

'New generation' from Der Spiegel (13 July 1987)

Caption: On 13 July 1987, the German weekly news magazine Der Spiegel reports that Portugal is still struggling to overcome its economic deficit and combat poverty despite the new public funding awarded by the Community institutions.

Source: Der Spiegel. Das Deutsche Nachrichten-Magazin. Hrsg. AUGSTEIN, Rudolf ; Herausgeber BÖHME, Erich; ENGEL, Johannes K.; FUNK, Werner. 13.07.1987, n° 29; 41. Jg. Hamburg: Spiegel Verlag Rudolf Augstein GmbH. "Neue Generation", p. 87-88.

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New generation

1 100 million marks was the amount paid by the EC to Portugal in 1986. The beneficiary of this will be the Conservative Prime Minister, Cavaco Silva, when elections take place on Sunday. The poverty in his country will remain unchanged.

Two deep ruts softened by rainwater and slurry lead up the hill between houses of grey granite nestling closely together. That is the main street in Lamas d'Olo, a village of some 400 souls in the Trás-os-Montes region of north-eastern Portugal.

This place is only 130 kilometres from the harbour city of Oporto, but, on the narrow and winding mountain roads, this distance expands into a journey of three and a half hours by car over potholes and chunks of fallen rock. 'Christ never got this far, and nor did the Carnation Revolution' is what the people of Lamas d'Olo say.

Thirteen years ago, left-wing officers brought down the dictatorship that had been suppressing Portugal for almost half a century and allowing it to degenerate into the most backward country in Western Europe. It seemed that the advent of democracy would mean that the hopes of prosperity and education for all would be realised.

However, the successor governments continued to leave Trás-os-Montes, the barren strip of land 'on the other side of the mountains' on the border with Spain, to its miserable fate. Over 30 % of the population are unable to read or write, one third of babies do not survive infancy, and fewer than half of the houses have running water or a telephone. In Vila Real and Bragança, the largest towns in the region, the newspapers from Lisbon arrive a day late.

Now, however, there is the promise that Trás-os-Montes is at last to be brought into the 20th century. A large proportion of the funds that Portugal has been receiving from Brussels since its accession to the European Community on 1 January 1986 are flowing into this disadvantaged border region.

Francisco, a farmer from Lamas d'Olo says, 'For every hectare of land, they will give me 2 500 escudos (32 marks); for every sheep, I shall get 7 500 escudos.' He thinks that he has the Government in Lisbon, 'Mr Cavaco Silva himself', to thank directly for the subsidies for him and his neighbours. And this farmer also intends to give him his vote in the parliamentary elections on Sunday.

Trás-os-Montes is a guaranteed voter stronghold for the previously minority government of the Liberal right-wing Social Democrats (PSD). As many as 80 % of the votes there are usually won by the Conservative parties. It is the grateful farmers pampered by the EC that Cavaco Silva is now depending on to secure an absolute majority for his party. After 20 months in office, the Prime Minister now has a very respectable balance sheet to present: inflation went down from 22.3 % to 10.6 %, the overseas trade deficit was reduced to 9 %, and, in 1986, the economy grew by 4.2 %.

When Cavaco Silva won a surprise victory over the previously strongest party, the Socialists, in October 1985, he had hit upon the most favourable moment to take over power. He reaped the benefits of the austerity policy that had been prescribed to his predecessors by the International Monetary Fund. The low dollar exchange rate and the slump in the price of oil provided additional relief for the national budget.

The greatest advance, however, was brought about by the accession to the EC that had been negotiated when the Socialists were still in power. In 1986, the Portuguese received ECU 530 million, DM 1 130 million, but they had to contribute only ECU 280 million to the Community budget in Brussels. They were also able to spend DM 640 million from the EC's Regional and Structural Funds on road construction, water supplies, sewer systems, telephone networks and electricity supplies. Another DM 415 million from the Social Fund were used to finance re-training programmes and job-creation projects. And DM 50 million from the Brussels agricultural budget went directly to the farmers.

But this avalanche of cash will not last for ever. By 1996 at the latest, Portugal will have made up for the 20 years that it was behind the rest of Europe, for that is when it will become a full Member State of the EC, with all the obligations that that entails. The aim is to complete the requisite structural reforms by then — especially in agriculture. Although a quarter of the ten million Portuguese still work in agriculture, they account for just 9 % of the gross national product. Production costs are far higher than the EC average. Three quarters of the food consumed in this agricultural country has to be imported.

Industry, which is largely state-owned, also operates on an unproductive basis. If the EC establishes the single internal market in 1992 as planned, Portuguese businesses must be sufficiently competitive to withstand the competition from the north. ‘The greatest difficulties are still to come,’ is therefore the warning from the leader of the Socialists, Vitor Constâncio, who says that ‘we have to make radical improvements in the methods and the productivity of our industry and our agriculture in the next few years.’

For now, the changes in Trás-os-Montes may be judged by the progress in construction work for the highway from Oporto to Bragança near the border with Spain. ‘There will be no progress in this region without this vital road link,’ says Mário Pires Cabral, speaking for the Vila Real municipal authorities. A short time ago, money from the EC Regional Fund was used there to complete a 39-kilometre section. ‘Once we have a link with Oporto, our town will grow, businesses will move here, and the region will prosper,’ hopes Pires Cabral.

Vila Real has a Social-Democratic mayor. As a result, the Government in Lisbon was particularly generous in its handouts of EC money, while towns and regions that are not under the protection of the SDP sometimes went empty-handed.

However, the transformation has not yet permeated through to the villages. There, people continue to live almost exclusively from the yield from fields that may sometimes be no more than 20 square metres in area, and from raising sheep, goats and cows. They grow grapes, potatoes, maize and cereals, usually only in just the quantity required for their family to consume. The farmers still use oxen to plough the land, and the women scatter the seed into the furrows by hand.

Most of the houses in Lamas d’Olo are like stables. It is dark inside, like in a cave, there is a cooking pot of simmering stew hanging above the open fire, and the walls are black with soot. But the television is on constantly — and that is progress.

‘I would emigrate if I could,’ says 18-year-old António, ‘and I would really like to go to Switzerland like my brothers.’ There are hardly any young men who want to stay in the village, because they do not usually find work after leaving school other than working for their father in the fields. But those who have been to work ‘in far-off Europe’ and come back to Lamas d’Olo can build a proper house with balcony balustrades made of brass, rain guttering like in Germany, or wide casement windows like in France.

Now, the money from the EC is designed to keep the young people of Trás-os-Montes at home. ‘We have to offer alternatives to agriculture,’ says the Minister for Planning, Luís Valente de Oliveira, who administers the financial support from the Brussels Regional Fund. If a sufficient number of jobs were created by new industrial firms, it would be possible to persuade the farmers to sell their unprofitable plots of land, so that farms of a worthwhile size could eventually be created.

‘We realise that, in future, we shall need to set higher standards and be more stringent in authorising projects,’ says the self-critical Planning Minister, Valente de Oliveira. And it is true that, quite often, the subsidies are handed out without proper planning and quite arbitrarily. Individual farmers receive small sums that are often not enough to make a decisive difference to their yields. This is not the way to bring about real structural change.

However, for ideological reasons, the Government is reluctant to support large-scale projects or cooperative ventures. One example of this is the agro-industry centre in Cachão, 60 kilometres from Bragança. In the 1960s, there were plans for it to become a hub for the further processing of all the products of the region.

Grapes were to be pressed there, fruit and vegetables canned, milk made into cheese and sheep's wool spun.

If the centre were to run at full capacity, it could offer the farmers an incentive to produce more than for their own use. However, the complex is capable of running at only 10 %, so an injection of money from Brussels could be helpful. But the Government in Lisbon is giving priority to individual projects. This means that it creates grateful voters for itself. The farm produce centre is to be split up and sold off to private companies.

'If Lisbon continues to act like this with the money, there will still be no real progress here in the next 20 years,' complains the leading candidate for the Socialists, António Cabeço from Bragança.

And it is true that many Portuguese simply take the EC subsidies for granted, as if they were a generous gift from a rich uncle in America. They think that, if the present is wasted, then the worst that can happen is that their patron will have lost out.

The economist Aníbal Cavaco Silva, who was educated at British universities, thinks that he has the key to the solution for all the problems: he would reduce the public deficit by re-privatising the state-owned enterprises. However, the revolutionary constitution is an obstacle to this, since it prescribes 'Socialism' and 'expropriation of producer goods' as national objectives and forbids de-nationalisation. Cavaco Silva is a technocrat who thinks that these clauses are 'old-fashioned, ideology-bound ideas', and if he wins in the elections he intends to have them deleted in the constitutional review that is due in the autumn.

'A new generation is now in power in Portugal,' he announces. 'We acknowledge the mistakes that were made after the revolution.' If Cavaco Silva succeeds in becoming Prime Minister again, he will direct Portugal to change back to a private enterprise economy, just 13 years after collectivisation. The Socialist 'Carnation Revolution' of 1974 would then be finished for good.