	0.5
1975	17.1	3.8	3.1	2.7	6.9	0.6
1980	19.7	4.1	3.8	2.2	8.6	1.0
1985	19.9	4.0	3.9	1.6	9.0	1.4
1990	20.0	4.9	4.1	0.6	9.9	1.4

Source: Carreira, 1996, p. 281

In the 1960s, the golden period of the welfare state in democratic countries, only 20-30% of the Portuguese resident population was covered by social security, and in 1960 only half of the working population with the potential of being integrated in the social security system was in fact included therein. In 1960, social security spending on social benefits as a percentage of GDP was 1.2%, increasing in the 1970s to 5.1%. In terms of old-age, disability and survivor's pensions, in 1960 the State spent only 0.2% of GDP, increasing to 1.6% in 1974, which speaks volumes of the poor pension coverage. For comparison purposes, in 1976, two years after the revolution, the rate reached 2.9% and 4.3% in 1986³¹. As regards education, as shown in Table 1, the expenditure as a percentage of GDP until the 1970s shows Portugal's poor participation in such a crucial area for the modernisation of the country and how it lagged behind. In 1972, education expenditure per person totalled only 2.6 Euros, whereas two years after the revolution (1976) this figure increased to 7.5 Euros, reaching 809.5 Euros in 2010. In terms of health, the break that takes place following the implementation of the National Health System during democracy leaves no doubt whatsoever about the change: in 1970, the Portuguese health expenditure represented 1.7% of GDP; one year after the revolution it rose to 3.1%, and in 1980 it totalled 3.8%. If we look at State expenditure per person in 1972, we find that each Portuguese citizen spent, on average, 0.3 Euros in health, while in 2013 this figure increased

³¹ Esping-Andersen, 1993, pp. 589-606.

THE LATE CONSTRUCTION OF PORTUGAL WELFARE STATE

to 821.3 Euros. As to the level of coverage, in 1970 only 56% of the population was integrated in the health system. It is, therefore, not surprising that health expenditure in Portugal grew the most between 1974 and 1982, a period coinciding with the expansion of the National Health System³².

So, despite the reform of Social Security in 1962, which sought to modernise and expand the level of coverage of corporatist social security, welfare expenditure on health and social security was always less than expenses with, for example, sovereignty issues. The accession to power of Marcelo Caetano in 1968 gave social policies a new impetus; however, the corporatist state, the lack of freedom and the colonial war provided more than sufficient political hurdles to prevent major breaks in this matter. In 1972, the expenses that burdened the budget the most were those connected with sovereignty and national defense functions. It was not until 1978 —four years after the fall of dictatorship and of the government led by Marcelo Caetano— that for the first time social functions exceeded expenditure on general sovereignty functions³³.

2. THE GOVERNMENT OF MARCELO CAETANO AND THE SOCIAL STATE (1968-1974)

Marcelo Caetano succeeded Oliveira Salazar in September 1968. Given the relevance of Salazar as the main and only leader of the *Estado Novo* regime for forty years, many Portuguese believed that the longest dictatorship in Europe —almost fifty years— had come to an end.

In this context, in which Marcelo Caetano promised reforms and a certain opening up of the regime, the opponents and even «in-house members» began to doubt whether the signs pointed only to an «evolution in continuity», a kind of «Salazarism without Salazar», or even a desperate and terminal «liberalising demagogy», without relevant political content³⁴. Portugal did not transit to democracy and the proof is that it took a revolution in 1974 to achieve such a transition. Nevertheless, the result of six years of dictatorship also proves that it was not a straightforward case of «Salazarism without Salazar»³⁵. Marcelo Caetano and those who had long supported his succession to Salazar «had a pro-

³² Mozzicafredo, 1992, p. 66.

³³ Rosa and Chitas, 2010, p. 27.

³⁴ Rosas and Oliveira, 2004, p. 9.

³⁵ Rosas and Oliveira, 2004, p. 9.

gramme that included 'opening up' and 'relieving the pressure' of the regime, cloaked in technocratic and developmental connotations»³⁶. This programme did not have to lead to a democratic regime; at least that was not the intention of Marcelo Caetano. What we are concerned in the case is that it had a clear social agenda for reforming labour relations and social policies in general. In this regard, Marcelo Caetano had it all thought out so that these social reforms complied with the Constitution of 1933 and corporatism. When Marcelo Caetano introduced the concept of «welfare state» to «emphasise the policy's contents» he wished to follow while in office, dropping the name *Estado Novo*, he was thinking about a 'social welfare state' but not «a Socialist one». As he pointed out, it would be consistent with the Constitution and, «out of conviction», also consistent with the corporatist State³⁷. Nothing in his words, which he explains in the first «Testimonial» in a book published a few months after April 1974 on the «welfare state» formula, gives any indication that he sympathised with the welfare state developed in democratic countries. The sense he transmitted in the «short speech delivered on 10 October 1968, when he received the presidents of corporations» was inspired on the «doctrine of the Catholic Church as it was taught in the first half of this century. Imbued with the Christian spirit, rejected the dialectical materialism that underlies Marxism and the dogmatic class conflict on which the construction of revolutionary socialism is based»³⁸. As one may well guess, Marcelo Caetano was still imbued with the fear of the Bolshevik model of state and the rejection of liberalism and democracy, as it was characteristic of those who found the solution to the «social issue» within corporatism. At no point does it refer to the non-Marxist social experiences that democratic countries were conducting under the welfare state, through a broad consensus between Christian democratic and social democratic parties. At one point, when he sought to refute those who doubted his intentions of defending more expressive social policies, he justified that it was not «a political manoeuvre or for electoral reasons, but rather an acknowledgement of old convictions often expressed throughout his life»³⁹. Marcelo Caetano's concern for social issues, in par-

³⁶ Rosas and Oliveira, 2004, p. 11.

³⁷ Caetano, 1974, p. 124.

³⁸ Caetano, 1974, p. 124.

³⁹ Caetano, 1974, p. 123.

THE LATE CONSTRUCTION OF PORTUGAL WELFARE STATE

ticular the expansion of social security to population sectors not covered thereby —farmers, domestic workers, self-employed workers— and the very centralisation and coordination of social security institutions and a greater openness to the system's financing responsibility ahs, in fact, been regarded by some authors as a smart attempt to relegitimate the Marcelist regime⁴⁰.

Regardless of the political reasons behind the reformist social agenda of Marcelo Caetano's governments, only through ignorance could one see in the model any similarity with the welfare state in Portugal after 25 April. Similarly, it is impossible to argue that nothing much changed in the social policies with the institutionalisation of the democratic rule of law, being limited to the democratic state expanding its scope. In this perspective, the democratic regime would have simply continued the set of social policies already under way during Marcelo Caetano's «welfare state». Portugal is a case study for its originality: the construction of the welfare state preceded the recognition of civil and political rights⁴¹.

It is a fact that Marcelo Caetano's government adopted a reformist stance on such important issues as the relations between capital and labour. For example, it broke a very important deadlock in this area (1969) by amending the trade union law, expanding the geographical and professional reach of trade unions and withdrawing trade unions from the direct control of the state, which allowed opposition workers to take over the management of national unions. This in turn boosted the trade unions significantly, subject to the constraints typical of a dictatorship, but still allowing a greater unionisation and participation of workers. As strikes were still illegal and repressed, this hampered, from the perspective of building a real welfare state, a free consensus between capital and labour. It is also clear that between 1969 and 1974 social expenditure increased significantly, from a little over 3% to 5% in 1973. While the resident population integrated in the social security system in 1969 was less than 30%, in 1974 this figure rose to more than 40%. This was chiefly due to the significant reform to integrate rural workers in the social security system in May 1969, who were entitled to child, sickness, old-age and

⁴⁰ Guibentif, 1997, p. 32.

⁴¹ Carolo, 2006, p. 4.

disability benefits. This measure was extended in 1973 to also cover paper delivery boys and domestic servants.

The residual percentage of pensioners in 1960 (0.63%) increased to 7.8% in 1974. The health system was also profoundly reformed (1971), aiming to ensure the right to health, promoting an approach to integrating all health and health care activities and setting up about 300 public health centres. Still, despite the reform efforts in this area, only 56% of the population had health coverage in 1970. We can then conclude that before 1976, when the establishment of the universal National Health System was enshrined in the Constitution, free of charge and funded by the state, it did not make much sense to talk about a welfare state in such an essential area as health. It also makes little sense to state, as Rui Ramos does, that Baltasar Rebelo de Sousa, the Minister of Corporations, Welfare, Health and Assistance (1970-1973), «may have been, long before 1976, the true political father of the National Health System»⁴².

Several important measures in this area were left out of the major social reforms during the Marcelist period. Even though some were provided for in the law, such as the unemployment benefit (first established in 1975), and the minimum national wage (on the agenda of the Marcelist government), they were only effectively implemented in democracy. A non-contributive social pension was also introduced after 25 April to include cases not covered by social security systems, and the 13th month pension pay was also established, in addition to the establishment of Christmas allowance during the revolution period⁴³.

3. CONCLUSION

The historical circumstance that democracy and the construction of the welfare state in Portugal came at the same time helps us to understand how social issues and the political legitimation of democracy are inseparable. The late construction of the welfare state, at a time when its reconfiguration was being subject to discussion in the more developed countries, also contributed to its characteristics. For example, it could not benefit from the golden period of capitalism, or from the favourable winds of Keynesian growth, nor from a cultural and ideological envi-

⁴² Ramos, 2012, p. 487.

⁴³ Leal, 1985, pp. 925-943.

THE LATE CONSTRUCTION OF PORTUGAL WELFARE STATE

ronment of solidarity that followed the reconstruction of countries in the aftermath of the 2nd World War. On the opposite, the ideological environment surrounding the construction of the welfare state in Portugal was one of a clear rise of neo-liberalism in the world, which, as we know, strongly criticised the social expenditure of that model of state.

It is also true that the Portuguese welfare state, as we have seen, did not start from square one; it continued a history of social policies and decades of a bureaucratic-administrative apparatus built in a markedly authoritarian and corporatist context. Some authors would like to see in this path a seamless linearity in which the democratic welfare state is simply one more —the most recent— of its phases. In this sense, the corporatist «welfare state» was only in a less developed stage of development. The corporatist *Estado Novo* was not meant to be, in any of its phases, a model of welfare state, as it was perceived in post-war Europe. This does not mean, however, that it had no social concerns and, obviously, a social policy. Throughout its entire duration, it always viewed social issues under a «corporative-charitable» perspective. The state refrained from contributing financially to social security. For example, the corporative state required that social security be entirely the responsibility of employers and workers, just as it did not cover the expenses of social relief, leaving it in the hands of the Church, *Misericórdias* [catholic], and families⁴⁴. There was never any concern on the part of social security mentors to articulate the welfare initiatives with social security policies. Welfare has always assumed a supplementary and charitable function. Until the 1960s, welfare never ceased to be under the Ministry of Internal Affairs, and, together with health formed the sub-Secretary of State for Social Security. This form of organisation, splitting social security and welfare, linked to a charitable view of social issues⁴⁵, clearly contradicted the nature of the Welfare state models developed in Western democracies.

It is true that important social policies were developed while Marcelo Caetano was in power (1968-1974), but, just as in politics, there was never an intention to evolve towards a democratic regime, so too in the social model the evolution to a welfare state was never tried. Many of the

⁴⁴ Rodrigues, 1999, pp. 150-153; Coutinho, 1999, p. 17.

⁴⁵ See Rodrigues, 1999, p. 150. The author states that in this period «The assistance-related initiatives were heavily controlled, in accordance with the official position in force, which considered that the reasons for poverty were not economic but moral».

technocrats who swarmed through the various social ministry cabinets (education, health, social security) may have thought that the corporatist state could make a transition to a similar model without a political break. However, it would be impossible to build a welfare state model without dismantling the corporatist state, that is to say, without building a Democratic and Rule of Law State in its place. As put forward by Jorge Miranda, the welfare state established after 25 April in Portugal is part of an historic process of coexistence with the representative democracy. This is quite a different «Social Rule of Law —as historical experience shows— from the welfare state of Marxist-Leninist regimes or from the corporatist and fascistic regimes»⁴⁶.

Our brief interpretation of the path delineated by the corporatist model of Welfare state is a negative one. The model was intended to be a social alternative to the different competing, socialist and social-liberal democratic models, and, in this sense, it failed dismally. It failed precisely when, after the World War II, its competitor was the Beveridgean-based welfare state. Just as it happened with the economy, the regime did not fall into step with democracy and was prevented from modernising and developing itself. One thing implied the other. The welfare state needs democracy to develop; it needs the free participation of class unions and other organisations, social consensus and confrontational political projects, governments emerging from free and democratic suffrage. All those who regard the welfare state as being much more than a state concerned with social issues acknowledge that it also represents a way of managing social and economic development. This model of state has become an example of modernisation of the more developed European societies. In this sense, because after the 2nd World War Portugal clung on to a conservative, authoritarian and retrograde ideology. It lost more than two decades of the modernising effect, as it lacked two important drivers of modernisation, democracy and the welfare state, to achieve it.

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⁴⁶ Miranda, 2014, pp. 135-150.

THE LATE CONSTRUCTION OF PORTUGAL WELFARE STATE

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ANTÓNIO RAFAEL AMARO

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