

PORTUGAL: INDUSTRIAL RELATIONS UNDER DEMOCRACY

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Introduction

Political and Economic Background

Major political, economic and social changes took place in Portugal during the last two decades. In 1974 the authoritarian, conservative and corporatist regime that had ruled the country for over forty years was overthrown. The right of free association was restored; political parties were created or emerged from the underground. Democratization was threatened by a communist inspired revolutionary movement, which led the country to the brink of violent conflict and was to have enduring consequences for Portuguese society. The largest national industrial and financial groups were nationalized in 1975; many hundreds of small and medium-sized enterprises were put under direct state control or were run by the workers and near one million hectares of land were collectivized after having been occupied by their workforces.

In 1975 the African colonies gained their independence. This meant the loss of Portugal's protected markets and access to resources in Africa, and led to a massive influx of white colonists. In 1975 and 1976 free elections based on universal suffrage were held for the first time in the country's history. A new constitution was approved, proclaiming the transition to socialism under a system of liberal democratic

institutions, but subsequent revisions in 1982 and 1989 removed the main doctrinal references, paving the way for the current process of reprivatization. The country has been governed since 1976 by the socialists (PS, centre left) or the social democrats (PSD, centre right). The PSD has been in power since 1980: in coalition with the Christian democrats (CDS, right) until 1983, with the socialists between 1983 and 1985 and alone since then, having won the absolute majority in the 1987 and 1991 general elections. These elections confirmed a trend towards the polarization of Portuguese politics between the two centre parties, the PSD and the PS (with 50 per cent and 30 per cent of the votes respectively in 1991), and showed a sharp decline in support for the communists (PCP) (9 per cent in 1991) and the Christian democrats (4 per cent).

The revolutionary events of 1974–5 had a severe and lasting impact on the economy, compounding the consequences of the 1973–4 and 1980–1 oil shocks – devastating to a country highly dependent on oil imports – and the effects of world recession. Inflation, which had been increasing slowly since the late 1960s, jumped in 1973–4 to the highest annual rates since the First World War, and in 1984 was still near 30 per cent. Trends in productivity, private investment, unemployment, national debt, foreign debt and (since 1977) real wages also reflected a deep economic crisis from which the country did not emerge until the mid-1980s. Political instability – ten constitutional governments took office between 1976 and 1985, following six provisional governments in 1974–5 – constituted an additional source of economic uncertainty and affected the process of democratic consolidation.

In January 1986 Portugal became a member of the European Community, the final step in the long process of breaking with autarchy and integrating into the international economy. Subjected for a long period of its recent history to an isolationist and protectionist regime, oriented more toward the African colonies than the rest of Europe, and lacking the conditions for endogenous economic growth,

Portugal had basically remained a peripheral economy, unable to match the development of other European countries. Even the narrower development gap between Portugal and Spain had widened.

Nevertheless, the economic structures had been undergoing profound transformation, particularly in the post-war period. Under the forty-year regime of Salazar and Caetano, a capitalist economy developed – though largely under state tutelage, in contrast to the successful liberalization pursued by the Francoist regime in Spain in the same period. Agriculture ceased to be the dominant sector and colonial trade became far less important as trade with western Europe grew.

The pace of industrialization had been very slow until the Second World War, when it began to accelerate sharply. Between 1900 and 1950 the proportion of active population in the primary sector had fallen only from 65 per cent to 49 per cent, while employment in industry increased from 19 to 24 per cent. By the end of the 1960s, however, industry and services were the two leading sectors of employment. In 1988, agriculture still represented 20 per cent of employment but only 6 per cent of output, while the equivalent figures for industry were 35 and 38 per cent respectively, and for services 44 and 56 per cent. Employment in the primary sector has been decreasing by almost 1 per cent of the total active population per year since 1980. (See tables 14.1-3.)

The rapid decline in agricultural employment in the 1960s and early 1970s was primarily due to massive emigration to western Europe, rather than the transfer of peasants to the industrial and service sector within Portugal. Between 1960 and 1975 total emigration amounted to 1.5 million people, among them nearly 800,000 of working age, mainly from rural areas. By 1974 nearly a fifth of Portuguese citizens were living abroad – attracted by wages three or four times the level of those at home. Given the acceleration of economic growth in the same period (real GDP more than doubled from 1963 to 1973), emigration, together with the mobilization of soldiers for

service in Africa helped to create an unprecedented labour shortage, pulling real wages up faster than ever before.

Table 14.1 Structure of employment (1900-1989)
% share of employed population

	Primary sector	Secondary sector	Tertiary sector	Total employment (000s)	Wage & salary earners (000s)	Unemployment (000s)
1900	65.1	19.6	15.3	2,350	..	..
1911	61.2	23.4	15.4	2,386	..	..
1930	55.9	20.9	23.2	2,415	..	..
1940	52.6	21.1	26.3	2,920	(1,900)	..
1950	49.1	24.6	26.3	3,196	2,295	..
1960	43.9	29.1	27.0	3,315	2,453	..
1970	32.6	33.3	34.1	3,163	(2,500)	..
1980	27.9	35.8	36.3	3,961	2,673	340
1989	18.9	35.2	45.9	4,395	3,076	233

Source: INE-IE

Table 14.2 Structure of production (1953-1988)
% of GDP in selected years

	Primary sector	Secondary sector	Tertiary sector
1953	33	28	39
1963	23	38	39
1966	20	43	37
1970	18	42	40
1976	15	43	42
1978	12	38	50
1980	10	40	50
1984	9	40	51
1988	6	38	56

Note: Comparability affected by a break in statistical series in 1977.
Source: INE-IE.

Table 14.3 Wage employment by main sectors (1989)
% of all wage and salary earners

Primary sector	4.8
Manufacturing industry and mining	33.6
Electricity, gas and water	1.2
Construction	9.8
Commerce, restaurants and hotels	11.0
Transportation and communications	4.7
Banking, insurance and real estate	4.6
Central and local administration	10.0
Public and private education and health services	10.5
Other services	9.8
TOTAL	100.0

Source: INE-IE

After 1974 the situation changed completely. Emigration fell abruptly as a result of host country restrictions. Steady economic growth gave way to stagnation and very slow recovery. Decolonization caused the sudden return of many hundreds of thousands of settlers and soldiers. These developments resulted in a labour surplus far more severe than the shortage that had preceded it. Unemployment grew to unprecedented levels (though still considerably lower than in Spain). From a merely frictional rate of 1–1,5 per cent up to the first quarter of 1974, the percentage of registered jobseekers climbed to 7 per cent in 1976, and remained steady at 7–9 per cent, before falling to 5 per cent in 1988–90 and 4 per cent in 1991. Simultaneously, however, the volume of employment has grown much faster than elsewhere in western Europe, partly as a result of the rapid growth in female employment, from 26 per cent of total employment in 1970 to 42 per cent in 1989. Between the beginning of the emigration boom of the 1960s and 1980, the female participation rate more than doubled to nearly 45 per cent; it has been rising ever since, and now stands at almost 60 per cent (compared with 80 per cent for males). Female employment is dominant in education and health and in some traditional labour-intensive industries – its share is

91 per cent in the strongest exporting industry, clothing, and 54 per cent in textiles, both with wage levels below the average for manufacturing industry.

Tertiarization began to intensify in the 1960s. Services became the dominant sector in terms of both employment and output during the 1970s and their relative weight is still increasing rapidly. One of the main reasons is the spectacular growth of public education, health and social welfare services – all of which had lagged far behind those of other European countries – and of public administration in the decade following the 1974 revolution. The continuous growth of the tertiary sector is also due to the expansion of activities such as tourism, distribution, banking, insurance and related services.

Post-war industrialization was at first driven by import-substitution policies. It was concentrated in basic sectors protected from competition and it relied largely on domestic capital. In the late 1950s and early 1960s there was a shift in economic policy with Portugal's membership of EFTA (1959) and the subsequent opening of the economy to direct foreign investment. Such investment increased significantly up to 1974, as multinationals took advantage of Portugal's strategic location and its low wages and taxes. Foreign-owned plants were generally integrated into international production and marketing networks and dependent on component imports. In many cases, all or most of local production was destined for export. Export capacity in traditional sectors (food, textiles, clothing and footwear, and forestry-based industries) as well as new ones (machinery, transport equipment, chemicals) was thus frequently controlled by multinational companies, sometimes in association with national capital. Few complementary activities were generated locally by this pattern of investment, and it contributed little to the dissemination of advanced technology or skills.

From the late 1960s, the government and the leading national economic groups launched a highly ambitious industrialization plan, based on the promotion of new basic industries such as petrochemicals, mining, nuclear energy, basic metals,

automobiles, shipbuilding and machinery, and strengthening the economic ties with the African colonies. The oil shocks and their after-effects, wide-scale industrial restructuring in Europe, and the events of 1974–5 in Portugal contributed to the failure of the massive project, although elements of it were revived by the democratic governments.

In general, Portugal's status as provider of mainly unskilled and low paid labour was consolidated. But with obsolete production methods and marketing techniques in the traditional exporting sectors, even low wages could not preserve Portugal's competitiveness in markets where the newly industrialized Asian economies were its main competitors: in 1990 wages in the Portuguese textile and clothing industries were already behind those of several non-European countries traditionally accused of 'social dumping'. EC membership and increased international competition made industrial restructuring and modernization more pressing than ever. A massive program of investment in basic infrastructure, technological development, vocational training, and industrial innovation is currently being implemented. Since Portugal joined the EC, direct foreign investment in manufacturing industry has also increased very rapidly.

Given the probable effect of industrial restructuring on jobs, the significant fall in unemployment over the last few years is unlikely to be maintained in the 1990s, especially after 1993. The textile industry alone may have to eliminate at least 15 per cent of its work force over the next few years. The current privatization programme may have similar effects. A less favourable outlook for the black economy in the 1990s may also worsen unemployment. Likewise, the return of double-digit inflation since 1989, and the need to bring Portuguese inflation rates in line with the EC average, have led the government to adopt new deflationary policies with probable repercussions on employment growth.

Industrial Relations in Twentieth-Century Portugal

The years following the overthrow of the authoritarian regime saw radical changes in industrial relations attitudes, practices, and structures. The legal and institutional framework of the old regime was at first believed to provide a basis for the transition to a new system, and, indeed, much of the so-called 'corporative organization' was maintained, at least provisionally. But a gradual reform of the existing framework proved impossible; until the foundations of a democratic constitutional order were finally laid in 1976, social upheaval and a power struggle between opposing ideologies had a devastating effect on Portuguese industrial relations. After decades of corporatist repression, the new balance of power boosted the bargaining power of workers. Wages and social security benefits improved spectacularly in 1974 and 1975. Claims, disputes and bargaining processes were increasingly politicized and subject to partisan manipulation, and deep divisions appeared in the union movement.

At the same time, and partly as a consequence of these traumatic political developments, the economic situation was rapidly worsening. Mass unemployment combined with high inflation, huge budget deficits and recession exerted overwhelming pressure on the labour market, placed heavy burdens on enterprises, and compelled successive governments to adopt deflationary economic policies and an interventionist role in labour matters.

Historical Background

The influence of these political and economic factors on the current industrial relations system must be seen against the background of earlier historical developments. The evolution of industrial relations in twentieth-century Portugal falls into three broad periods, resulting from two great divides in the country's contemporary

political history: the establishment of an authoritarian corporatist regime in 1933 and the foundation of a modern democratic state after the 1974–5 revolution.

The Early Years

The first period begins in the last century and covers the liberal monarchical and republican regimes, embracing the initial stage of industrialization. Although this period saw the emergence of the first working class interest organizations and their subsequent legalization (1891), incipient industrialization did not favour the development of a strong union movement. Employers were poorly organized, mainly in multi-sector regional associations, given to lobbying and political action. The union was originally linked with the relatively weak Socialist Party; however, the early decades of this century saw a decline in socialist influence within the unions in favour of the anarchists, the revolutionary trade unionists and (in the 1920s) the communists.

The triumph of French style anarcho-syndicalism was consummated by the end of the First World War, leading to the formation of the CGT, the first well-organized Portuguese union confederation. The CGT proclaimed the self-sufficiency of trade-unionism, repudiated party links and involvement in bourgeois politics, and advocated 'direct' class struggle. Its vision of society was dependent on the success of a revolutionary general strike, which never came. Inspired by changes in union structure elsewhere in Europe, where mechanization and mass production were far more widespread than in Portugal, the CGT tried to promote industry-wide unions (only white-collar employees were organized separately).

Collective bargaining was not among CGT's most valued forms of action, but some affiliated unions practised it. In reality, very few industrial agreements were concluded during the first quarter of the century. Liberal governments made no attempt to provide a legislative framework for collective bargaining (although they did introduce ineffectual legislation on disputes procedures), and only a minority of

employers were interested in taking wages and other conditions out of competition. Great disparities between companies and industries also discouraged multi-employer bargaining, which small firms systematically resisted. Unions lacked the strength to impose regular bargaining on employers, or to control the supply of labour unilaterally. Moreover, workers and unions were divided by particular occupational interests and strategies. This was reflected in a controversy over the suitable structure for unions: should workers be organized along industrial or occupational lines? In the course of the century the question was to be raised repeatedly, without being finally resolved.

Radicalization may have been a major factor in the decline of unionization and affiliation to the CGT after the membership peak of 1920–1, when the confederation represented no more than 80,000 workers. A communist secession in 1925 only accelerated the decay of the union movement, which was in complete disarray when in 1926 a military coup – supported by the political party of businessmen and owners, the UIE (União dos Interesses Económicos) – suspended liberal-democratic institutions.

The Period of Authoritarian Rule 1926-74

The period of military rule, leading to the Salazar dictatorship (1933–1968), opens the second broad phase of Portuguese industrial relations. Strikes were banned (1927), the CGT was dissolved, and the multi-party system suppressed. The existing free unions were tolerated until a new Constitution (1933) and the Estatuto do Trabalho Nacional (National Labour Statute), a version of its Italian namesake, introduced the compulsory framework of labour relations and interest representation for the next four decades.

The 'New State' aimed to supersede liberal democracy and class struggle. State intervention played a major role in regulating the market economy through market protection, licensing of new enterprises and foreign investments, provision of state finance, economic planning, and authoritarian control of prices, wages and rents.

Independent unionism was rejected for two well-known reasons: its traditional relationship with political movements and the threat it was believed to represent to economic stability.

The corporatist regime created a system of single unions in every occupation or sector and region, the so-called *sindicatos nacionais* (national unions). Union leaders were selected for their political trustworthiness. Unionization was formally voluntary, but non-members were usually compelled to pay dues. Despite their obvious lack of autonomy, the corporatist unions succeeded in organizing more or less 'voluntarily' an increasing proportion of workers and employees: in 1973, 841,000 or 36 per cent of all wage and salary earners were members (another 25 per cent were compulsory contributors, and the remaining 39 per cent mostly belonged to the sectors such as public administration, public services, and agriculture where unionization was not permitted). Enjoying a legal monopoly of representation, the national unions were often able to take a stand in support of their members. Even the underground PCP occasionally acknowledged the efforts of some formal union leaders. From the early 1940s, already under the leadership of Alvaro Cunhal (still in charge in 1991), the communists periodically appealed to the workers to join the national unions and participate in their activities.

In theory, a prominent function of national unions should have been collective bargaining, since the regime – in marked contrast to the Franco regime in Spain – believed that it represented one of the most important features of corporatist industrial relations and the only means of achieving the goals of class cooperation enshrined in the Constitution. In practice, collective bargaining was a state-directed process. But even watered-down bargaining under strict state supervision and with cooperative unions aroused strong employer resistance. In the absence of effective pressure and of any legal obligation to bargain, the main industrial sectors (textiles, metal, construction, chemicals) escaped collective regulation until the late 1960s. In these

sectors, a limited number of enterprises were occasionally prepared, at the government's request, to conclude a multi-employer agreement with the unions. Collective agreements at company level were very exceptional and not articulated with sectoral provisions. Multi-employer collective bargaining ensured that union action would not be encouraged within the enterprises and that the handling of conflicting interests would be transferred to industry-level corporatist bodies or to government departments.

The government was soon compelled to rely on direct statutory regulation of sectors or occupational groups, in order to restore basic minimum wage levels. Between the 1950s and the 1970s, statutory regulations became less frequent, but the threat of state intervention was a means of persuading employers to accept collective bargaining. Following the 1974 revolution, direct regulation was again widely used by the government to fill the gaps caused by the failure of a growing number of collective negotiations. Until 1985, when it practically disappeared, direct regulation continued as an alternative to regular bargaining.

With the national unions cast – at best – in the role of supplicants, and the Ministry of Corporations (the successor of the old Ministry of Labour) playing a decisive role in the elaboration of the so-called collective agreements, it may be concluded that until the late 1960s, wages and other conditions were generally established directly or indirectly by the government or, more often, individually determined on the labour market. None the less, the corporatist regime paid particular attention to white-collar unions, partly in an attempt to ensure middle-class support but also in order to establish a model of 'constructive' unionism for the working class. Unions representing banking, insurance and office employees among others enjoyed more favourable treatment and could exert more effective influence; as a result these groups were covered by regularly amended collective agreements. The banking unions were the first to be allowed to appoint workplace delegates (*delegados sindicais*).

Until 1969 only individual grievances – not interest conflicts or industrial disputes – were admitted and regulated by law. A plan of 1934 to submit collective interest conflicts to the labour courts was abandoned as the government chose to deal itself with conflicting interests in a discretionary and unpublicized way. In practice, strikes and other forms of protest or pressure, though illegal and severely repressed, never disappeared completely and from time to time a wave of conflict reminded the government that corporatist harmony had to be maintained by force.

Under the corporatist regime the employers were also supposed to create new organizations stipulated by law, the *grêmios nacionais* (national guilds), but in general they did so promptly only when compelled to associate by specific government decree. In many industries or regions employers resisted corporatist association when it was merely voluntary. Several important guilds were founded only in the 1950s or the 1960s. As long as they were not formally organized, employers had a legal pretext to avoid collective bargaining. Lack of interest in or even veiled hostility towards their official organizations was quite common among industrialists, who complained of the *grêmios'* lack of power, autonomy, effectiveness and leadership (Makler 1976). Similar factors lay behind workers' discontent with official unions, but the regime was far more benevolent toward employers, whose old interest associations, dated from the last century, were allowed to survive and function alongside the corporatist network.

The sectoral-regional unions and guilds represented workers and employers separately, but in the late 1950s the regime introduced a national level of mixed class representation, the 'corporations' (of industry, agriculture, commerce, etc.). This structure, similar to that of Francoist Spain, excluded single-class peak associations: union or employer confederations as they had existed in the past were viewed as 'classist' organizations, incompatible with corporatism.

In its final years, the authoritarian regime under its new leader, Caetano (1968-1974) attempted to move from state corporatism towards a system of industrial

relations closer to western European patterns and more compatible with a faster pace of industrialization, economic growth and internationalization. The regime tried to foster greater union autonomy and more responsible collective bargaining: regular bargaining was seen as a way of improving productivity, encouraging better management of the labour force, and redressing the low pay levels that were seen as a main cause of mass emigration.

An early consequence of the reforms was that fairer elections led to 30 to 40 primary unions (out of 325) being taken over by elements opposed to the regime; these were mainly communists and so called 'progressive Catholics', but a wide range of other political beliefs were also represented. The opposition forces were particularly successful in gaining control of the richer and better-organized white-collar unions. During the 1960s, the middle-class had become increasingly less supportive of the regime, often for political rather than economic reasons. The relatively well-paid banking employees supplied the most active component of the emerging union movement.

In addition, collective bargaining was made legally compulsory, with fixed terms for engaging in negotiations and reaching agreement. The prohibition of strikes was not lifted, but the law finally admitted the concept of industrial dispute, and state-sponsored, in effect compulsory, conciliation and arbitration procedures were introduced. Collective bargaining was revitalized by the reforms, and from the regime's point of view became a source of considerable tension. Growing politicization turned industrial disputes into the main form of action against the regime and the government was soon forced to retreat on some crucial elements of the reforms. Union leaders were removed and persecuted as the fight for further union rights continued. The creation of a central coordinating body of 'representative' unions was attempted, but it was outlawed. Nevertheless, the embryo of a future union confederation (Intersindical) remained active as a semi-clandestine organization until 1974.

Authoritarian corporatism suspended for almost a half century the free development of industrial relations, which were largely dominated by the state in almost every aspect. Its attempt to oversee a project of class cooperation failed completely: the mentality of workers and employers had not been transformed, at least not in the direction that the regime had hoped.

Paradoxically, however, at the end of the corporatist regime, unions and employer associations had far larger memberships than ever before. Under government supervision, the unions had gained official acknowledgement and a status and respectability not achieved in the past, particularly since the rise of the anarcho-syndicalists in the early decades of the century. Sectoral collective bargaining was finally becoming generalized, though it was still broadly state-controlled and more favourable regarded by the unions than by the employers, who often criticized the reforms for being too generous to the unions. In retrospect it might be said that state corporatism eventually succeeded in imposing union recognition and collective bargaining upon employers, although its main initial purpose had been to subjugate the unions to its authoritarian corporatist vision.

The Fall of the Authoritarian Regime and the Democratic Transition

The third and most recent period in the development of industrial relations begins with the fall of the authoritarian regime and the formal dismantling of the corporatist system. The transition was abrupt and turbulent soon afterwards increasingly troubled, in contrast to the much more gradual and consensual Spanish transition to democracy. The radical course of political events influenced the evolution of industrial relations at all levels, from the workplace to industry collective bargaining and labour legislation.

The transformation of industrial relations as a consequence of the democratic transition was bound to be a difficult process for many employers accustomed to the

shelter of state. The transition to democracy in Spain, for all its comparative smoothness in political terms, was also accompanied by an upsurge in labour disputes: until the end of the 1970s the level of industrial conflict in Spain was far higher than in Portugal (as had also been the case before the revolution). But in Portugal, the background to industrial conflict was, for than a year in the mid-1970s, the construction of a socialist society, rather than the transition to liberal democracy. This made for a profound rupture in industrial relations reflected, for example, in the widespread purges of managements by their work forces and in the use of intimidation and physical violence in collective bargaining.

Following the defeat of the revolution, its legacy continued to influence industrial relations. The state's intervention in the economy had extended well beyond the classic confines of a market economy during the revolutionary period. Labour legislation and the direct regulation of working conditions in both public and private sectors had mushroomed; but in any case there was little room for collective bargaining in the run-down and technologically antiquated private sector which was in no position to offer concessions to employees (although public enterprises could always rely on large state budget deficits to finance the cost of collective agreements).

Successive impasses at the negotiating table led the unions to demand increasing direct intervention by government. In 1978 the great majority of wage earners were covered by direct statutory regulations in individual industries. A national minimum wage was introduced by the government in 1974, and has been revised every year since then. A revolutionary law of 1975, only partially amended afterwards, made individual and collective dismissals extremely difficult. Another one prohibited the reduction of working hours in individual or collective contracts without the government's consent, and the scope of collective bargaining was further reduced by other measures. Maximum rates for all statutory and collectively bargained pay increases, known as 'wage ceilings', were imposed by the government from 1977. In

addition, shortly after the revolution a universal and compulsory system of social security was extended to the whole population. Thus the role of state in industrial relations expanded considerably during the transition to democracy, even when compared to the corporatist period.

In the 1980s, the statist trend began to decline. With a significant improvement in employment and real wages from 1985 and the return of political stability – at the cost of the comprehensive defeat of the Left – industrial relations gradually became less tense and politicized. Important changes in union structures and strategies also favoured a new climate in labour-management relations and the resumption of regular collective bargaining, though industrial relations still lacked dynamism. The recent emergence of a new relationship between the peak employer and union organizations, partly as a result of institutionalized tripartite 'social concertation' since 1984, may be a further sign of increased autonomy from the state.

The Employers and their Organizations

Characteristics of Portuguese Employers

Until the nationalizations of 1975, seven large corporate groups dominated the Portuguese economy, from the financial sector to industry and colonial trade. The groups had grown up under the protection of the 'New State', forming oligopolies in sectors sheltered from external competition. The corporatist policy of *condicionamento* industrial discouraged competition between these consortia. Some economic groups had their own labour and social policies, cross-cutting sectoral logic of corporatist representation and collective bargaining. In the final years of the regime, they promoted paternalistic representation structures within their companies, as an

alternative to dialogue with the still predominantly occupation-based unions (some enterprises had to deal with as many as 20 or 30 different unions).

In the spring of 1975, the immense economic power of large capital disappeared almost overnight with the nationalization of the whole domestic financial sector and the largest industrial firms, giving the state control over the bulk of investment and credit. The exporting and competitive industries, where smaller firms predominated, were mostly spared, but the nationalization of the financial sector also gave the state control over a large number of medium-sized enterprises. The leading economic groups were depicted as upholders and major beneficiaries of the repressive corporatist order and accused of resisting the democratic changes. In reality, the authoritarian regime had not so much entailed the control of state by the capitalist class as the reverse. The adherence of the economic elites to the revolution in its early stages was apparently sincere; conflicts emerged later, when the democratic revolution altered course towards state socialism, but even then the decisive resistance did not initially come from big capital.

The radical nationalizations process prompted a shift of private enterprise to the competitive and exporting sectors. Multinational companies were not directly affected by the nationalizations and only a few closed their Portuguese subsidiaries following the large pay rises of 1974–5. Many multinationals not only survived the revolution but were able to grow faster than before, with successive devaluations of the currency helping to boost exports.

The role of state as employer was considerably enlarged during and after the revolution, with the emergence of over 120 new public enterprises – representing 10 per cent of all wage earners at that time – and a steady growth in public services and public administration. By the end of the 1980s, the share of the public sector in the total labour force amounted to 17 per cent (22 per cent of all wage and salary earners), having more than doubled in twenty years.

In 1989, 48 out of the 500 largest firms were still public or state controlled, 108 were foreign-based multinationals and the remainder domestic private companies, but 19 out of the 20 largest employers (including banks) were public, some controlling entire sectors. The current privatisation of nationalized companies, initiated in the late 1980s, is leading to the break-up of some large enterprises even before they are sold off, as in the case of Telecom Portugal (in part separated from the Postal Office), although a number of privatized firms are likely to look for mergers in order to compete in the single European market. The privatization process was still very far from completion in 1991. Concerns about a possible loss of domestic control over strategic sectors have been insistently expressed by Portuguese capitalists dispossessed in the so-called 'wild-cat nationalizations' of 1975 who are seeking favourable treatment from the government. But unions, particularly the communist-led Intersindical, have also voiced opposition to the loss of national economic control: up to 1986, Intersindical had fought (with the PCP) a solitary campaign against Portugal's EEC membership on the same grounds. Other Portuguese entrepreneurs, however, are showing an interest in acquiring control of privatized companies, often in partnership with foreign investors.

Private enterprises are marked by great disparities in size, technology, workforce skills and conditions of employment. There is a higher proportion of small firms than anywhere else in the EC, with 75 per cent of firms (excluding self-employed individuals and companies without waged employees) employing fewer than 10 workers (see below table 14.4). Since the 1970s, domestic companies (though not multinationals) have tended to move away from large concentrations of workers in single establishments; corporate organization is increasingly characterized by greater flexibility, mobility and decentralization of production. This reflects financial problems, economic and political uncertainty and bad memories of the revolutionary period, but also strategic considerations, international market trends, new market

trends, new management policies and the introduction of advanced technologies. The rebuilding of large domestic economic groups (partly the old pre-revolution groups, partly new ones) since the mid-1980s also seems to be following this pattern.

Table 14.4 Company size and employment (1989)

Employees	Number of companies	% of companies	Average staff	Share of employment
1 – 9	99,113	75.3	4	17.3
10 – 19	16,227	12.3	13	10.3
20 – 49	10,306	7.8	30	14.7
50 – 99	3,359	2.6	69	10.9
100 – 199	1,512	1.1	138	9.8
200 – 499	853	0.6	298	12.0
500 –	350	0.3	1,510	25.0
TOTAL	131,720	100.0	16	100.0

Source: MESS (Quadros do Pessoal)

Foreign multinationals are the leading companies in several industrial sectors, notably cars, chemicals, petrochemicals, food, clothing, electrical equipment and electronics. As a rule, they can afford to offer better wages and working conditions, well above the minima established by industry agreements. The national export-oriented firms, predominantly small or medium-sized, have been increasingly compelled to improve productivity, technology, management and commercial strategies, but many have so far failed to keep pace with modernization. Only low wages (especially of women workers, who were paid on average 32 per cent less than men in 1991) and the resources of black economy – including the widespread use of child labour – have enabled these firms to go on exporting. The internal market is also becoming more competitive and over the last decade many internally oriented domestic

firms have faced increasing foreign and national competition, and have had to prepare themselves for the completion of the single European market.

Since the early and mid-1980s, the restructuring of declining heavy industries such as shipbuilding and steel, and of sectors (such as textiles) facing tougher international competition, has led to large-scale redundancies and chronic unemployment, creating serious social problems situations in regions (such as the Setúbal Peninsula and the Ave Valley) heavily reliant on single industries.

In the public sector, the ending of state monopolies and preparations for privatization have also led to widespread job losses. The sector has been often associated with overstaffing and rigidities arising from collective bargaining (e.g. automatic wage increases, seniority-based promotion, and obstacles to job mobility). Company managements are trying to solve these problems without declaring war on the unions, and workers affected by rationalization are being compensated. However, less consensual restructurings, involving drastic cuts in the work force or the dismantling of collective bargaining, are taking place in some chronically loss-making 'dinosaurs' in heavy industry and transportation.

Ten years ago, such developments, and indeed the acceptance of the very notion of privatization by the unions, would have been inconceivable. On government instructions, state companies have used direct incentives to entice workers to accept change and this has helped soften the unions' defence of the public sector – though perhaps not as much as the repeated defeats of the left in the 1985, 1987 and 1991 general elections. The workers themselves have become increasingly aware of the requirements of competitiveness and they are also concerned by the prospects of foreign takeover. In Centralcer (the leading breweries, which once had a 70 per cent domestic market share), half the 2,400 staff signed a petition to the government in 1990, shortly before privatisation, asking for control of the company to be returned to

its former owners and claiming that it should never have been nationalized in the first place. (Centralcer is now controlled by a foreign multinational.)

Employers' Organizations

The transformation of the employers' organizations began soon after the revolution of April 1974. The old grémios renamed 'associations' and developed into autonomous and genuinely representative bodies, even if they lost members with the ending of compulsory affiliation. Few new primary associations were formed and the regional and sectoral domains of the existing organizations were also retained. The first significant step away from the corporatist representative structure was the creation of the CIP (the Confederation of Portuguese Industry) in June 1974, followed later by the CAP (for agriculture) and CCP (for commerce), to which the majority of the former guilds affiliated. These confederations may also be seen in some ways as the successors of the old vertical or mixed 'corporations', which had been seized by union activists and dismantled following the revolution (Gaspar 1988).

The main objectives of the employer organizations between 1974 and 1975 were to counterbalance the new political influence and bargaining power of labour, to create an entirely different image for the entrepreneurial class, to seek accommodation with the new rulers and, subsequently, to resist the revolutionary process. They largely failed in all these aims. Thousands of owners and top managers chose to leave the country and employers' organizations were compelled to a strategy of mere survival until 1976.

Apart from some experience of industry bargaining during the final years of the corporatist regime, the 'national guilds' had functioned largely as official channels of communication with the government. (The large economic groups were able to influence the political system more directly, through personal contacts with different sectors of the state apparatus (Makler 1976).). As a result, the new employers'

organizations and most individual employers were ill-equipped for free collective bargaining, and for dealing with a wide range of claims, strikes and new workplace organizations (the 'workers' commissions' – see below). Thus, a major aspect of the post-1974 reorganization was the development of bargaining structures in the sectoral-regional associations, under the guidance of CIP. However, the confederation was unable to enforce a common strategy of bargaining upon the employers.

Initially CIP adopted a politically neutral or even apolitical image, seeking to deflect accusations of connivance with the old regime. Its leaders were chosen for their lack of involvement with the previous order or with the main economic groups. CIP policies were conciliatory and reformist: it accepted the legalization of strikes, albeit at a time when the regulation of industrial disputes seemed the only way of controlling an unprecedented strike wave; and it supported a 'concerted economy', tripartite arrangements, 'industrial democracy' and negotiations at all levels with the unions. It also backed the introduction of a national minimum wage and accepted the unions' case for narrower wage differentials as a way of reducing social inequalities. CIP proposed an ambitious national housing programme financed by employers and the state and administered jointly with the unions, and in early 1975, it was even prepared to accept a programme of moderate nationalizations and a larger state role in the management of the economy. CIP's reformist proposals were simply ignored by Intersindical, the sole union confederation at the time. To Intersindical, closely linked to the orthodox PCP, CIP embodied the threat of a return to 'fascism' and 'monopoly capitalism'. In 1975, CIP's headquarters were destroyed in a riot and its dissolution was demanded by several labour organizations.

With the end of the revolution in November 1975 and the gradual emergence of the centre parties as the main political actors, CIP's neutral image rapidly waned. Open links with political organizations were still avoided, despite the existence of numerous personal ties with the CDS and the PSD; indeed CIP adopted a far more unambiguous

and uncompromising political stance than the parties it was associated with. Often referred to as the party of the entrepreneurial class, it was in the forefront of the struggle against surviving revolutionary measures and the economic policies of the left and centre-left democratic governments (Gaspar 1988).

From 1976, while the entrepreneurial classes began their slow recovery from the shock treatment of 1974–5, the main targets of CIP's criticism were the economic section of the new constitution, the legislation on dismissals, industrial disputes and 'workers' commissions', soaring budget deficits, 'marxist' economic planning and the inefficiency of public enterprises (not affiliated to CIP). In the early 1980s, the new CIP leadership began openly to demand the end of state monopolies, privatization of the economy and the drawing up of a new constitution. CIP increasingly intervened in politics, for example supporting or opposing government coalitions. Although it lacked representativeness and provided few services to its members, it was nonetheless a powerful pressure group advocating a reduced state role in the economy and the improvement of the competitiveness of Portuguese enterprises (Pinto, 1990).

Between 1977 and 1984 CIP abandoned its previous proposals for tripartite 'social contracts' and until 1990 rejected any bilateral negotiations with the union confederations. Despite their doubts over the value of concertation, the employers' confederations took their seats in the Conselho Permanente de Concertação Social (CPCS) set up by the PS–PSD coalition government. Two years later, they signed the first agreement on incomes policy with the government and the UGT, the socialist led union confederation. The initially grudging acceptance of the CPCS gradually gave way to active support for institutionalized tripartite concertation. In 1990, a series of unprecedented bilateral meetings between the employer and union confederations took place. Although they had not resulted in any agreement by the end of 1991, they paved the way for the tripartite negotiation of a broad Economic and Social Agreement in

October 1990 (see the section on social concertation below) and additional agreements on single issues in 1991.

There are no reliable data on membership of employers' associations. Since the early 1980s, CIP has claimed to represent 35,000 private companies, nearly 75 per cent of the total. However, a recent empirical study (Cardoso et al. 1990) covering companies with at least ten employees indicates a 60 per cent rate of affiliation to the primary associations, which are not all members of the CIP; while according to union sources, overall membership density of employers' associations may be even lower than the figure of around 30 per cent for unionized workers.

After 1974, the old regional multi-sector associations, which had survived state corporatism, were retained as a parallel but functionally differentiated structure. They provide a wide range of services to member firms on technological development, sales promotion, international fairs and vocational training, and leave industrial relations functions almost entirely to the sectoral associations. The regional associations, as they are known (though the sector associations are also regionally based), have smaller memberships, but they are more locally rooted and far better organized, and have an image of political moderation and pragmatism. Over 3,000 industrial firms, including public enterprises and subsidiaries of multinationals, are directly affiliated to the largest regional association, the Lisbon-based AIP (*Associação Industrial Portuguesa*).

The existence of two separate employer structures has led to a degree of competition between them, especially in manufacturing. Divergent attitudes towards the public sector, state intervention, economic policies, European integration, international competition and privatization, as well as deep-rooted regional rivalries, are the main causes of division within and among the various associations. This also explains CIP's hitherto unsuccessful attempt to affiliate the AIP and other regional associations of industrialists, and the difficulties in setting up a unified national body to represent all business interests. After two failed launches in 1975 and 1979, CNEP

(National Council of Portuguese Enterprises, grouping CIP, CAP and CCP), was reactivated in 1990, just before the first bilateral summit talks with the unions took place.

The Unions

The Phase of Communist Dominance of the Labour Market

Almost fifty years after the dissolution of the CGT and the prohibition of strikes, and 41 years after the establishment of state corporatism, the restoration of free unions in 1974–6 coincided with communist hegemony in the labour movement and the emergence of deep ideological and political cleavages leading, eventually, to union pluralism (Barreto 1991).

In the final years of the old regime, opposition activists led by the communists had gained control of a number of 'national unions', which subsequently came together in Intersindical, a strongly politicized coordinating body soon banned by the government. Emerging from the underground following the revolution of 1974, Intersindical sought recognition as the legitimate peak organization of the emerging union movement. The 'national unions' themselves were spared dissolution, since some of them had already withdrawn from the orbit of the old regime and communists were rapidly extending their control over the remaining. Even compulsory dues for non-members were maintained by the new government at Intersindical's request.

The socialist and the social-democratic parties had at first only very limited influence in the unions. The PS, firstly founded in 1875, had virtually disappeared in the 1930s following the establishment of the authoritarian regime, and its reorganization began only in 1973. The PSD was founded shortly after the fall of the old regime. In practice, the illegal PCP alone had managed to survive as an organized

opposition force. Its strategy of infiltrating the corporatist unions gave it considerable room for manoeuvre in the transition to democracy, when the unions were at the forefront of the political process. Intersindical was the first organization to demand large-scale nationalizations.

In 1974–5 two-thirds of existing unions affiliated to Intersindical. The confederation successfully headed off attempts to form rival unions, and won a legal monopoly under the union law of 1975 which prevented the establishment of new organizations in competition with existing ones, from workplace to confederal level. Thus the corporatist system of single unions was perpetuated by the revolutionary movement. Union structure and government became highly centralized, reproducing to some extent the internal organization of the PCP. New union structures were created to coordinate local unions in each region (distrito), directly financed by the confederation. Intersindical also took the initiative in setting up new associations in areas where unionization had not been allowed before.

While the communists were able to secure the leadership of almost the entire union organization, real control of the rank and file turned out to be much more problematic, as the unions attempted to moderate workers' demands and channel them towards the government, in which the PCP participated. Moreover, new workplace representative bodies, the comissões de trabalhadores (workers' commissions) began to emerge more or less spontaneously outside union control. Competing in some areas with the unions' workplace organization, they initiated negotiations over a wide range of issues, called strikes in the face of union opposition, frequently demanded purges of management and even took over the running of hundreds of small companies.

The workers' commissions were supported by various leftist and moderate factions opposed to the PCP and for a while they were seen as an alternative to the Intersindical organization. After the revolution, the workers' commissions were recognized by the constitution and regulated by law, which confined them to the

'supervision of management' (a dead letter in practice) and to participation in the administration of welfare matters within the firm.

Only about 1,000 such commissions have been officially registered, though many thousands could have been formed under the law (one may be elected in each establishment). A recent Intersindical survey, reported at the union's National Conference of December 1991, revealed that over 60 per cent of the registered commissions are now inactive, but in the public sector and in some large private enterprises they are regularly elected and operational. The initial conflict with the unions has largely subsided, and the electoral lists for the commissions are now usually organized or influenced by the unions. The unions were given exclusive collective bargaining rights in 1976; in practice, however, workers' commissions have a role in handling grievances, presenting claims and negotiating 'informally' at company or establishment level (see the section on collective bargaining below). The commissions also have the right to be consulted before the restructuring of companies or sectors, on redundancies, decisions concerning working hours or new grading or promotion criteria, etc. In a few cases, they have signed 'social contracts' with the managements of companies in economic difficulties, in order to avoid closure.

In 1975, the communist leadership of the union movement faced bitter criticism for its active support of the increasingly radical government. The struggle against the legal monopoly of Intersindical became a central political issue for the parties opposed to the communists' revolutionary objectives and in 1975 and 1976 the moderate, socialist and social-democratic factions won the elections in a series of important, mainly white-collar, unions, which had previously been strongly represented in the Intersindical leadership.

The Emergence of Parallel Unions

The new constitution (1976) removed the Intersindical's monopoly and allowed the free establishment of trade unions at any level. From 1976 on, new ('parallel') unions were created in almost every sector, occupation and professional category, with the main exception of banking, which continues to be unitary. In 1978, moderate tendencies led by the unions of banking, insurance and office employees founded a second union confederation, the UGT (União Geral de Trabalhadores – General Workers' Union). This alliance had the support of the two main parties, the PS and the PSD, finding common ground in their attempt to break the hegemony of the PCP and Intersindical over the union movement. UGT started out with 30 unions and currently has 60, against 150 for Intersindical (also known since 1977 as CGTP, Confederação Geral dos Trabalhadores Portugueses). The new confederation failed to attract the majority of the existing independent unions.

Despite numerous mergers, the number of unions has risen from the 1974 figure of 328 to the current total of 370. This reflects the rapid rise in the number of independents during the 1980s, frequently as a result of the fragmentation of larger organizations. There are now more than 150, mostly small, occupational or even grade-based independent unions among groups such as airline pilots, train drivers, dockers and civil servants. Operating either as labour market cartels or as lobbying groups or both, they are highly cohesive and effective organizations, though they do not see themselves as part of the wider union movement. They share a common desire to avoid integration in broader organizations, to defend their particular interests and to preserve their autonomy from government and from political parties and ideologies. They reject egalitarian policies, narrow wage differentials and inter-occupational solidarity. UGT and Intersindical view them largely as egocentric interest organizations serving privileged minorities.

UGT has proposed the creation of a new organizational structure with a limited number of national industrial unions on the German or Austrian model of (UGT has always had close links with the union movements of central Europe and Scandinavia – though not, given the traditional social, economic and political barriers between Portugal and its Iberian neighbour, with its namesake, the Spanish UGT). However, the plan has made little real progress. Traditionally-organized UGT unions have defended existing demarcations and have resisted even the most obvious mergers in banking, insurance, services, transport, education, and fisheries. The new national industry-based UGT unions in textiles and clothing, metal, chemicals, telecommunications, construction, energy, etc. are all weaker than Intersindical's corresponding industrial federations; and, with white-collar groups and their unions resisting absorption into large sectorial organizations, they have been unable to achieve the 'vertical' integration of different groups of workers (Intersindical has faced similar problems). Other occupational and territorial divisions also persist, sometimes nourished by the rivalry between socialists and social-democrats. In 1988 a new confederation of professional and management unions was formed, but it still lacks representativity.

Thus the strongest national trend since 1976 has been the fragmentation of labour representation, together with the maintenance of occupational and territorial divisions inherited from the pre-1974 period. Even within the more ideologically homogeneous Intersindical, significant steps towards concentration have failed to eliminate many regional or occupational boundaries and it took the confederation a long time to set up a national network of 19 sector federations with effective powers. Up to 1987–8, inter-union competition and open hostility between Intersindical and UGT hindered joint action in collective bargaining and dealings with government. In recent years, however, there has been something of a reconciliation between them, especially with the joint calling of a successful national general strike against the liberalization of dismissals. Until 1991, the emerging collaboration between UGT and

Intersindical was somewhat patchy, but there are now prospects of a much closer relationship in the 1990s. However, cooperation between individual unions in collective bargaining or joint action in industrial disputes are still the exception, particularly at industry level. This has led to the duplication of bargaining in many sectors, adding to the fragmentation caused by the growth of separate negotiations with independent unions.

Since there are no recognition procedures and the law does not stipulate any criteria of representativeness (few legal requirements are not enforced, on the grounds that they may be unconstitutional), all unions are considered to be representative and have the same rights. Thus collective bargaining depends largely on the employers' willingness to negotiate with a particular union. This situation has permitted the employers, including public enterprises and the government, to help new UGT or independent unions get off the ground by rapidly reaching agreements with them; as a result, Intersindical's virtual 'bargaining monopoly' in the manufacturing, construction, electricity, road and urban transport, post and telecommunications and large sections of the civil service, has been broken. UGT is dominant only in banking, insurance, white-collar occupations of industry and services and some sectors of the public administration; while the independent unions organize professional and managerial staff and several categories of high paid workers with special bargaining power, mainly in the public sector.

Membership, Organization and Finances

According to probably somewhat inflated estimates, nearly 30 per cent of all wage and salary earners are unionized, corresponding to roughly one million people, but with a very unequal distribution across industries, between public and private sectors, large and small enterprises and between large and small enterprises. This places Portugal in the group of western European countries with the lowest union

densities, but ahead of Spain, France and Greece. Intersindical may represent 60 per cent of unionized workers, the UGT 30 to 35 per cent and the independent unions less than 10 per cent. All the largest organizations belong to the Intersindical or the UGT, which together account for 210 of the 370 unions.

Overall membership has fallen continuously since the late 1970s, although the effects of the old system of compulsory dues, abolished in 1975, continued to keep density artificially high until about 1977. In 1977, the compulsory check-off system was abolished by a socialist government explicitly as a way of weakening Intersindical. While many public enterprises have agreed to deduct the dues since then, private sector employers' associations have opposed cooperation in this field and contributions are now mostly collected by the unions.

Several other factors are more important in explaining declining membership. One is the very significant rise since 1976 of temporary work and of informal employment in the black economy. The phenomenon, as in Spain, reflects the pressure of high unemployment, but has been aggravated in Portugal by the persistence of rigid regulations on dismissals. The estimated proportion of informal employment in construction is 50 per cent, consisting overwhelmingly of (often illegal) immigrants from the former African colonies, but it is also significant in the clothing and footwear industries and certain services. Probably as a consequence, construction (the largest industry in employment terms, with over 300,000 wage earners) has a union density of barely 10 per cent, the lowest in the country. The loss of many thousands of jobs in union strongholds, poor member services, inter-union competition, union politicization and factionalism, the reluctance of younger workers to join unions, and employer pressures, are also commonly cited by union officials as explanations for the falling membership.

The unions have experienced increasing financial difficulties. Added to the 'natural' causes of low union density, declining membership, the low level of dues, low

wage and the lack of resources inherited by most corporatist unions, the situation is considerably worsened by the duplication of resources and hence costs as a result of union pluralism. One consequence is that strike funds are relatively rare. Only small, cohesive, mostly independent unions with comparatively well-paid memberships (pilots, air controllers, train drivers and so on) have such funds and they use them to great effect.

The scarcity of resources obviously affects the confederations too. A considerable number of unions are unable to pay their affiliation fees and both UGT and Intersindical, as well as several primary unions, have always had to rely on 'international solidarity' in the form of substantial assistance from foreign union movements. UGT is notable in that over 50 per cent of its income from union contributions in 1990 came from just one of its 60 affiliates, the Union of Banking Employees of Southern Portugal, the richest and largest primary organization in the country, with 46,000 members.

The Lisbon based banking union, prominent in the creation of Intersindical in 1970, and subsequently of UGT in 1978, has been governed successively by all the main factions and since 1988 has been led by an unusual alliance of socialists and communists. The singular success of banking unionism in Portugal (unionization approaches 90 per cent) is partly due to relatively privileged treatment under the corporatist regime, but membership has more than doubled since the revolution, in sharp contrast to the general trend. The Union of Metal Workers of Lisbon, for example, has lost nearly half of its former 70,000 members since 1975, when it was the leading union in Intersindical. In the banking unions, services to members are well developed, and the conduct of collective bargaining and industrial disputes has been very effective. Strikes are subject to ballots, internal factions cover the whole political spectrum, and the governing bodies are directly elected in well contested elections with

high turnouts. Very few unions combine the same features, none with a comparable membership.

Nevertheless, the multiplication of new domestic and foreign banks since the 1980s and the current privatization programme may pose a serious threat to the banking unions too. Private banks, where union density appears to be much lower, are offering considerably higher wages and adopting different approaches to personnel management and work organization; as a result, collective bargaining is losing some of its significance. New policies include greater job mobility, more flexible working hours, and, in the case of the largest new private bank, the Banco Comercial Português, the rejection of female employment; this flouts equal opportunity laws which have often not been enforced in practice, and has provoked a condemnatory report by the Commission for Equality in Work and Employment (Comissão para a Igualdade no Trabalho e no Emprego), a tripartite body created in the early 1980s.

The changes taking place in the banking sector may be duplicated in other industries as state monopolies are dismantled, and further developments are likely in response to the single European market. In the medium term, however, a drastic fall in unionization in privatized enterprises seems unlikely.

The number of full-time officials in Portuguese unions is very low – only 300 out of Intersindical's 5,000 officers are union employees, though some 'lay' representatives in large, mainly public, enterprises also work full-time for the union – and in general they are poorly qualified. The recruitment of younger officers is becoming increasingly difficult. A lack of resources and discrimination against activists (in the form of loss of pay and promotion) makes union jobs extremely unattractive, at least to skilled workers, and most activists are motivated primarily by strong political commitment. Party militancy may be viewed as a major force sustaining union organization within Intersindical and even in UGT. Religious motivation is also still important: although the church failed in its long-term attempts

to promote Catholic trade unions, a considerable number of current union leaders and activists, including confederal officers, began their careers in the 'schools' of the Juventude Operária Católica and the Liga Operária Católica, particularly prior to the 1970s.

Union leaders and activists are given party responsibilities and political jobs (and even appointed to party executive bodies, although this formally prohibited under the union law). Formally, only personal ties exist between unions and parties; the unions do not provide financial support to the parties, nor have they any right of representation in the party bodies. During the 1980s, 5–9 per cent of members of parliament were UGT and Intersindical union officers or confederal leaders. In theory, the three political parties receiving the most votes are all pro-labour (Socialists, Communists and Social Democrats), though none of them emerged historically from the union movement, which practically disappeared for a half century until the 1970s. With the advent of democracy, all the main parties sought to establish roots in the working class, and party activists played a large part in building and running the emerging union movement. As a result, the unions have functioned largely as vehicles of political influence. Over the last decade union action has become less ideologically determined, but the links between unions and party politics still prevail, except in the case of independent unions.

In the confederal bodies of UGT and in most of its affiliated unions there are formally organized political factions (*tendências*). They have constitutional rights such as the nomination of candidates to the leadership, and they are generally represented on union bodies on a proportional basis; in practice, the union's top executive body (the *secretariado executivo*) is composed of an equal number of socialists and social democrats. The factions are nevertheless considered to be independent from the corresponding party leaderships. Intersindical rejects organized factions, but permits a

limited pluralism in confederal bodies, with a clear majority of communists and a minority of left-wing socialists, Catholics and other small groups.

The dominant Communist influence in Intersindical makes it more centralized, cohesive and disciplined than UGT, where the main tendencies are more balanced and the ideological cement is far less important, even within the factions (several sub-factions exist). The UGT's leadership finds it much harder than Intersindical to lay down common positions for its member unions on issues as political action, tripartite concertation, collective bargaining and union structure (demarcations, mergers, etc.).

The predominance of political action in Portuguese trade-unionism results from several structural features: the historically minor role of societal self-regulation (including collective bargaining) compared to statutory regulation, partisan control of the unions, the prevailing weakness of unions and a chronic bias of employers' associations towards lobbying and reliance upon government. Following the 1974 revolution, these features were reinforced by economic crisis and a much larger state role in the economy. Unable to prevent the rise in unemployment or the fall in real wages between 1976 and 1985, the unions directed their energies to preventing the watering down of the labour legislation passed after the revolution, a legal framework which Intersindical praised as the most advanced in western Europe. The unions have been only partially successful in their aim, but they used political action, including a successful general strike in 1988, to secure what may well be their major achievement in the 1980s: the maintenance of union rights and the protection of the main legal provisions on job security and the right to strike. For UGT, the creation of the Permanent Council for Social Concertation by the coalition government in 1984 was another outstanding achievement.

Union pluralism, which does not have solid traditions in Portugal, was largely a reflection of the deep political divisions of the revolutionary period. Subsequent domestic political developments and major international events have helped soften

those divisions: socialists and communists have remained together in opposition to the PSD government since 1985, while the crisis of the communist world has had a great impact on the PCP and particularly on Intersindical. Despite the ousting of reformists in the PCP, the party has not been able to purge the union organization in the same way, and Intersindical has, for the first time, been displaying considerable autonomy from the party. The ascendancy of the reformists over the orthodox communists in the leadership permitted Intersindical to join the Permanent Council for Social Concertation in 1987 and to establish formal relations with UGT in 1988. The earlier sharp antagonism between the union confederations is generally giving to more muted differences of approach, except perhaps on the question of the law on dismissals and the issue of flexibility. These developments mean that the cost of pluralism may soon appear unacceptable to the unions. In 1990, the leader of UGT appealed personally to Intersindical for the two organizations to merge by the end of the century, but both unions are aware of the complex political issues that have to be settled before this could be achieved. More pragmatically, in 1991 the union confederations agreed to develop a joint strategy in order for confronting the problems of European integration and in particular its 'social dimension'.

Collective bargaining

In the late 1970s, collective bargaining was almost paralysed, partly as a result of Intersindical's unwillingness to make concessions to the employers and its preference for direct government intervention in wage regulation. The emergence of the 'parallel' unions and the pragmatism of UGT led to the resumption of collective bargaining in the 1980s and by the end of the decade it was widespread. In 1989 near two million wage and salary earners – 98.5 per cent of those in legal employment in

private and public enterprises¹ – were covered by industry agreements, government extensions of industry agreements, company agreements and statutory regulations in individual industries or occupations. Taking all wage and salary earners (over three million in 1989), 61 per cent were covered by collective agreements or government extensions, 3 per cent by direct statutory regulations in private industries, 17.5 per cent by civil service statutory regulations and 18.5 per cent were not covered by any collective regulation or were workers in the black economy. Only 5 per cent of all wage earners were covered by company agreements, mostly in public enterprises.

The reform of the legal framework of collective bargaining has long been on the political agenda, and consensus was apparently reached in 1990 on the changes to be made. However, in 1991 the law still regulated the process in a very detailed way, laying down a host of regulations covering procedures, time periods, and the scope and content of bargaining. Public enterprises have been subject to further controls: managements must follow strict bargaining guidelines laid down by the government for each set of negotiations and, when an agreement is reached, the sponsoring minister's final approval is required.

The negotiation process is voluntary, since practically no sanctions can be imposed on the parties unwilling to negotiate or to participate in mediation or arbitration. During the 1980s, the government gradually ceased to issue direct statutory regulations in cases of bargaining impasses, a legal expedient dating from the corporatist system when strikes were prohibited. However, once both sides accept to bargain formally, they must comply with all legal requirements. When an agreement is reached, it has to be registered and published by the Ministry of Employment, thus becoming legally enforceable and extendible to other employers and workers or related industries. Its validity only expires when it is replaced by a new agreement, which

¹ The figures do not include employment in central and local government, public education and health, where the rules and working conditions are established by the government after consultations with the unions; nor most rural workers or, of course, employment in black economy.

according to the legislation cannot be less favourable to the workers than the existing one. The first negotiation of a formal company agreement is viewed by individual employers as a step with far-reaching implications; since once an agreement is concluded, it is likely to form the basis of further union claims.

The legal position on the applicability of collective agreements is somewhat confused. In theory, agreements apply only to the workers represented by the signatory unions. In practice, however, since only one agreement is enforceable for the same group of employees within a company (conditions cannot be differentiated according to union membership), workers may find themselves covered by an agreement reached by a union of which they are not members. Moreover, in the absence of recognition procedures or criteria of representativeness – reflecting government attempts since 1976 to foster the role of 'parallel' unions in collective bargaining – this union may be in a minority position in the sector. This tends to arise because high inflation systematically encourages employees to opt for the agreement in which wage scales have been more recently adjusted, which then applies to the whole of the affected workforce. The current legal ambiguity allowed UGT and some independent unions – even when they are in a minority position – to oust Intersindical in the bargaining process of several large enterprises and sectors (most notably in textiles and clothing), by negotiating a rapid adjustment of wages in exchange for giving up provisions and improvements dating from the revolutionary period. Intersindical has resorted to strike action in an attempt to keep both the earlier provisions and the adjusted pay, but it has often failed to win rank-and-file support. Recently the Textile Federation, affiliated to Intersindical, has been challenging the implementation of an agreement between the minority Sindetex (UGT) and the employers' associations introducing flexible working hours. Such inter-union rivalry, with each union trying to obtain more favourable settlements than its competitor, may have tempered the employers' initial enthusiasm for UGT's growing role in collective bargaining.

A deadlock in collective bargaining is usually followed by voluntary, though legally regulated, 'conciliation' procedures before a strike is called. Conciliation and mediation services, established by the corporatist regime in 1969, are provided free of charge by officials of the Ministry of Employment. The procedure gives unions and employers the opportunity for unions and employers to involve the government in their disputes, a traditional practice largely unchanged by the revolution. The arbitration mechanism is private (no permanent arbitration service exists) and expensive, and it became increasingly unpopular during the 1970s, especially among the employers. In the 1980s very few disputes were submitted to arbitration, even in public enterprises, where the government had the power to order it. In 1990, the unions, the government and the employers' confederations agreed to set up a compulsory arbitration system.

The tension between an over-regulated and highly legalistic framework and voluntary collective bargaining may help explain why formal company bargaining is so rare in the private sector, and why industry bargaining has so little impact on working conditions and terms of employment in leading or even average enterprises. The role of government extensions, the absolute dominance of industry collective bargaining over company bargaining and the lack of articulation between the two levels are also legacies of the corporatist system.

The multiplication of bargaining processes and agreements caused by union pluralism and independent unions, and the development of company bargaining in the nationalized sector, are the main innovations in the bargaining structure since the 1970s. There has also been a move from regional to national industry agreements in a few cases. Despite the attempts made by large industry-based unions to unify the bargaining process within each sector, office employees and such occupations as sales representatives, drivers, managers, technicians, engineers and other professionals are very often covered by separate industrial agreements. The same occurs in several public and private enterprises: in the national railway company, for example, the

various occupations are now covered by five different company agreements, instead of one until the 1970s.

While many public enterprises have yearly-amended company agreements, similar agreements in the private sector are very rare, covering less than 1 per cent of the total labour force. Industry agreements stipulate minimum conditions well below those prevailing in each sector. Wage levels in the main urban areas have been estimated to be around 25 per cent higher than those laid down in industry agreements; the figure is lower for blue-collar workers and much higher for managerial and professional staff.

Employers' associations have consistently opposed regular and formal company-level bargaining, so as to discourage union activity within the enterprise and maximize employer control over employment conditions. The scope for employer flexibility at company level also provides a means of mitigating the rigidity of employment legislation. Nevertheless, employers have supported those aspects of labour legislation that favour them, preferring such issues to be regulated by law than by collective bargaining, even at industry level.

Given that the main subject of industry agreements is minimum rates of pay, collective bargaining at this level is almost redundant in Portugal, at least when unemployment is not too high. The national minimum wage, revised annually by the government since 1974, forces employers to adjust their lowest rates of pay and, consequently, the entire pay scale. Thus in practice only the gap between national and industry minimum rates is the subject to bargaining. Between 1977 and the early 1980s the government introduced a statutory incomes policy, in an attempt to curb inflation, leaving even less room for real bargaining. Annual 'wage ceilings' or *tectos salariais* set a maximum rate of nominal wage growth for all industries, on the basis of inflation forecasts that proved to be unrealistically low. The ceilings soon became counter-productive, since the unions regarded them as lower limits above which bargaining

should take place. The policy, also paralysed collective bargaining and the government was compelled to intervene more directly.

Economic recovery since the mid-1980s has sustained a high level of investment and employment, assuring real wage growth particularly in the major urban areas irrespective of union action and collective bargaining. Actual wages have increased faster than bargained wage scales for several consecutive years. In a tighter labour market favouring skilled or semi-skilled workers in particular, collective bargaining may be significant only in as far as government extensions accelerate the effects of market mechanisms on the lowest wages. Under such conditions, especially if earnings are increasing more rapidly than productivity growth, the government and employers may regard industry agreements as a moderating force on pay levels. For the unions, the value of industry-level collective bargaining is felt in periods of recession, when it inhibits decreases in real wages (the annual adjustment of the national minimum wage has been outstripped by inflation on several occasions: according to Intersindical estimates, it has lost over 30 per cent of its real value since 1974).

Apart from the very impressive but short-lived gains of 1974–5 the unions have generally been unable to influence the level of wages and the share of national income – which fell continuously between 1981 and 1990 – either in the very unstable economic conditions that prevailed after the establishment of democracy or under the prosperity of the last five or six years. The effects of the egalitarian wage policies of the 1970s failed to last: activities of the independent unions and a tighter labour market have led to a restoration, or even a widening, of differentials (except possibly in the civil service).

For more than a decade after the revolution, Intersindical unions did not press for the expansion of formal company-level bargaining. On the contrary, the clear preference was for industry agreements, since union strength was concentrated in a few large enterprises and the majority of workers, with lower wages, were employed in the

smaller ones. Ideological reasons (egalitarianism, uniformity) also had a part in this strategy, although Intersindical continued to support informal or unofficial bargaining at the workplace. In the mid-1980s, UGT (partially followed by Intersindical) began to support the introduction of a multi-level or articulated system of collective bargaining. The employers were predictably hostile to bargaining at workplace level, but in 1990 the employers' confederations agreed with the unions on the general desirability of collective bargaining at all levels, including the company. None the less, there are indications that future employers in companies to be privatized will welcome and end to company agreements and a return to industry bargaining.

The rigidities of official collective bargaining can be evaded at company level by a variety of 'informal' or unofficial practices: avoiding written agreements or not complying with other legal requirements. The 'social contracts' concluded in several private and public enterprises in difficulties during the 1980s, despite being written agreements, should also be put into this category, as they temporarily suspended certain provisions and rights (the law prohibits such abrogations by collective agreements). These negotiations were conducted by the workers' commissions, not the unions, although the former are not legally entitled to bargain. Generally, however, informal bargaining involves the negotiation of a 'list of demands' or *caderno reivindicativo* submitted by the labour representatives. Frequently, management will only deal with the workers' commissions which, unlike the unions, are exclusively internal to the enterprise; moreover, only one workers' commission may be elected in each enterprise or establishment, while there may be several unions. The concessions made by the employer in informal bargaining are embodied in management minutes, avoiding the appearance of bilateral agreements. Demands are frequently backed up by different forms of union action, including stoppages.

Informal bargaining practices are not as widespread and regular as formal bargaining, but they are much more flexible and fill a visible gap in industrial relations,

by providing a complement to industry bargaining. A sharp distinction between the two practices is that informal bargaining is totally dependent on union strength and bargaining power in each company, while in formal industry bargaining the unions can rely on government extensions. As a rule, however, the unions lack sufficient strength to establish informal bargaining as a customary practice. In several industries informal company bargaining has not developed at all. Detailed data on the frequency and scope of informal bargaining are unavailable even in sectors such as chemical, engineering and clothing where it is said to be more common. One reason may be that such data would disclose the strengths and the weaknesses of union organization in a crucial area of activity.

Against a background of corporate restructuring, company agreements on redundancies, temporary wage freezes and increased job mobility, sometimes with virtual no-strike clauses, have been signed in some private companies (e.g. in Lisnave, the largest national shipyards). But given the severity of the effects of rationalization on the work force in the private sector, a consensus is less likely to be reached than in the public enterprises where company bargaining has traditionally been the norm.

The predominance of company bargaining in nationalized enterprises reflects the fact that they are among the largest employers, often dominating entire sectors. In other cases, state enterprises have abstained from industry-level bargaining as a result of government decisions reflecting economic policy objectives. In sectors such as banking and insurance, industry bargaining determines actual (rather than minimum) employment conditions, in an attempt to ensure uniform labour costs and provisions across state enterprises in those sectors; and it covers a far large range of negotiating issues than does industry bargaining in the private sector, which is largely confined to wages.

The vitality of collective bargaining in public enterprises also reflects greater union strength: unionization averages 80 per cent, according to official data, the check-

off system is widespread, and discrimination against activists are rare. The attitude of public enterprise management towards the unions and workers' commissions (which are active mainly in the public sector) is more legalistic and cooperative than in the private firms. Well-staffed personnel, industrial relations and human resource departments have been created in most state enterprises, reflecting the importance of company-level bargaining, but also management concern to avoid disputes and to provide rapid solutions to grievances and problems arising at the workplace. Personnel departments have also been developing new hiring, training, promotion and remuneration policies, mostly in dialogue with the union, the workers' commissions or both. The receptiveness of workforce representatives to changes and new working methods has increased drastically since the privatization process began; for example, in the state-owned Petrogal (oil refining and distribution), which is soon to be privatized and exposed to fierce international competition, the great majority of the 6,000 staff agreed in a work-force ballot to give up the company's collective agreement in return for a large compensation payment.

A further feature of collective bargaining in public administration and public utilities is that it is 'informal bargaining', leading to non-enforceable agreements; the final document (if there is one) takes the form of a recommendation, which is in theory not binding on the government. The bargaining process, regulated by legislation in 1984, takes place every year before the state budget is approved by parliament. The legal justification for this hybrid system is the 'sovereignty' of the state, although civil servants have the same right to strike as other groups (and perhaps use it more often).

Strikes

After 1974 the number of strikes increased to several hundred yearly. The frequency of disputes, numbers of workers involved and days lost rose to a peak between 1980 and 1983. This period coincided with the first centre-right government since the revolution and with a deteriorating economic and social situation after the second oil shock. The main target of industrial action was the wage ceilings. Another cause of disputes was the alarming spread of a new phenomenon: the failure of employers to pay wages. Unable to adjust the size of their workforce by cutting jobs, a growing number of firms delayed payment for several months; by 1984 over 100,000 workers affected. Intersindical organized a massive and effective campaign over the issue. The deflationary economic policies of the following government, the PS–PSD grand coalition, exacerbated the effects of recession, worsened employment, and led to a fall in real wages below the 1974 level. In 1984, at the peak of the crisis, the indicators of industrial disputes began to show a decline and in 1987, when the economy was already rapidly recovering, they reached their lowest overall level for the 1974–90 period (see below table 14.5).

Despite the fall in the number of industrial disputes, the first successful general strike ever organized in Portugal was held in 1988. According to the unions, nearly 80 per cent of the work force took part. The action was called simultaneously, though not jointly, by Intersindical, UGT and a large number of independent unions, unifying all the main factions, including a sector of the social democrats themselves, against the PSD government. It was motivated by the proposed reform of the law on dismissals. The strike changed the PSD's optimistic assessment, following its landslide victory in the 1987 general elections, of its capacity to push through changes in the law against union opposition: following the threat of a new general strike, the law eventually underwent only minor amendment in 1989.

Table 14.5 Industrial disputes, workers involved and working hours lost (1974-1990)

Year	Number of strikes	Workers involved/ strike	Working days lost (total)	Average duration (days)	Working days lost/1,000 wage earners
1974 ^a	313	..	..	..	..
1975	340	..	..	..	..
1976	367	..	..	..	..
1977	357	..	..	..	..
1978	333	478	580,419	3.6	236
1979	381	885	621,792	1.8	252
1980	374	1,066	734,536	1.8	283
1981	756	671	941,220	1.8	349
1982	563	609	595,654	1.7	217
1983	532	608	767,676	2.3	271
1984	550	514	331,100	1.2	120
1985	504	478	335,664	1.4	122
1986 ^b	363	638	381,917	1.6	136
1987	213	382	113,228	1.4	39
1988	181	859	197,902	1.3	66
1989	307	965	357,377	1.2	115
1990	271	476	146,532	1.1	46

^a Last 8 months only. ^b From 1986on, public administration and public services not included.
Sources: MESS, INE.

The main sectors in terms of total working days lost between 1986 and 1990 were transport, engineering, banking, textiles and clothing, in that order. Over the last five years, transport and banking, both highly unionized sectors dominated by public enterprises, have together accounted for well over half of total working days lost (42 per cent and 14 per cent respectively), while basic metals, metal products, machinery, transport equipment, textiles, clothing, footwear, leather and construction together accounted for less than 25 per cent.

These statistics relate only to public and private enterprises, excluding public administration, health, public education, etc. for which reliable strike data are unavailable; in 1986 the government even ceased to issue statistics of strikes in the civil service. It is possible nevertheless to say that the public sector as a whole is much more affected by strikes than the private sector, with a high frequency in the civil

service strikes and recurring industrial disputes in chronically loss-making public enterprises, particularly in the transport sector. In the last decade, however, many public enterprises have established a more equitable relationship with the unions.

The number of sector (or industry-wide) strikes has decreased sharply from an annual average of 87 in 1980–2 to only 22 in 1988–90, a faster decrease than that of single-firm strikes (from 468 to 230 over the same periods), suggesting that formal collective bargaining in the private sector has led to very few strikes in recent years. The emergence of independent unions was reflected in a noticeable increase in strikes by occupational groups in the 1980s, mostly in the public sector. The average duration of strikes in public and private enterprises fell, in line with the trend in other indicators of conflict, from 3.6 days in 1978 to 1.1 in 1990, probably the lowest figure since 1974. Again, the main exceptions seem to be the stoppages carried out by small, occupational or grade-based unions in the public sector, though accurate comparisons are not possible, due to deficiencies in the statistics.

The Legislation on Dismissals and Redundancies:

The Crucial Issue of flexibility

Perhaps the most insistent demand of the employers' organizations since the 1970s has been the complete overhaul of the legislation on dismissals, which CIP viewed as a major obstacle to domestic and foreign investment and to resolving the problems of unemployment, unpaid wages, absenteeism, low productivity and poor employee motivation. The virtual prohibition of redundancies, the narrow definition of fair dismissal, the legal procedures relating to conflicts on this matter and the rules on severance pay make the Portuguese legislation, despite some changes since the 1970s, very favourable to workers with a permanent contract of employment.

Even during the rapid economic growth and full employment of the corporatist regime, employers considered the law restrictive, but in 1975, at the height of recession, individual and collective dismissals became virtually impossible (except on disciplinary grounds) without the consent of the work force or the approval of the government. The constitution of 1976 also enshrined the 'right to job security', which has prevented centre-right governments from introducing more flexible legislation. High inflation meant that the adjustment to the crisis from 1977 took the form of a reduction in real wages rather than in employment, largely the opposite of what occurred in Spain after the oil shocks.

Nevertheless, the problems of declining private investment and growing unemployment evident in the early 1980s have disappeared without major changes in the legislation. Since 1976, when the legal rules on temporary work became more permissive, employers have been able to rely on a massive influx of workers on fixed-term contracts. Since the early 1980s over two-thirds of all hirings have been on fixed term contracts; about 19 per cent of all wage earners have now a contract of this kind, not counting other forms of precarious and temporary work (subcontracting, for example) and the mass of workers in the black economy without any contract at all. This has eased the problem of labour market rigidity, although it has also led to sharp labour market segmentation favouring those on permanent contracts. The unions, particularly Intersindical, have shown little sensitivity to this question, blaming problems on the legislation on fixed-term work rather than on the inflexibilities caused by the law on dismissals.

Another consequence of the legislation on dismissals is that private enterprises have become increasingly selective in the hiring of new employees. This has been one factor behind the expansion of personnel management and the creation of human resource departments in Portuguese companies. Since EC entry, vocational and

apprentice training in companies has also developed rapidly, largely financed by European Social Fund grants which currently amount to 1 per cent of GDP.

CIP' attitude to job security is that workers must compete to retain their jobs in the same way that entrepreneurs must be competitive to preserve their businesses. Nowhere else in the European Community, CIP argues, does the law guarantee the workers' 'ownership of jobs' to the same extent (although the Greek legislation was, until recently, similar). The unions for their part claim that employers are seeking to restore the old authoritarian relations within firms. The comparison with the European standards, they argue, should be extended to wages, working conditions, unemployment benefits and welfare services, which all lag behind those of Portugal's EC partners. For example, the coverage of the system of unemployment benefits, introduced in Portugal only in 1975, is by far the worst of western Europe. In 1988, unemployment compensation represented 0.32 per cent of GDP, with only 22 per cent of registered unemployed in receipt of benefit. Total government expenditure in support of the labour market (training, direct job creation and unemployment benefits) was less than 1 per cent of GDP in the same year, lower than in any other western European country.

A further revision of the law on dismissals has recently been completed. The change broadens the criteria of fair dismissal to include the worker's inability to adapt to changes in the nature of the job. The UGT is not opposing the reform; in 1990 it signed a wide-ranging tripartite agreement (Economic and Social Agreement – see below) which included proposals to amend the law on dismissals. Intersindical refused to sign the agreement, allegedly because of the dismissal provisions, although it participated in discussions until the last moment.

Social Concertation: The New Paradigm of Industrial Relations?

The foundation of UGT in 1978, the creation of the CPCS in 1984 and the conclusion of tripartite agreements between the government, the UGT and the employer confederations in 1986, 1987 and 1990 are frequently cited as milestones along the road from the impasse of class conflict to the present era of social concertation characterized by dialogue, compromise and participation (Pinto 1991; Nascimento Rodrigues 1991). One hypothesis is that the emerging 'new paradigm of the industrial relations sub-system', when considered alongside other developments such as the profusion of national and regional consultative bodies, signals the imminent arrival of a new wave of corporatism, this time under the auspices of liberal democracy.

Undoubtedly, some important changes have taken place since the troubled 1970s and early 1980s. However, the neo-corporatist scenario fails to take account of other recent developments. The general strike of March 1988, supported by the overwhelming majority of unions, is also a milestone and one that does not fit easily with the notion of social concertation. Furthermore, while UGT has played the leading role in the concertation processes, Intersindical remains the more representative union body. Finally, the climate of relative detente in industrial relations since the mid-1980s must be seen less as a product of the new concertation policies than as the combined effect of steady economic growth, rapidly declining unemployment and rising real wages.

In addition, the tripartite agreements reached so far seem less significant than enthusiastic assessments have claimed. The first two important agreements produced by the CPCS, in 1986 and 1987, under the guise of 'recommendations on incomes policy', dealt almost exclusively with the rate of growth of nominal wages in collective

bargaining for 1987 and 1988 respectively. Only the minority UGT signed the agreements on behalf of labour, while CIP refused to sign the second recommendation. The recommendations were based on forecasts of inflation which proved correct for 1987; as a result, the first agreement was widely considered a success and a decisive contribution to curbing inflation. But in 1988, contrary to expectations, inflation stopped falling despite only moderate pay settlements, and UGT withdrew its support when the government refused to adjust the recommended wage increase. No agreements were reached for 1989 and 1990, but moderation continued to prevail in collective bargaining. Inflation, in turn, rose once more, fuelled by huge budget deficits, external constraints and, to a lesser extent, the rise in actual earnings relative to negotiated wage rates. The experience of 1987-1990 illustrates the limitations of unions' participation in a concerted incomes policy or in centralized bargaining, when they are unable to influence significantly the level of actual earnings through industry or company bargaining. Under current economic conditions, the most likely consequence of voluntary wage restraint through centralized bargaining is an increase in wage drift.

The employers' confederations have shown relatively little interest in concerted incomes policies, arguing that the causes of inflation lie in excessive public expenditure. In any case, given the decentralized nature of employer organization, the confederal bodies lack the necessary authority to enforce a strict incomes policy on their affiliates (Pinto 1990). At the CPCS the employers' principal objective has been the reform of labour market legislation rather than centralized pay determination.

With the Economic and Social Agreement (or AES) of 1990, the CPCS became a forum for government and the social partners to negotiate changes in labour legislation. The AES covered a wide range of issues to be regulated by future legislation: dismissals, weekly working hours (cut from 48 to 44 hours, with a further gradual reduction to 40 hours by 1995), working time flexibility, vocational training,

unemployment benefits, child labour (minimum age raised from 14 to 15), health and safety at the workplace, supplementary social security in cases of industrial restructuring, and collective bargaining (removing restrictions on the scope of bargaining and the establishment of a compulsory arbitration system). A recommendation on pay policy for 1991 was also approved (leading to a conflict between the UGT leadership and some of its affiliated unions active in the public sector). For the first time, the annual revision of the national minimum wage was also subject to tripartite negotiation and included in the AES (for details, see EIRR 208, May 1991: 10-12).

At first sight, therefore, the AES appears a major step forward in the development of social concertation. Behind most of the legislative proposals in the AES lies the desire of the parties to reduce the glaring discrepancies between Portuguese provisions on social and labour affairs and those prevailing in other EC countries. It may be argued that such measures would have to be introduced, sooner rather than later. But significantly, social concertation has been the procedure chosen to implement them. Thus while the content of current Portuguese industrial relations reflects the external pressures of greater European integration, its form may indicate the consolidation of the social concertation paradigm. None the less, tensions are already apparent between the logic of concertation and that of interest representation through the party system; for example, social concertation has made it hard for the largest opposition party, the PS, with its close links to UGT, to criticize the government's social policies. Indeed, the PCP itself had a hard job in persuading Intersindical not to sign the AES in 1990. From a political standpoint therefore it is easy to understand the PSD government's attachment to social concertation, which it has been able to exploit for electoral purposes.

It is still premature to suggest that a new, more stable and coherent system of industrial relations has developed since the establishment of democracy. Different

layers and patterns continue to interact within a heterogeneous and as yet ill-defined system, against a background of successive phases of historical development and a fast-changing environment (Caire 1987). In particular, it is still not clear whether current trends such as social concertation will persist in the future, nor, if they do, whether they will consolidate the traditionally dominant role of the state in Portuguese industrial relations, or, on the contrary, permit the social actors to assert their autonomy.

Abbreviations

- AES – Acordo Económico e Social (Economic and Social Agreement, signed in 1990)
- AIP – Associação Industrial Portuguesa (Portuguese Association of Industry)
- CAP – Confederação da Agricultura Portuguesa (Confederation of Portuguese Agriculture)
- CCP – Confederação do Comércio Português (Confederation of Portuguese Commerce)
- CDS – Centro Democrático Social (Democratic and Social Centre, also known as Christian Democrats)
- CIP – Confederação da Indústria Portuguesa (Confederation of Portuguese Industry)
- CGT – Confederação Geral do Trabalho (General Confederation of Labour, outlawed in 1927)
- CGTP or CGTP-IN – Confederação Geral dos Trabalhadores Portugueses – Intersindical Nacional
(General Confederation of Portuguese Workers, usually known as Intersindical)
- CNEP – Conselho Nacional das Empresas Portuguesas (National Council of Portuguese Enterprises)
- CPCS – Conselho Permanente de Concertação Social (Permanent Council for Social Concertation)
- INE – Instituto Nacional de Estatística (National Statistical Institute)
- MESS – Ministério do Emprego e Segurança Social (Ministry of Employment and Social Security)
- PCP – Partido Comunista Português (Portuguese Communist Party)
- PSD – Partido Social Democrata (Social Democratic Party)
- PS – Partido Socialista (Socialist Party)
- UGT – União Geral de Trabalhadores (General Workers' Union)

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